



**GREAT LAKE TAUPŌ**  
Taupō District Council



Annual Report

| 2018/19



Photo: Destination Great Lake Taupō

Ōrakei Kōrako.







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# A message from your Mayor and Chief Executive

Welcome to our Annual Report for the 2018/19 year.

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This report outlines the services, key projects and initiatives we undertook over the past 12 months, where money was spent, and how we performed as an organisation.

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This reporting period has been an intense time for the organisation. On top of the normal projects, services and activities that we undertake, there have been several emergency events that have required a quick response from many parts of council.

One of the largest of these was Waiora House. Asbestos was discovered during a building inspection and after a full assessment was carried out the decision was made to demolish the building. Waiora House had been home to a number of social service and community groups and new homes had to be found for these, while their staff and members needed to be provided with ongoing support and access to health monitoring. The removal of asbestos and demolition of the building was carried out under controlled conditions to ensure any associated health and safety issues were completely eliminated, and testing of the site has now shown no contamination remains.

Another event requiring swift action was our response to a sizeable water main break in Arrowsmith Avenue. This break, caused by a sinkhole, washed out a large section of the road and significant work was required to reinstate the roadway and repair the broken water main.

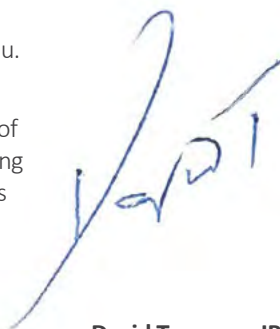
Equally important has been an extensive programme of works addressing some of the district's aging water and wastewater infrastructure. Approximately \$3 million has been spent on water and wastewater pipe work throughout the district during the year, including 5.4km of water mains, rider mains, fire hydrants, valves and property connections in Tūrangi and Tokaanu, and a further 2.1km of new wastewater rising main in Tokaanu.

This year also saw the revitalisation of the Otumuheke Hot Stream reserve. This project included the creation of a toilet block and viewing deck and extensive landscaping of a location that is very popular with locals and tourists alike. The design and execution of the revitalisation

required balancing support for the tourist destination with preserving the cultural and environmental heritage of the site while partnering with all stakeholders. The outcome has proven to be very popular with visitors and has been recognised with a national award for excellence.

Another major and ongoing project is the provision of a new council administration building. Council's decision to build a new building on 61-67 Tūwharetoa Street heralded the end of two years of work exploring the best options for the organisation's future, and the next phase, following the amendment of the Long-term Plan to reflect the council's chosen site and additional carparking, will be getting detailed planning, design and procurement underway.

Despite the many challenges facing us in the 2018/19 year, council has performed well financially. Credit rating agency Standard and Poor's revised our credit rating upwards to AA with a positive outlook, and we finished the year with a surplus of \$1.6 million. At the same time, net debt has been reduced from \$23 million in the 2017/18 year to \$14 million in 2018/19.



**David Trewavas JP**  
Mayor



**Gareth Green**  
Chief Executive



# Statement of Compliance

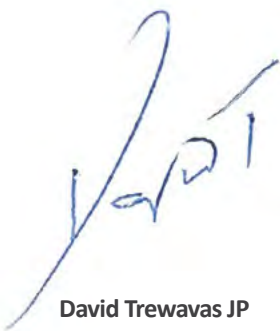
Council and management of Taupō District Council confirm that all the statutory requirements of Part 6 and Schedule 10 of the Local Government Act 2002 have been complied with.

Council and management of Taupō District Council accept responsibility for the preparation of the annual financial statements and service performance reporting and the judgements used in them.

Council and management of Taupō District Council accept

responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of Council and management of Taupō District Council, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of Taupō District Council.



**David Trewavas JP**

Mayor  
24 September 2019



**Gareth Green**

Chief Executive  
24 September 2019



**A J Menhennet**

Head of Finance and Strategy  
24 September 2019



**Brian Fox**

Head of Regulatory and Risk  
24 September 2019



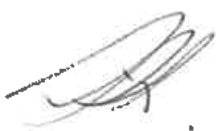
**John Ridd**

Head of Economic Development  
and Business Transformation  
24 September 2019



**Kevin Strongman**

Head of Operations  
24 September 2019



**Tina Jakes**

Head of Democracy,  
Governance and Venues  
24 September 2019



**Lisa Nairne**

Head of Communications  
and Customer Relations  
24 September 2019



**Dylan Tahau**

Head of Community,  
Culture and Heritage  
24 September 2019



## Independent Auditor's Report

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

The Auditor-General is the auditor of Taupō District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 24 September 2019. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 72 to 138:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2019;
    - the results of the operations and cash flows for the year ended on that date;
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 17, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the Service Performance Reporting on pages 18 to 71:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:



- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 25 to 71, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 24 to 71, 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 8 to 12, 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.

## **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 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 Service Performance Reporting, 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 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 audit 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 entities or business activities within the Group to express an opinion on the consolidated audited information.

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

## **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 3, 13 to 16 and 139 to 166, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

## **Independence**

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

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of the long term plan amendment, debenture trust deed and an assurance engagement in relation to the new headquarters building, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Clarence Susan  
Audit New Zealand  
On behalf of the Auditor General  
Tauranga, New Zealand



# Disclosure statement

## What is the purpose of this statement?

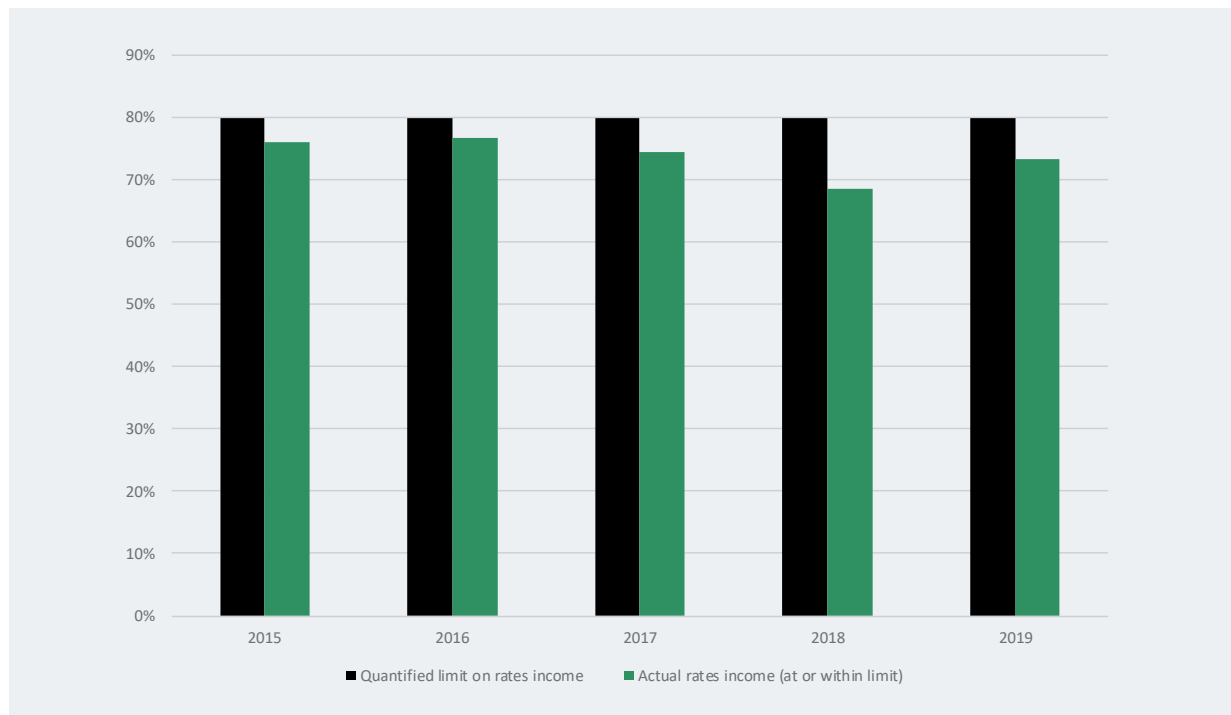
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

## Rates (income) affordability

Council meets the rates affordability benchmark if:

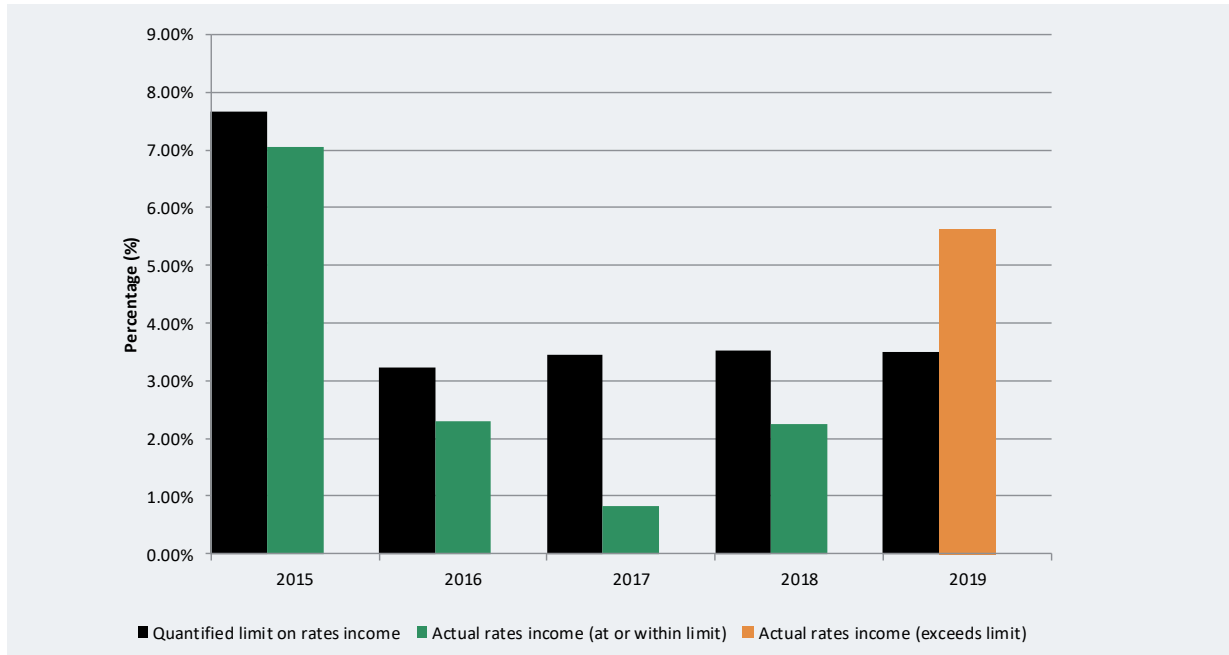
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rate increases.

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is that total rates revenue must not exceed 80% of operating revenues.



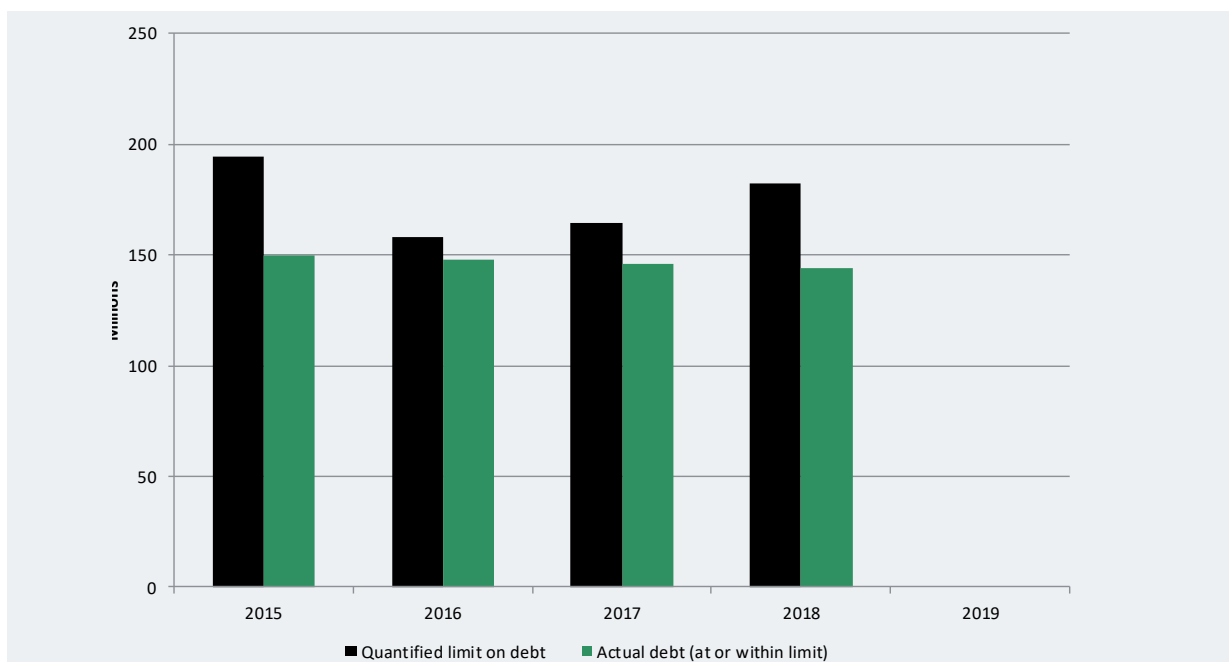
## Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's Long-term Plan. The quantified limit in the 2012-22 LTP is that rates increases may not exceed LGCI + 4.5% in 2013-2015. The quantified limit in the 2015-25 LTP is that rate increases may not exceed LGCI + 1%. The quantified limit in the 2018-28 LTP is that rate increases may not exceed LGCI + 1.5%. The 2019 result exceeds the limit due to a larger than normal growth in rateable properties which have contributed more rates revenue for 2019.



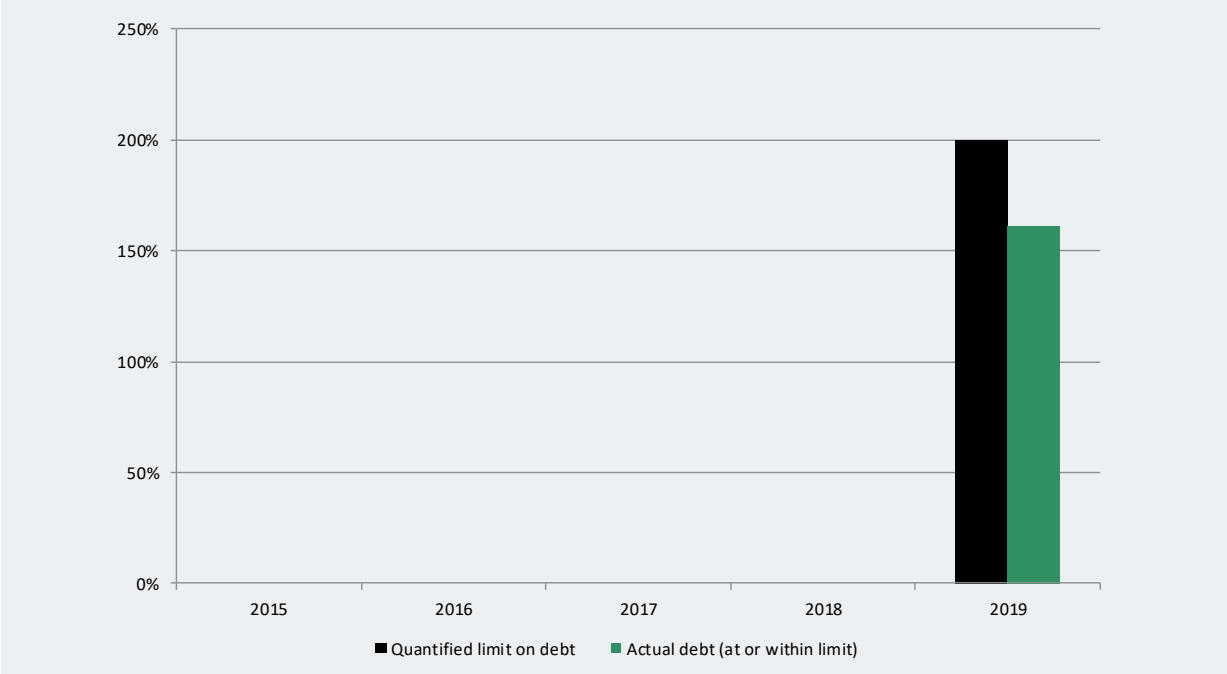
## Debt affordability benchmark

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit in the 2012-22 LTP was that gross external borrowing may not be more than 250% of annual operating income. The quantified limit in the 2015-25 LTP was that gross external borrowing may not be more than 200% of annual operating income. The unit of measure used in the 2012-22 & 2015-25 LTP was \$ as opposed to % used in the 2018-28 LTP's.



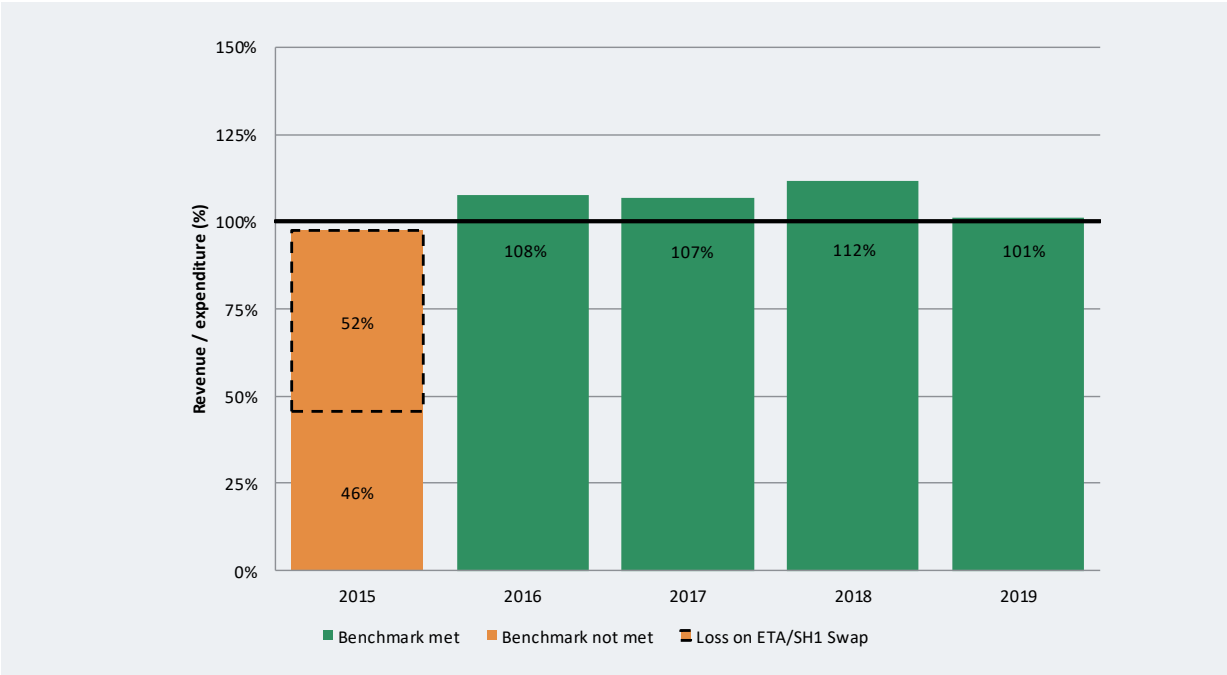


The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit in the 2018-28 LTP was that gross external borrowing may not be more than 200% of annual operating income. The unit of measure used in the 2018-28 LTP was % as opposed to \$ in prior LTP’s.



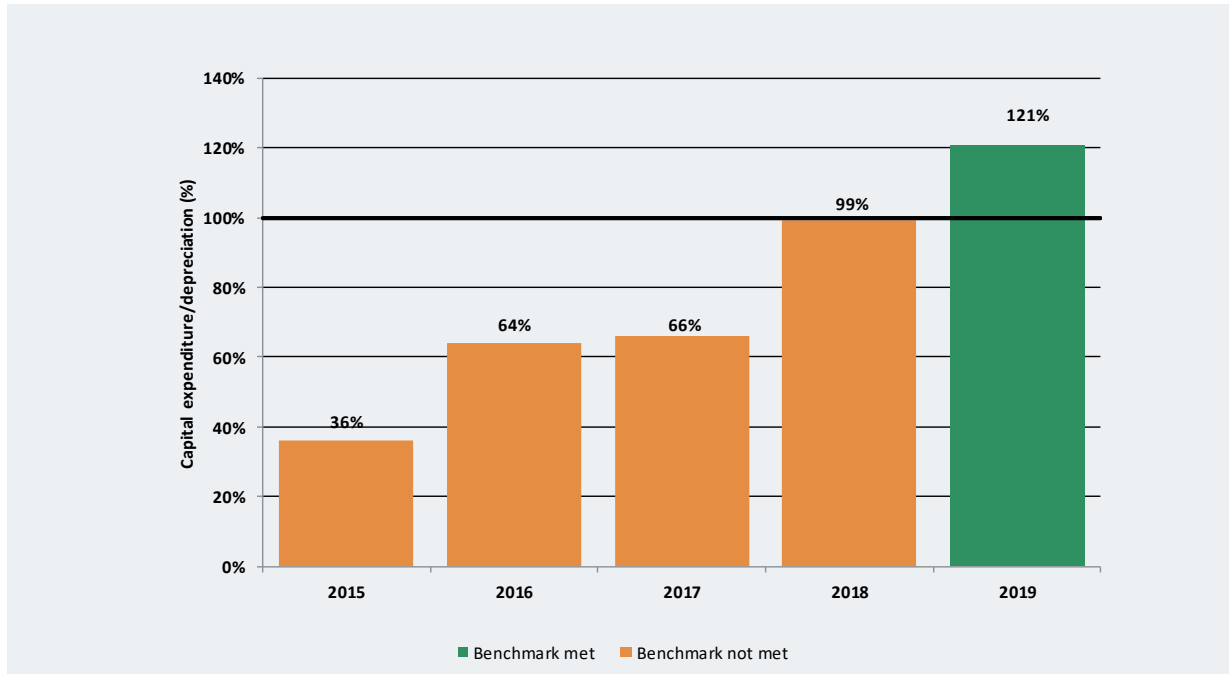
### Balanced budget benchmark

The following graph displays the council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



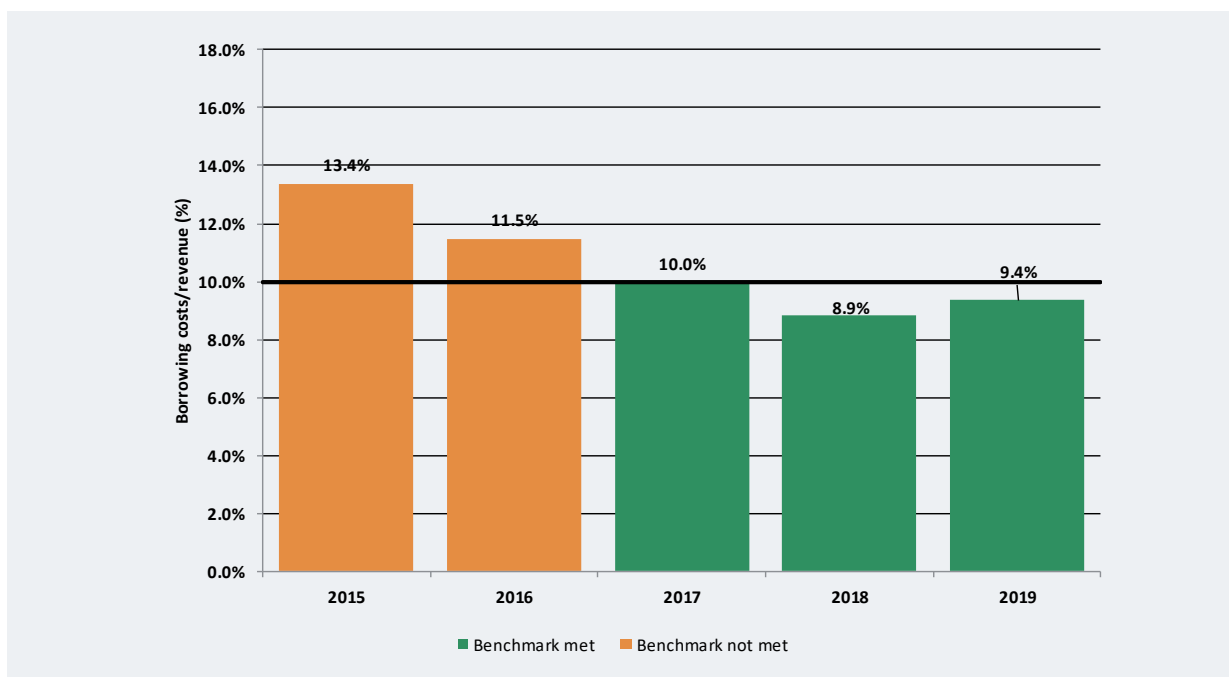
## Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



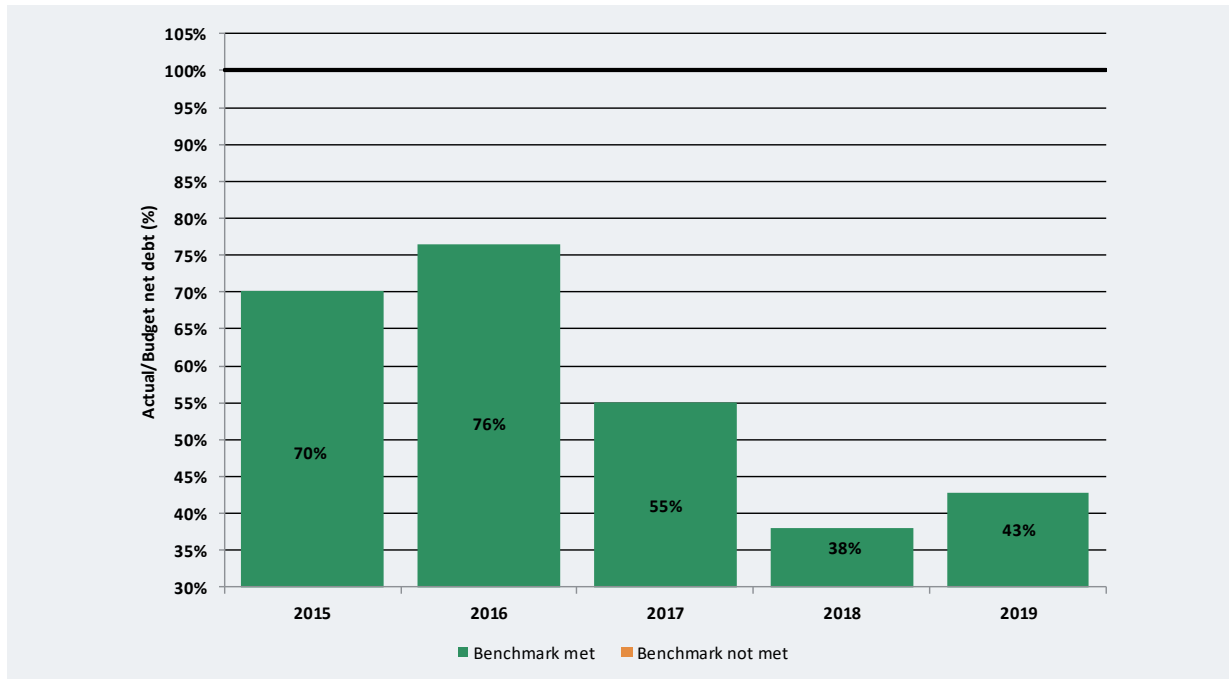
## Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue. Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, therefore it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



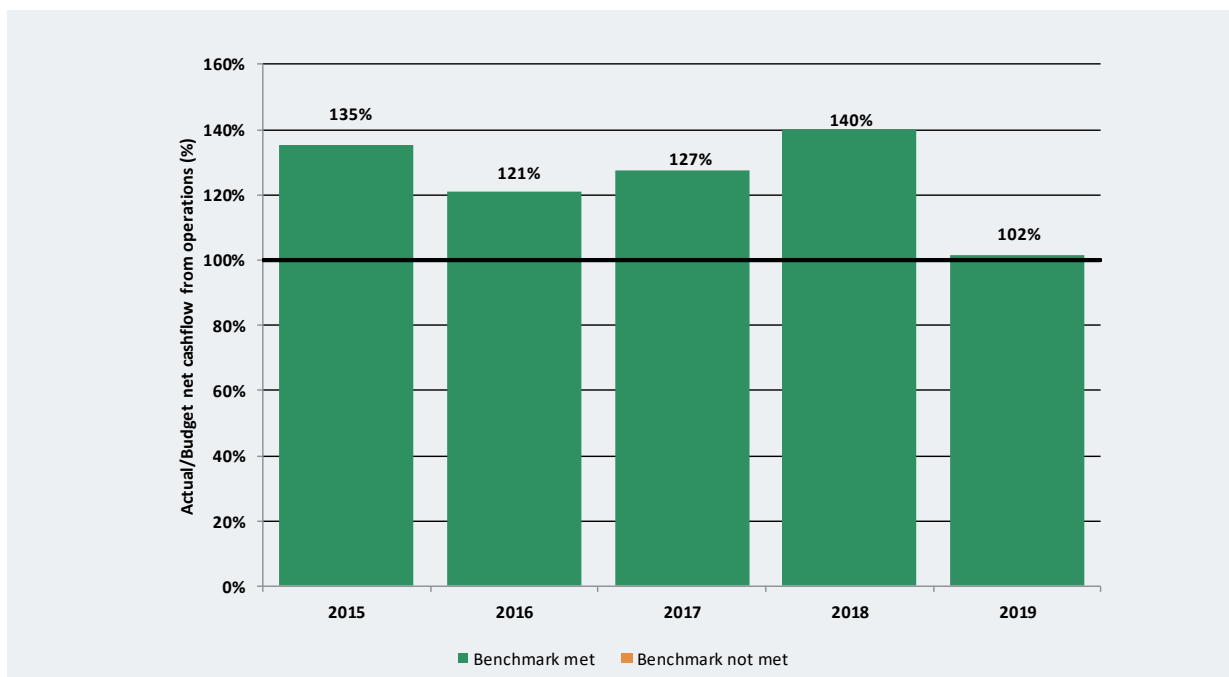
## Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets. The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.





# Our Long-term District Strategy

Taupō District Council's vision is 'To be the most prosperous and liveable district in the North Island by 2022'.

We want our district to be known for its charm, to be vibrant, and to also offer a quality experience for both residents and visitors, while creating real value in what we offer and by the way we do things.

We will work closely and collaboratively with our partners to ensure the best possible outcomes are achieved for our community, including iwi, and to maximise any opportunities.

To help guide our strategy we have used a core set of values to underpin our decision-making when it comes to the services and activities we carry out as a Council. These are:



## World Class

The work we do will maintain – and build on – our international reputation as a destination of choice. We will promote an excellent quality of life for our residents while protecting the natural environment that makes our district so special.



## Charming

Our district's reputation will be built on the attractiveness of our towns, the diversity of the experiences we offer, and the friendliness of our people.



## Authentic

We will be open and transparent in the way we carry out our business and offer an experience that is genuine and real.



## Vibrant

The vibrancy of our district will be created by well-connected communities who work together to create a positive, fun environment people want to call home.



## Resilient

Our plans, infrastructure and work programmes will be designed to ensure we are prepared to withstand or recover quickly from disasters and/or difficult situations. We will be flexible and respond quickly to change.



## Quality

We enable people to prosper by working to keep unemployment low, housing affordable and ensuring whatever we do is the best it can be.



## Value

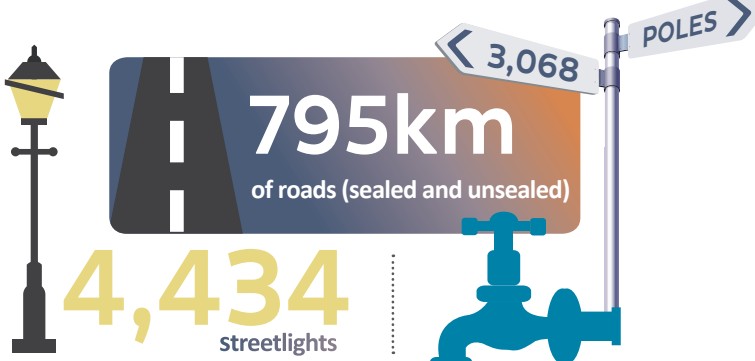
We will retain and attract residents and businesses by ensuring the district remains affordable and ensuring the work we do creates a better life for people and their families.

# Counting the assets

Council has \$1.2 billion in assets including land, infrastructure and buildings as at 30 June 2019. These include:



**P 97,708m<sup>2</sup>**  
of parking - equal to about 13 rugby fields!



**795km**  
of roads (sealed and unsealed)

**4,434**  
streetlights


**3,068**  
POLES




**299**  
reserves  
including six sports grounds, three cemeteries and 57 playgrounds



**420**  
street litter / recycling bins



**752km**  
pipes supplying drinking water (includes service connections)



**494km**  
pipes of wastewater (includes service connections)



**329.7**  
km of footpaths



**57**  
social housing units  
mainly occupied by elderly people



**28** pump stations  
for water supply boosting (includes new AC Bath PS)



**264.4**  
km of pipes for Stormwater



**11** wastewater treatment plants



**125** pump stations  
for wastewater reticulation (includes 64 septic tank effluent pump stations)



**56**  
public toilets



**38** km of cycleways



**one** museum



**1** landfill




**one** airport

**39** km of culverts



**25** bridges

**20**  
water treatment plants  
(includes Taupō South/ Rainbow Point water treatment plant which is isolated)



**12**  
community halls



**3** swimming pools



**5** transfer stations



**3** libraries

**2&1** fitness centres gymnasium



**one** entertainment centre  
(The Great Lake Centre)



**one** events centre





# New Projects This Year

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## Not Included in the Long-term Plan 2018-28

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### Community Services

- Taupō Airport generator installation

### Water

- Repairs to the water main at Arrowsmith Street, Taupō

### Community Facilities

- Dreamer of World Peace installation
- Tunneller sculpture installation
- Responsible Camping infrastructure – Hipapatua Recreation reserve (Reids farm)

### Wastewater

- We completed flood protection works at Kinloch including a construction of a new access to the site.
- We installed an additional sludge storage tank at the Kinloch Wastewater Treatment Plant utilising existing budgets.
- Added backflow preventors to all wastewater pump stations
- Wharewaka wastewater rising main diversion

### Investments

- Waiora House power and alarm services reroute and connection

## Surveys

Council regularly undertakes a Residents and Ratepayers Satisfaction Survey. The last survey was undertaken in June/July 2019.

Council uses surveys to learn more about the wishes of the district's residents and ratepayers, and to monitor the performance of Council's various business units. Survey results are also used in long-term planning and a range of other district initiatives.

### Residents and ratepayers satisfaction survey

The Residents and Ratepayers Satisfaction Survey is Council's most comprehensive survey. It is conducted by Versus Research and measures how satisfied residents and non-resident ratepayers are with Council services.

### Other surveys

Council also uses a wide range of methods and other surveys to collect information on its plans and services. These include:

- Event management surveys to compile data on events in the district.
- Visitor surveys to allow Destination Great Lake Taupō and the visitor industry to better understand visitor behaviour, preferences, and expectations.



Photo: Destination Great Lake Taupō  
Tongariro River



# Service Performance Reporting

# Whole of Council Funding Impact Statement

|  | 2018<br>Annual<br>Plan<br>(\$000) | 2018 Long-<br>term Plan<br>(\$000) | 2019<br>Annual<br>Plan<br>(\$000) | 2019<br>Actual<br>(\$000) |
|--|-----------------------------------|------------------------------------|-----------------------------------|---------------------------|
| <b>Sources of operating funding</b>                                      |                                   |                                    |                                   |                           |
| General rates, uniform annual general charge, rates penalties            | 39,692                            | 39,998                             | 41,404                            | 41,811                    |
| Targeted rates   | 22,773                            | 22,576                             | 24,166                            | 24,214                    |
| Subsidies and grants for operating purposes                              | 1,952                             | 2,571                              | 2,326                             | 2,511                     |
| Fees and charges   | 9,706                             | 13,954                             | 11,071                            | 12,040                    |
| Interest and dividends from investments                                  | 3,130                             | 4,099                              | 3,790                             | 4,716                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 990                               | 2,120                              | 1,121                             | 1,136                     |
| <b>Total operating funding (A)</b>                                       | <b>78,243</b>                     | <b>85,318</b>                      | <b>83,878</b>                     | <b>86,428</b>             |
| <b>Applications of operating funding</b>                                 |                                   |                                    |                                   |                           |
| Payments to staff and suppliers  | 51,174                            | 53,772                             | 54,140                            | 58,313                    |
| Finance costs  | 8,642                             | 8,611                              | 8,510                             | 8,851                     |
| Other operating funding applications                                     | -                                 | -                                  | -                                 | -                         |
| <b>Total applications of operating funding (B)</b>                       | <b>59,816</b>                     | <b>62,383</b>                      | <b>62,650</b>                     | <b>67,164</b>             |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>18,427</b>                     | <b>22,935</b>                      | <b>21,228</b>                     | <b>19,264</b>             |
| <b>Sources of capital funding</b>  |                                   |                                    |                                   |                           |
| Subsidies and grants for capital expenditure                             | 4,572                             | 2,917                              | 2,257                             | 3,278                     |
| Development and financial contributions                                  | 1,274                             | 2,467                              | 1,900                             | 3,617                     |
| Increase (decrease) in debt  | (2,541)                           | (2,100)                            | (1,929)                           | 1,002                     |
| Gross proceeds from sale of assets                                       | 2,023                             | 2,721                              | 6,773                             | 6,821                     |
| Lump sum contributions   | -                                 | -                                  | -                                 | -                         |
| Other dedicated capital funding  | -                                 | 2,127                              | -                                 | -                         |
| <b>Total sources of capital funding (C)</b>                              | <b>5,328</b>                      | <b>8,132</b>                       | <b>9,001</b>                      | <b>14,718</b>             |
| <b>Application of capital funding</b>                                    |                                   |                                    |                                   |                           |
| Capital expenditure  |                                   |                                    |                                   |                           |
| • to meet additional demand  | 3,206                             | 1,248                              | 2,495                             | 920                       |
| • to improve the level of service  | 10,017                            | 10,342                             | 14,211                            | 14,880                    |
| • to replace existing assets   | 10,112                            | 9,489                              | 13,983                            | 12,065                    |
| Increase (decrease) in reserves  | 420                               | 9,988                              | (460)                             | 6,117                     |
| Increase (decrease) of investments                                       | -                                 | -                                  | -                                 | -                         |
| <b>Total applications of capital funding (D)</b>                         | <b>23,755</b>                     | <b>31,067</b>                      | <b>30,229</b>                     | <b>33,982</b>             |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(18,427)</b>                   | <b>(22,935)</b>                    | <b>(21,228)</b>                   | <b>(19,264)</b>           |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                          | <b>-</b>                           | <b>-</b>                          | <b>-</b>                  |





# Groups of Activities

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Over the past year Council delivered a range of services on behalf of the community. This section reports on the services Council provided and the projects that were planned and/or delivered, as well as those not completed.

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Each service is also measured against the performance targets that were set in the Long-term Plan and the budget for the year – what Council planned to spend, and how much was actually spent.

Council has 10 groups of activities:

- Community services
- Water
- Transport
- Community facilities
- Wastewater
- Solid waste
- Stormwater
- Democracy and planning
- Investments
- Economic development.

These groups of activities reflect the core services Council undertakes as required by the Local Government Act 2002. It also reflects the local public services that the community has signalled support for Council to provide.

Council has achieved 53 of its 81 performance measures in the Long-term Plan 2018-28, which it reports against monthly and annually. The performance measures address factors such as quantity of service provided (or volume), quality of service, and customer satisfaction.

## Community outcomes

Council reviewed the outcomes for the district in 2011. They are:

- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment – a shared responsibility for places we are proud of.
- Engagement – Council is connected with its communities, advocating for their social and cultural well-being.

## Community well-beings

We are required to report how each activity contributes towards the four well-beings:

- Social
- Economic
- Environmental
- Cultural

This assessment has been made under the relevant activity.





# Community Services

## What we do

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The activities in this group are community engagement, regulatory services and emergency management.

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### Community outcomes

The community services group of activities contribute to the following outcomes:

- Environment – a shared responsibility for places we are proud of.
- Engagement – Council is connected with its communities, advocating for their social and cultural well-being.

### Contribution to the well-beings

The community services group of activities contributes to the social, cultural and economic well-beings. Our communities are supported socially and culturally through community engagement, civil defence and emergency management. Our environment is protected through our regulatory services.

### Community Engagement

We work to develop district neighbourhoods and communities by working directly with and alongside them. We work with community groups, organisations and central government agencies to promote co-operation and collaboration. Council's "Our Neighbourhood, Our Future" programme focuses on regenerating the social and physical aspects of our

communities and their neighbourhoods. We will continue this programme, focusing on the contribution of young people as emerging leaders for local decision-making.

We work alongside Māori to inform them about council issues and engage them in our decision-making processes. We also encourage our staff to improve their knowledge of the Māori community, Te Reo Māori and the tikanga of our local iwi where needed.

Community grants are a part of the Council's overall support function within the community. The total amount of annual funding for community grants is decided upon through the Long-term Plan and subsequently distributed in accordance with the Grants and Partnerships Policy 2015. This is done via a partnership agreement or through independent distributing agencies including the Tūrangi-Tongariro Community Board and the Mangakino-Pouākani Representative Group.

We are a World Health Organisation (WHO) accredited safe community which means that we work with our community partners on four key issues – reducing alcohol related harm, intentional and unintentional injury, road safety and crime prevention.

We are an Age Friendly District which means we work alongside a community steering group who have adopted Age Friendly concepts. We support youth through various

programmes including our Youth Leadership programme (Leader in You), the Youth Awards, and Youth Week.

We engage with groups from our community on a range of issues. This partnership approach is in support of our community outcome ‘Engagement – Council is connected with its communities, advocating for their social and cultural well-being.’ The groups we work with include education and health providers.

## What we did this year

### Our Neighbourhood, Our Future events.

- We supported community-led neighbourhood events organised by White Ribbon and Tu Tangata,
- We delivered the Our Neighbourhood, Our Future events throughout the district.

### We were involved with the following Community events:

- We undertook presentations with various community groups on the Long-term Plan 2018-28, including facilitating youth participation
- Waikato Institute of Leisure and Sport for Tūrangi Rangatahi Hub
- OSCAR and holiday programme development Tūrangi
- Kinloch community-led development workshop
- Strategic Planning (Inspiring Communities).
- Love Week 2019
- Facilitate community supports including – volunteer mobilisation, planning, process, resources, programme delivery
- Facilitating community-led change
- Support workshop – facilitating change, engagement, process, authentic culture, resources New Approach Hui
- Facilitated support Tu Tangata presentation hui – including engagement, planning, delivery, resources
- EasterFest Family Fun Day 2019
- Facilitated support workshops – including planning, engagement, facilitation, delivery, resources Age-Friendly District
- Co-facilitated presentation/workshops on the Age-friendly Community Strategy
- Community Ambassadors
- Volcanic Forum 2019
- Facilitated forum support of regional presentations/workshop – Housing-Tangata Whenua View, Civil Defence Welfare, Collective Impact, Church & State, Police/Church Partnerships.

## Regulatory Services

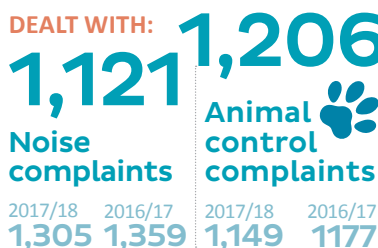
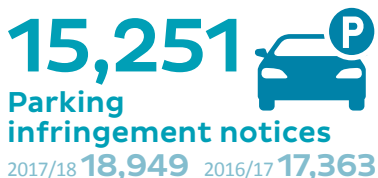
Regulatory services are provided to ensure we protect the community from the harm of alcohol, have safe food, reduce dog attacks, minimise noise nuisance, provide safe buildings and our amenities are enhanced through robust planning decisions.

### What we did this year

- Registered, enforced and ensured compliance with regulatory functions relating to food premises, liquor outlets, gaming, animal control and other bylaws and statutes.
- Enforced limited time parking spaces in the Taupō Central Business District (CBD).
- Processed resource consent applications and ensured compliance with the District Plan and consent conditions.
- Processed building consent applications, inspected buildings, and monitored and enforced the Building Act 2004.

### This year, Council:

#### ISSUED:



#### MADE:



#### AUDITED:





## Emergency Management

We provide emergency management for community wellbeing and safety, including development. This includes:







- Maintaining district-wide emergency management plans and promoting community preparedness for emergencies.
- Maintaining an Emergency Operating Centre and providing a Civil Defence capability. This includes Civil Defence staff training, the development and on-going review of Civil Defence plans and operating procedures. Council also has the ability to set up welfare centres in Taupō, Mangakino and Tūrangi in the event of an emergency.
- Provide support and recovery with our Response Team (NZ-RT6).








## What we did this year

- Community led centre training for Ōmori and Kuratau.
- Undertook marae preparedness training in conjunction with FENZ and Waihereora Ltd.
- Attended community neighbourhood events promoting Civil Defence.
- Emergency Operation Centre desktop exercise held at Waiouru Military Camp.
- Assisted with the Emergency Operation Centre desktop exercise held in the Ruapehu District.
- Added two rescue vehicles (unimogs) to the Civil Defence fleet.



## Levels of service, performance measures and targets

| Level of service   | Performance measures   | Target   | Results  | Explanation  |
|--|--|--|--|--|
| <b>We continue to support the social and cultural wellbeing of the district.</b>   | Promote community led principles with events being community led.  | At least 13 community led events.  | 2017/18 – Achieved (39 community-led events).<br>2018/19 – Achieved (18 community-led events). | We supported 18 community-led events which included: Children’s Day, Neighbours Day, Youth Week, Matariki, - Children’s Day. These events are led by community groups, with assistance from Council. |
| <b>We provide community grants.</b>  | Percentage of distributing agencies that report annually to Council on the distribution of grants and costs of service for the distribution.   |                             | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).                       | All agencies reported to Council.  |
| <b>We process resource consents consistently, efficiently and to a high standard, ensuring that property developments are in line with District Plan policy goals.</b> | Percentage of resource consents processed within statutory timeframes as specified under the Resource Management Act 1991.   |                            | 2017/18 – Achieved (100 per cent).<br>2018/19 – Not achieved (99.3 per cent).                  | In 2018/19 we processed 300 resource consent applications. Two applications were processed over time.  |
|  | Percentage of resource consents monitored to ensure they comply with the conditions of consent. If consent holders are not complying with the conditions, then appropriate enforcement actions are undertaken expressed as a percentage. |                           | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).                       | All resource consents were monitored.  |
| <b>We provide an efficient and reliable building consent and inspection service.</b>   | Percentage of all building consents applications processed within 20 working days as specified under the Building Act 2004 Section 48(1).  |                           | 2017/18 – Achieved (100 per cent).<br>2018/19- Not achieved (99.9 per cent).                   | We processed 1,308 building consents in 2018/19. There was one building consent that went over processing timeframes by one working day.   |
|  | Percentage of Building Warrants of Fitness audited yearly to ensure the information is correct.  | At least 20 per cent.<br> | 2017/18 – Achieved (90 per cent)<br>2018/19 – Achieved (85 per cent)                           | There were 535 inspections completed out of 620 buildings.   |
| <b>We register and enforce regulatory functions for animal control.</b>  | Percentage of known dogs that are registered each year.  | At least 99 per cent.<br> | 2017/18 – Achieved (99.5 per cent)<br>2018/19- Achieved (99.2 per cent)                        | 7,306 dogs were registered from a total of 7,365 dogs in the district.   |

| Level of service  | Performance measures   | Target   | Results   | Explanation  |
|---|--|--|---|--|
| <b>We respond efficiently to requests for service.</b>          | Percentage of noise complaints that are responded to within two hours.   | At least 99 per cent.<br> | 2017/18 – Not achieved (99.7 per cent).<br>2018/19 – Achieved (99.45 per cent).   | 1,121 noise complaints responded to within two hours.  |
|   | Food safety – Percentage of food complaints responded to within two working days.  | At least 80 per cent.<br> | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (90 per cent).           | We received 20 complaints and 18 of these were responded to within two working days. The reason two complaints that were not responded to within the specified timeframe because of the timing of when the complaints were received. |
|   | Dog control – percentage of initial response within 24 hours for dog control complaints.   |                           | 2017/18- Not achieved (98.7 per cent).<br>2018/19- Not achieved (97.68 per cent). | We received 1,206 animal control requests. There were 1,178 requests that were responded to on time.   |
| <b>We inspect premises regularly.</b>                           | Percentage of health (funeral homes, camping grounds, hairdressers) premises that are registered and inspected annually to ensure they meet minimum legislative standards.   |                         | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).          | All health (funeral homes, camping grounds, hairdressers and offensive trade) premises were inspected in 2018/19. This includes 16 campgrounds, 5 offensive trades, 1 funeral home and 46 hairdressing premises.                     |
|   | Percentage of food premises that are registered and inspected/ audited as required to ensure they meet minimum legislative standards.  |                         | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).          | There were 569 food premises who required an inspection. All of these premises were inspected.   |
|   | Percentage of liquor premises that are registered and inspected annually to ensure they meet the legislative minimum standards.  |                         | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).          | All 160 liquor premises were registered and inspected.   |
| <b>We educate our communities on preparing for emergencies.</b> | Maintain a work programme that specifically meets Council's individual and shared obligations in the Waikato CDEM Group Plan 2016-21.<br>Measured by the percentage of actions completed within the specified timeframe. |                         | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).          | The actions completed included: engaging with the community, providing community response plans within our communities, working alongside Marae and training council staff to operate within the EOC.                                |

# Community Services Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | 5,499                          | 4,673                          | 4,532                  |
| Targeted rates   | -                              | -                              | -                      |
| Subsidies and grants for operating purposes                              | 16                             | 13                             | 11                     |
| Fees and charges   | 1,985                          | 2,283                          | 3,047                  |
| Internal charges and overheads recovered                                 | -                              | -                              | 10                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 497                            | 440                            | 472                    |
| <b>Total operating funding (A)</b>                                       | <b>7,997</b>                   | <b>7,409</b>                   | <b>8,072</b>           |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 7,693                          | 7,183                          | 7,728                  |
| Finance costs  | 89                             | 53                             | 52                     |
| Internal charges and overheads applied                                   | 2                              | -                              | 3                      |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>7,784</b>                   | <b>7,236</b>                   | <b>7,783</b>           |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>213</b>                     | <b>173</b>                     | <b>289</b>             |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | -                      |
| Development and financial contributions                                  | -                              | -                              | -                      |
| Increase (decrease) in debt  | (101)                          | (88)                           | (69)                   |
| Gross proceeds from sale of assets                                       | -                              | -                              | 9                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>(101)</b>                   | <b>(88)</b>                    | <b>(60)</b>            |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | -                              | -                              | -                      |
| • to improve the level of service  | 16                             | 17                             | 42                     |
| • to replace existing assets   | 105                            | 130                            | 188                    |
| Increase (decrease) in reserves  | (9)                            | (62)                           | (1)                    |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>112</b>                     | <b>85</b>                      | <b>229</b>             |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(213)</b>                   | <b>(173)</b>                   | <b>(289)</b>           |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

## Community Services Schedule of Capital Expenditure

| Activity/Scheme                 | Project                           | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|---------------------------------|-----------------------------------|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Civil Defence District          | Base set radio                    | ILOS                   | A                          | 2               | 2               | (0)               |       |
| Civil Defence District          | Generator inverter                | ILOS                   | A                          | 2               | 2               | (0)               |       |
| Parking Control                 | Body worn cameras                 | ILOS                   | A                          | 13              | 5               | (8)               |       |
| Safer Communities               | CCTV system additional hard drive | ILOS                   | A                          | 6               | 8               | 2                 |       |
| Community Services - District   | Renewals                          | Renewal                | A                          | 188             | 130             | (58)              |       |
| <b>Total Community Services</b> |                                   |                        |                            | <b>211</b>      | <b>147</b>      | <b>(64)</b>       |       |

### Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service





# Water

## What we do and why we do it

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Water is essential for life, health, recreation and the environment. In our district water is also essential for economic development, if industry has access to water, they are more likely to develop or start up here.

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Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Tūrangi, Mangakino and 16 other settlements in the district. That water is supplied continuously, and we have strict requirements for our water contractors to fix any breaks quickly and cost-effectively. We also supply water for firefighting in urban areas.

The Waikato Regional Council allocates water from our lakes and rivers for household, commercial and industrial uses. Council currently has 27 resource consents to take water from lakes, rivers, bores and other sources in the district.

For water schemes that do not yet meet the Drinking Water Standards for New Zealand, Council investment is focused on ensuring security of supply so that communities can be confident that the supply of potable water is maintained.

### Community Outcomes

This activity contributes to the following community outcomes:

- Environment – a shared responsibility for places we are proud of.
- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.

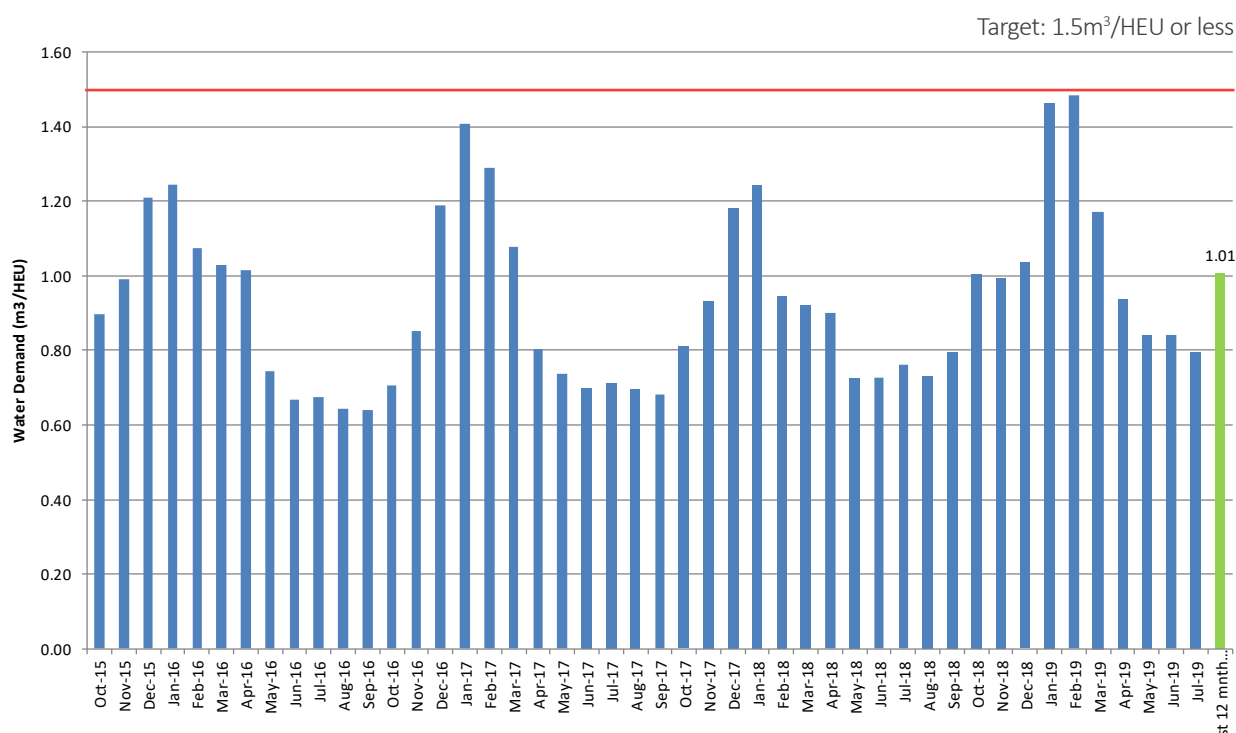
### Contribution to the well-beings

The water activity contributes to the social, economic and environmental well-beings. The provision of safe drinking water helps residents and business to achieve their social and economic aspirations. We aim to protect our environmental by using our water responsibly.

## What we did this year

- Completed the connection of Waitahanui to the Taupō water scheme including construction of a new reservoir, pump station and more than 10km of pipework.
- We completed 90 per cent of the Kinloch water supply security of supply project. This project included access track stabilisation works and the construction of a new 2000m<sup>3</sup> reservoir in Kinloch.
- We completed 90 per cent of the security of supply upgrade for the Motuoapa water supply, including construction of two new reservoirs.
- We developed a network hydraulic model for Taupō, Acacia Bay and Māpara. This model will be utilised in the design phases of the connection of Acacia Bay to the Taupō water scheme.
- We developed a network hydraulic model to be utilised in the design for the new Kinloch water treatment plant. (This is a multi-year project). This is part of the work that we are doing to ensure that Kinloch complies with the DWSNZ.
- Completed the construction of a new water supply reservoir for the River Road supply.
- We tendered, awarded and started construction of the capacity upgrade for the Taupō Water Treatment Plant.
- We completed optioneering, designed and constructed a pilot trial plant for the Ōmori water pre-treatment project.
- Completed water main criticality and prioritisation studies to support network renewal planning.
- Tendered, awarded and started construction of 4.5 km of water network renewals in Tūrangi.
- Completed a number of minor water main renewals including: Kahu Street, Mangakino Scheme; Miro Street and Riverbank Road, Taupō Scheme; King Road, Grant Road and Māpara Road, Whakaroa Scheme.
- Completed data quality improvements across all of our water intake sites.
- We tendered and awarded a contract to provide three water reporting services to Water Outlook.
- We undertook public consultation on the Draft Water Supply Strategy.

## Urban water consumption per household





## Levels of service, performance measures and targets

| Level of service   | Performance measures  | Target   | Results  | Explanation  |
|--|---|--|--|--|
| <b>Safety of Drinking water.</b><br><br><b>These are new performance measures set in the LTP with no baseline.</b> | The extent to which the Council's drinking water supply complies with: Part 4 of the Drinking-water Standards for New Zealand (Bacteria and compliance criteria) <ul style="list-style-type: none"> <li>All schemes.</li> </ul> | All schemes compliant with Part 4 of the DWSNZ.                            | 2017/18- Not achieved. Please note that these results were provisional at the time the Annual Report 2017/18 was published. This result was finalised prior to publication.<br><br>2018/19 – Not achieved (provisional result only). | Provisional result is compliance achieved at all sites excluding: <ul style="list-style-type: none"> <li>Kinloch due to E. coli transgression.</li> <li>Centennial Drive supply failed due to landslip on Contact Energy property that entered the Waikato River.</li> <li>River Road supply failed due to flood that washed out intake pipeline</li> <li>Ōmori and Motuoapa due to sample timings.</li> </ul> Automatic plant shutdown project in 2019/20 will reduce the likelihood of The Centennial Drive and River Road failures in the future. |
|  | The extent to which Council's drinking water supply complies with: Part 5 of the Drinking water Standards for New Zealand (Protozoal compliance criteria). <ul style="list-style-type: none"> <li>All schemes.</li> </ul>       | Taupō, Tūrangi, and Mangakino schemes are compliance with Part 5 of DWSNZ. | 2017/18 – Achieved Please note that these results were provisional at the time the Annual Report was 2017/18 was published. This result was finalised prior to publication.<br><br>2018/19 – Achieved (provisional result only).     | Provisional result is compliance achieved at Taupō and Tūrangi. Data loss affected some results at Mangakino but provisional result remains achieved due to corrective actions completed.  |



| Level of service                                | Performance measures  | Target  | Results  | Explanation  |
|---|---|---|--|--|
|   | <p>The extent to which Council's drinking water supply complies with: Part 8 of the Drinking-water Standards for New Zealand (chemical compliance criteria).</p> <ul style="list-style-type: none"> <li>All schemes.</li> </ul> | <p>Taupō, Tūrangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru</p> <p>Are compliant with Part 8 of the DWSNZ.</p> | <p>2017/18 – Not reported on</p> <p>2018/19 – Achieved (provisional result only).</p>  | <p>Provisional result is that all sites listed have achieved chemical compliance for 2018/19.</p> <p>Note: Compliance is not achieved at Kinloch, Acacia Bay, Motuoapa, Ōmori and Pūkawa due to lack of arsenic removal.</p> |
| <b>Maintenance of the reticulation network.</b> | <p>Percentage of real water loss from the Council's networks reticulation system. Methodology in line with Water NZ "Water Loss guidelines".</p>  | <p>No target until water loss percentage determined.</p>  | <p>We were unable to report on this measure.</p> <p>We are working to resolve some issues with accuracy of our water measurement and reporting to enable meaningful water loss calculation. These improvements are in progress and likely to be finalised in the next three years. We expect to have a measure determined for inclusion in the Long-term Plan 2021-31.</p> | <p>In 2018/19 a water loss strategy was completed which proposes water loss targets for Council. It is planned to have these targets adopted by Council as part of the Water Supply Strategy in 2019.</p>                    |
| <b>Fault response times.</b>                    | <p>Median time for attendance for urgent call-outs: from the time that Council receives notification to the time that the service personnel reach the site.</p>   | <p>Less than 1 hour.</p>  | <p>2017/18 – Achieved (0.22hr).</p> <p>2018/19 – Achieved (0.44hr).</p>  | <p>In 2018/19 the median time for attendance for urgent call-outs was 0.44 hours.</p>  |
|   | <p>Median time for attendance for non-urgent call-outs: from the time that Council receives notification to the time that the service personnel reach the site.</p>   | <p>Less than 6 days.</p>  | <p>2017/18 – Achieved (0.27 day).</p> <p>2018/19- Achieved (0.94day).</p>  | <p>In 2018/19 the median time for attendance for non-urgent call-outs was 0.94 days.</p>   |

| Level of service                                       | Performance measures  | Target  | Results  | Explanation   |
|--|---|---|--|---|
| <b>Fault resolution times.</b>                         | Median time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.   | Less than 4 hours.                                | 2017/18 – Achieved (3.07hr).<br>2018/19- Achieved (2.22hr).  | In 2018/19 the median time for resolution of urgent call-outs was 2.22 hours.<br><br>Please note that the attendance and resolution are reported by the service provider, this includes travel time. The categories are reported by the service provider, Downer as part of their contract responsibilities. The accuracy of these has not been and cannot be independently verified. |
|  | Median time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.   | Less than 7 days.                                 | 2017/18 – Achieved (0.92 days).<br>2018/19- Achieved (1.32 days).  | In 2018/19 the median time for resolution of non-urgent call-outs was 1.32 days.<br><br>The attendance and resolution are reported by the service provider, this includes travel time. The categories are reported by the service provider, Downer as part of their contract responsibilities. The accuracy of these has not been and cannot be independently verified.               |
| <b>Customer satisfaction.</b>                          | The number of complaints received by Council on<br><br>(a) Drinking water clarity.<br>(b) Drinking water taste.<br>(c) Drinking water odour.<br>(d) Drinking water pressure or flow.<br>(e) Continuity of supply.<br>(f) Council response to these issues.<br><br>The number of complaints is expressed per 1000 connections to Council networked reticulation. | Less than 8 complaints per 1000 connections.      | 2017/18 – Achieved (4.1 complaints per 1000 connections).<br><br>2018/19 – Not achieved (9.8 complaints per 1000 connections). | In 2018/19 we received 182 complaints. As at 30 June 2019, there were 18,502 connections to our water supply network.   |
| <b>Sustainable use of potable water.</b>               | The average consumption of drinking water per day per resident within the district expressed as m <sup>3</sup> /day/HEU.  | Less than or equal to 1.5m <sup>3</sup> /day/HEU. | 2017/18 – Achieved (0.87m <sup>3</sup> /day/HEU).<br>2018/19 – Achieved (1.01m <sup>3</sup> /day/HEU).                         | In 2018/19 the average consumption of drinking water per day per resident was 1.01m <sup>3</sup> /day/HEU.  |
| <b>Adequate water for fire fighting in urban areas</b> | Percentage of hydrants tested annually to ensure water pressure in urban areas meets FW2 firefighting code of practice standards.   | At least 5 per cent.                              | 2017/18 – Achieved (100 per cent).<br>2018/19 – Not able to be reported on.  | We are unable to verify the results of these tests, therefore this performance measure is unable to be reported on.   |

# Water Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | -                              | -                              | -                      |
| Targeted rates   | 10,047                         | 9,586                          | 9,659                  |
| Subsidies and grants for operating purposes                              | -                              | -                              | -                      |
| Fees and charges   | 84                             | 111                            | 93                     |
| Internal charges and overheads recovered                                 | 403                            | 271                            | 324                    |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                              | -                              | -                      |
| <b>Total operating funding (A)</b>                                       | <b>10,534</b>                  | <b>9,968</b>                   | <b>10,076</b>          |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 4,552                          | 4,305                          | 4,526                  |
| Finance costs  | 2,185                          | 1,961                          | 1,899                  |
| Internal charges and overheads applied                                   | 55                             | 53                             | 101                    |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>6,792</b>                   | <b>6,319</b>                   | <b>6,526</b>           |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>3,742</b>                   | <b>3,649</b>                   | <b>3,550</b>           |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | 475                    |
| Development and financial contributions                                  | 293                            | 484                            | 1,128                  |
| Increase (decrease) in debt  | 3,582                          | 2,434                          | 2,242                  |
| Gross proceeds from sale of assets                                       | -                              | -                              | -                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>3,875</b>                   | <b>2,918</b>                   | <b>3,845</b>           |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | 997                            | 1,750                          | 881                    |
| • to improve the level of service  | 4,318                          | 1,320                          | 3,780                  |
| • to replace existing assets   | 1,843                          | 3,651                          | 3,037                  |
| Increase (decrease) in reserves  | 459                            | (154)                          | (303)                  |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>7,617</b>                   | <b>6,567</b>                   | <b>7,395</b>           |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(3,742)</b>                 | <b>(3,649)</b>                 | <b>(3,550)</b>         |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

# Water Schedule of Capital Expenditure

| Activity/Scheme         | Project  | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|-------------------------|--|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Water Supply Acacia Bay | Acacia Bay water DWSNZ upgrade                         | ILOS                   | MY                         | 45              | 300             | 255               | 1     |
| Water Supply Kinloch    | Kinloch water DWSNZ upgrade                            | ILOS                   | MY                         | 76              | 150             | 74                | 2     |
| Water Supply Kinloch    | Kinloch water security of supply                       | ILOS                   | X                          | -               | 500             | 500               | 3     |
| Water Supply Omori      | Omori water pretreatment                               | ILOS                   | MY                         | 33              | 50              | 17                |       |
| Water Supply River Road | River Road water additional storage tank               | ILOS                   | A                          | 21              | 20              | (1)               |       |
| Water Supply Taupo      | Taupo water Tamatea reservoir burst control valve      | ILOS                   | X                          | 1               | 75              | 74                | 4     |
| Water Supply Taupo      | Taupo water Tauhara reservoir burst control valve      | ILOS                   | X                          | 3               | 75              | 72                | 5     |
| Water Supply Taupo      | Taupo water treatment plant capacity upgrade to 30 MLD | Growth                 | X                          | 586             | 1,750           | 1,164             | 6     |
| Water Supply Taupo      | Taupo water Titoki reservoir burst control valve       | ILOS                   | X                          | 29              | 75              | 46                |       |
| Water Supply Tirohanga  | Tirohanga water intake structure improvements          | ILOS                   | X                          | 6               | 75              | 69                |       |
| Water - District        | Renewals   | Renewal                | X                          | 3,026           | 3,651           | 626               | 7     |
| <b>Total Water</b>      |  |                        |                            | <b>3,824</b>    | <b>6,721</b>    | <b>2,898</b>      |       |

## Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service

## Explanation of major variances against 2018/19 Annual Plan

1. Multi-year project. Hydraulic model completed with design to commence 2019/20. Due for completion June 2021.
2. Multi-year project. Hydraulic model completed with design to commence 2019/20. Due for completion June 2023.
3. Multi-year project. Reservoir construction complete with pipework, drainage and site reinstatement works underway. Due for completion October 2019.
4. Project relies on hydraulic model (expected August 2019) to enable design to proceed. Expected completion June 2020
5. Lack of resource available resulting in delayed start. Due for completion December 2019
6. Contract awarded October 2018 and major equipment ordered. Delay in production of membranes from India. Construction on site begins June 2019 due for completion October
7. \$188k saving with \$438k carried forward. Continuing Turangi reticulation renewals (\$77k) with completion expected December, awaiting vehicle delivery (\$31k) expected July, district wide telemetry (330k) experiencing delivery delays with expected completion December





# Transport

## What we do and why we do it

Our transport network provides for the efficient movement of people and goods which is essential for the economic and social wellbeing of the community.

We encourage and support people to use footpaths, cycleways and passenger transport. In particular, we work with Waikato Regional Council and the New Zealand Transport Agency (NZTA), and advocate for district projects, especially those that focus on road safety, or economic development. We also have a disproportionately high number of road traffic crashes that result in death or serious injury, mostly on state highways, which are managed by NZTA.

The aging population of Taupō means an increase in the use of alternative modes especially the number of mobility scooters. These require wider footpaths and appropriate crossing points.

Passenger transport including the Total Mobility Scheme within the district is funded by NZTA and Council and administered by Waikato Regional Council. We currently fund two bus services, one which covers Wharewaka to Wairākei Village and the Mangakino service. The main users of the service are students and Supergold card users.

### Community outcomes

This activity contributes to the following community outcome:

- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities
- Environment – a shared responsibility for places we are proud of.





### Contribution to the well-beings

The transport activity contributes to the social, and economic well-beings. Having a safe, efficient roading network is essential for people and businesses to carry out their daily activities.

### What we did this year

- The LED streetlight conversion project is 90 percent completed.
- Completed seal extension on Wereta Road.
- Continued to widen Poihipi Road from Oruanui Road to Māpara Road.
- Commenced construction of the Awanui Street retaining wall.
- Completed the intersection changes at Ōmori/ Pihanga Road/Te Puke Road.
- Commenced a review of the public bus service with Waikato Regional Council.
- The road maintenance contract was let and began on 1 October 2018.
- Completed Speed Limit Bylaw Review.
- Commenced the construction of the footpath on Kinloch Road.
- Northern Corridor improvement project including signals at Norman Smith Street and Wairākei Drive intersection completed in July 2019.
- Undertook minor safety improvements.
- Accessibility audits were undertaken in Tūrangi and Mangakino.

## Levels of service, performance measures and targets

| Level of service  | Performance measures   | Target   | Results  | Explanation  |
|---|--|--|--|--|
| <b>The number of serious and fatal crashes on district roads is falling.</b>  | Reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network.   | Reduction of 1.  | 2017/18 – Not achieved (17 deaths).<br>2018/19 – Not achieved (24 deaths). | There was an increase of 7 deaths from the previous year.  |
| <b>That our roading network is maintained and in good condition.</b>          | The average quality of ride on a sealed road network, measured by smooth travel exposure. Methodology in line with NZTA Smooth Travel Exposure (STE) Index for sealed roads.   | <br>At least 90 per cent.   | 2017/18 – Achieved (92 per cent).<br>2018/19 – Achieved (92 per cent).     | These results are as per NZTA reports run in July 2019. These reports are based on traffic counts, These counts were last undertaken in 2017/18. |
|   | The percentage of the sealed local road network that is resurfaced (measured in m <sup>2</sup> ).  | <br>At least 3 per cent.   | 2017/18 – Achieved (3.5 per cent).<br>2018/19 – Achieved (3.1 per cent).   | In 2018/19, 181,973.2 m <sup>2</sup> of the local road network was surfaced.   |
| <b>Footpaths are maintained and in good condition.</b>                        | Percentage of footpaths in the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Territorial Local Authorities (TLA's) Asset Management Plans (AMPs) (maintenance intervention when displacement greater than 10mm for Taupō CBD, Taupō urban areas and Tūrangi and other urban areas). | <br>80 per cent.          | 2017/18 – Achieved (91 per cent).<br>2018/19 – Achieved (91 per cent).     |  |
| <b>Fix problems on the network promptly, or tell you why there are delays</b> | Percentage of customer service requests relating to roads and footpaths that are responded to within five working days.  | <br>At least 90 per cent. | 2017/18 – Achieved (92 per cent).<br>2018/19 – Achieved (93 per cent).     | In 2018/19 we received 1,429 customer service requests relating to roads and footpaths.  |

# Transport Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | 7,057                          | 6,644                          | 6,644                  |
| Targeted rates   | -                              | -                              | -                      |
| Subsidies and grants for operating purposes                              | 1,790                          | 2,051                          | 1,758                  |
| Fees and charges   | 83                             | 142                            | 196                    |
| Internal charges and overheads recovered                                 | 519                            | 425                            | 380                    |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 384                            | 450                            | 451                    |
| <b>Total operating funding (A)</b>                                       | <b>9,833</b>                   | <b>9,712</b>                   | <b>9,429</b>           |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 4,734                          | 5,333                          | 5,194                  |
| Finance costs  | 1,533                          | 1,172                          | 1,278                  |
| Internal charges and overheads applied                                   | 519                            | 425                            | 380                    |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>6,786</b>                   | <b>6,930</b>                   | <b>6,852</b>           |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>3,047</b>                   | <b>2,782</b>                   | <b>2,577</b>           |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | 1,531                          | 2,257                          | 2,729                  |
| Development and financial contributions                                  | 232                            | 575                            | 818                    |
| Increase (decrease) in debt  | (1,464)                        | (2,408)                        | (887)                  |
| Gross proceeds from sale of assets                                       | -                              | -                              | -                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>299</b>                     | <b>424</b>                     | <b>2,660</b>           |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | 24                             | 150                            | 34                     |
| • to improve the level of service  | 1,353                          | 3,077                          | 3,948                  |
| • to replace existing assets   | 2,355                          | 2,687                          | 2,563                  |
| Increase (decrease) in reserves  | (386)                          | (2,708)                        | (1,308)                |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>3,346</b>                   | <b>3,206</b>                   | <b>5,237</b>           |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(3,047)</b>                 | <b>(2,782)</b>                 | <b>(2,577)</b>         |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

# Transport Schedule of Capital Expenditure

| Activity/Scheme        | Project  | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|------------------------|--|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Transport              | 518 Lake Terrace footpath                          | Growth                 | X                          | 34              | 150             | 116               | 1     |
| Transport              | Acacia Bay Road / Wylie Terrace handrail           | ILOS                   | X                          | -               | 50              | 50                |       |
| Transport              | Bus infrastructure                                 | ILOS                   | A                          | -               | 3               | 3                 |       |
| Transport              | Cycle facilities                                   | ILOS                   | A                          | 80              | 80              | -                 |       |
| Transport              | Huka Falls Road footpath                           | ILOS                   | X                          | 14              | 150             | 136               | 2     |
| Transport              | Huka Falls Lookout carpark                         | ILOS                   | X                          | -               | 200             | 200               | 3     |
| Transport              | Kinloch footpath construction                      | ILOS                   | MY                         | 47              | 250             | 203               | 4     |
| Transport              | Lacebark Drive extension                           | ILOS                   | X                          | 17              | 100             | 83                | 5     |
| Transport              | Mangakino streets - upgrade program                | ILOS                   | A                          | -               | 40              | 40                |       |
| Transport              | Minor improvements - District                      | ILOS                   | S                          | 3               | 193             | 190               | 6     |
| Transport              | New signs & road marking                           | ILOS                   | A                          | 73              | 40              | (33)              |       |
| Transport              | Norman Smith Street traffic lights                 | ILOS                   | S                          | 277             | 479             | 202               | 7     |
| Transport              | Northern Access Phase 1 - 50km sign Wairakei Drive | ILOS                   | A                          | 127             | 127             | -                 |       |
| Transport              | On street parking                                  | ILOS                   | X                          | -               | 25              | 25                |       |
| Transport              | Pedestrian facilities - new footpaths              | ILOS                   | X                          | 128             | 190             | 62                |       |
| Transport              | Poihipi Road seal widening                         | ILOS                   | A                          | 300             | 300             | -                 |       |
| Transport              | Retaining wall construction - Wily Terrace         | ILOS                   | MY                         | 1               | 100             | 99                | 8     |
| Transport              | Seal extension                                     | ILOS                   | MY                         | 323             | 400             | 77                | 9     |
| Transport              | Tirohanga Road widening                            | ILOS                   | MY                         | 202             | 300             | 98                | 10    |
| Transport              | Transport survey equipment - new                   | ILOS                   | X                          | -               | 50              | 50                |       |
| Transport              | District-wide renewals                             | Renewal                | X                          | 2,287           | 2,687           | 400               | 11    |
| <b>Total Transport</b> |  |                        |                            | <b>3,912</b>    | <b>5,914</b>    | <b>2,002</b>      |       |

## Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service

## Explanation of major variances against 2018/19 Annual Plan

1. Lake Terrace footpath completed. \$116k balance to be reassigned to the Mapara Road footpath to enable completion expected May 2020
2. Delayed as road closure required for project completion. Northern corridor had to have been completed to allow this to happen. Due for completion December 2019
3. Project was to be 100% funded by NZTA. Approval was not granted but NZTA did approve \$200k of additional funding (100%) to go toward the Huka Falls Road footpath project
4. Due for completion September 2018. Any remaining budget to be reassigned to the Mapara Road footpath to enable completion expected May 2020
5. Delayed awaiting contractor availability. Due for completion November 2019
6. New traffic island installations Lake Terrace, Ruapehu Street, Napier and Puataata Roads. Due for completion August 2019
7. Due for completion August 2019
8. Multi-year project, investigation complete with a number of sections identified which have now been prioritised. Due for completion June 2020
9. Balance insufficient to undertake Te Toke Road extension (currently out for tender). Due for completion March 2020
10. Project to commence once Poihipi Road seal widening completed. Fog added to delays now pushed to spring. Due for completion October 2019
11. \$34k saving with \$366k to be carried forward. Lake Terrace pavement resurfacing (\$169k) with completion expected October, kerb & channel works in Turangi continuing (\$97k) awaiting tree removal, Tirohanga & Poihipi associated improvements (\$40k) expected completion September, Mangakino streets upgrade (16k) design in advance of construction in 2020/21, footpath renewal throughout district (\$34k) delayed due to lack of contractor availability, completion hopeful for December





# Community Facilities

## What we do and why we do it

Our district offers a wide range of leisure and recreation opportunities and we encourage our residents and visitors to use them. Our strategy is to maintain our community facilities so that we can continue to enjoy them.

We manage and service parks, reserves, playgrounds, open spaces, multi-purpose sports, entertainment and event venues, as well as pools, gyms and sports grounds throughout the district. This ensures there are

sporting, aquatic and recreational opportunities for the community, as well as exercise facilities for the physical and mental well-being of everyone who spends time in the district, including visiting children and their families. We also support the learn-to-swim lessons sponsored by Contact Energy at all our pools.

### Community outcomes

This activity contributes to the following community outcomes:

- Engagement – Council is connected with its communities, advocating for their social and cultural well-being.
- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment – a shared responsibility for places we are proud of.

### Contribution to the well-beings

The community facilities group of activities contributes to the social and cultural well-beings. Our communities are supported socially and culturally through parks and reserves, museums and libraries.



## What we did this year








- Completed Otumuheke Stream upgrade (recognised with national award).
- Renewed Arthur Crescent playground.
- Upgraded the training lights at Hickling Park.
- Completed nine new or renewed 'licences to occupy' for reserves.
- As a member of the Bay of Plenty (BOP) Regional Library Group, we collaborated for the group purchasing of library collections. The successful tender sought to deliver cost reductions and provide a wide range of shelf-ready material available within the shortest timeframe possible. The contract was awarded to Wheelers Book Club Ltd, and Ulverschroft Large Print Books.
- The contract for the supply of Radio Frequency Identification technology for the Taupō District Libraries was successfully awarded to Bibliotheca. The technology will enable customers to be independent users in line with changing user preferences; improve efficiency in library processes; free up staff for customer facing engagement and bring the Taupō District Libraries into line with peer libraries around the country.
- Taupō Museum hosted the "Suzhou, from the Tang to Song Dynasty, 679 – 1289 AD exhibition. The




exhibition part of the ten-year sister city anniversary celebrations showcased priceless artefacts from this very important period in the history of Suzhou and attracted 7,587 participants in the exhibition and related events and activities.

- The Friends of the Taupō Museum and Art Gallery hosted a 40th birthday celebration for the Taupō Museum and Art Gallery and paid fitting tribute to the people involved in its establishment and development.
- The Lottery Grants Board awarded the Taupō District Council \$26,346 to assist with the restoration of the waka tiwai located in the Taupō Museum. Stage one of a three stage restoration process has been completed and Stage two will commence in late July 2019.
- The Taupō District Libraries and Museum provided a wide variety of events, activities and programmes across the district. Key activities and events that contributed positively to the social, educational, cultural and mental wellbeing of the community include but are not limited to: the sister city ten-year anniversary exhibition, the Latin American & Spanish Film Festival, the waka restoration, the museum's 40th birthday celebration, Winterfest, library and museum school visits, museum exhibitions and the combined library and museum holiday programmes.

## Levels of service, performance measures and targets

| Level of service  | Performance measures  | Target   | Results  | Explanation  |
|---|---|--|--|--|
| <b>The library is accessible and offers a range of services for the community.</b>                                      | Percentage of the users/visitors that are satisfied with the range of services and variety of the collection. | <br>At least 75 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Achieved (89 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 89 percent of respondents said that they were either satisfied or very satisfied with the range of services and variety of the collection. In addition, there were 8 percent of respondents who were somewhat satisfied. |
| <b>The Great Lake Centre and Taupō Events Centre are accessible and provide the community with a range of services.</b> | The Great Lake Centre retains its Qualmark New Zealand four star rating.                                      | <br>Four star rating.     | 2017/18- Achieved.<br>2018/19- Achieved.   | The four star rating was retained.   |
|   | Percentage of the users/visitors that are satisfied with the Taupō Events Centre.                             | <br>At least 85 per cent. | 2017/18 – Achieved (86 per cent).<br>2018/19 – Not achieved (85 per cent).                       | In the 2019 Resident and Ratepayer Satisfaction Survey, 85 percent of respondents said that they were either satisfied or very satisfied with the Taupō Events Centre. In addition, 11 per cent of respondents are somewhat satisfied.   |

| Level of service  | Performance measures  | Target   | Results  | Explanation   |
|---|---|--|--|---|
|   | Percentage of the users/visitors that are satisfied with the Great Lake Centre.                               | <br>At least 85 per cent.   | 2017/18 – Achieved (91 per cent).<br>2018/19 – Not Achieved (81 per cent).                           | In the 2019 Resident and Ratepayer Satisfaction Survey, 81 percent of respondents said that they were either satisfied or very satisfied with the Great Lake Centre. In addition, 14 per cent of respondents are somewhat satisfied.                              |
| <b>Residents and visitors are satisfied with the exhibitions at the Taupō Museum and Art Gallery.</b> | Percentage of the visitors to the museum that are satisfied.  | <br>At least 55 per cent.   | 2017/18 – Not applicable.<br>2018/19 – Achieved (73 per cent).                                       | In the 2019 Resident and Ratepayer Satisfaction Survey, 73 percent of respondents said that they were either satisfied or very satisfied with the Taupō Museum and Art Gallery. In addition, there were 19 per cent who were somewhat satisfied.                  |
| <b>We provide a range of public open spaces that are accessible and enjoyed by our users.</b>         | Percentage of residential dwellings in urban areas that are within 400 metres of a publicly owned open space. | <br>At least 85 per cent.   | 2017/18 – No results as this is a new performance measure.<br>2018/19 – Not measured this year.      | We were unable to calculate whether or not we have achieved this measure.   |
|   | Percentage of users that are satisfied with the current availability of Council open spaces.                  | <br>At least 85 per cent. | 2017/18 – No results as this is a new performance measure.<br>2018/19 – Not achieved (82 per cent).  | In the 2019 Resident and Ratepayer Satisfaction Survey, 82 percent of respondents said that they were either satisfied or very satisfied with availability of Council open spaces. In addition, 13 per cent of residents said that they were somewhat satisfied.  |
|   | Percentage of users that are satisfied with Council-owned parks and open space.                               | <br>At least 85 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (78 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 78 percent of respondents said that they were either satisfied or very satisfied with Council-owned parks and open space. In addition, there were 16 per cent who said that they were somewhat satisfied. |
|   | Percentage of users that are satisfied with Council playgrounds.  | <br>At least 85 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (63 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 63 percent of respondents said that they were either satisfied or very satisfied with Council playgrounds. In addition, 26 per cent of respondents said that they were somewhat satisfied.                |
|   | Percentage of sportsgrounds users that are satisfied with Council's sportsgrounds.                            | <br>At least 85 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (83 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 83 percent of respondents said that they were either satisfied or very satisfied with Council's sportsgrounds. In addition, 12 per cent of respondents were somewhat satisfied.                           |

| Level of service  | Performance measures   | Target   | Results  | Explanation   |
|---|--|--|--|---|
| <b>Our pools are safe, well-maintained, and attractive for users.</b> | We maintain Pool Safe accreditation at AC Baths and Turtle Pools (formally Genesis Energy Tūrangi Aquatic Centre- GETAC).                      | Pool safe accreditation maintained.  | 2017/18- Achieved.<br>2018/19- Achieved.   | We maintained our pool safe accreditation.  |
|   | Percentage of users that are satisfied with the range of facilities at the AC Baths, the Turtle Pools (formally GETAC) and the Mangakino Pool. | <br>At least 75 per cent.   | 2017/18 – Not applicable– survey not undertaken this year.<br>2018/19 – Achieved (80 per cent).      | In the 2019 Resident and Ratepayer Satisfaction Survey, 80 percent of respondents said that they were either satisfied or very satisfied with the range of facilities at AC Baths, Turtle Pools and Mangakino Pools. In addition, 14 per cent of respondents were somewhat satisfied. |
| <b>Public conveniences are clean, safe and fit for purpose.</b>       | Percentage of users that are satisfied with Council’s public conveniences.   | <br>At least 80 per cent.   | 2017/18 – Not measured- survey not undertaken this year.<br>2018/19 – Not achieved (72 per cent).    | In the 2019 Resident and Ratepayer Satisfaction Survey, 72 percent of respondents said that they were either satisfied or very satisfied with Council’s public conveniences. In addition, 21 per cent of respondents were somewhat satisfied.   |
|   | Percentage of users that are satisfied with the appearance and accessibility of Council’s cemeteries.  | <br>At least 85 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (84 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 84 percent of respondents said that they were either satisfied or very satisfied with Council’s cemeteries. In addition, 10 per cent of respondents were somewhat satisfied.  |



# Community Facilities Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | 16,318                         | 17,760                         | 17,515                 |
| Targeted rates   | -                              | -                              | -                      |
| Subsidies and grants for operating purposes                              | 106                            | 142                            | 234                    |
| Fees and charges   | 2,845                          | 2,930                          | 3,006                  |
| Internal charges and overheads recovered                                 | -                              | -                              | 251                    |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 18                             | 18                             | 101                    |
| <b>Total operating funding (A)</b>                                       | <b>19,287</b>                  | <b>20,850</b>                  | <b>21,107</b>          |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 13,002                         | 13,909                         | 14,223                 |
| Finance costs  | 1,643                          | 1,516                          | 1,525                  |
| Internal charges and overheads applied                                   | 433                            | 425                            | 450                    |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>15,078</b>                  | <b>15,850</b>                  | <b>16,198</b>          |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>4,209</b>                   | <b>5,000</b>                   | <b>4,909</b>           |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | 73                     |
| Development and financial contributions                                  | 283                            | 226                            | 235                    |
| Increase (decrease) in debt  | (772)                          | 1,526                          | 380                    |
| Gross proceeds from sale of assets                                       | -                              | -                              | 127                    |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>(489)</b>                   | <b>1,752</b>                   | <b>815</b>             |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | 258                            | 595                            | 4                      |
| • to improve the level of service  | 818                            | 2,973                          | 2,421                  |
| • to replace existing assets   | 2,047                          | 3,368                          | 2,542                  |
| Increase (decrease) in reserves  | 597                            | (184)                          | 757                    |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>3,720</b>                   | <b>6,752</b>                   | <b>5,724</b>           |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(4,209)</b>                 | <b>(5,000)</b>                 | <b>(4,909)</b>         |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

# Community Facilities Schedule of Capital Expenditure

| Activity/Scheme                    | Project   | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|------------------------------------|---|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Parks & Reserves - District        | Walkway upgrade - widen and improve surface                     | Growth                 | X                          | 4               | 350             | 346               | 1     |
| Parks Development Contribution     | New neighbourhood reserves                                      | Growth                 | X                          | -               | 245             | 245               | 2     |
| AC Baths - Pools                   | Hydro slide tube replacement                                    | ILOS                   | S                          | 822             | 1,060           | 238               | 3     |
| AC Baths - Pools                   | Permanent umbrellas - Lifeguards                                | ILOS                   | A                          | 11              | 10              | (1)               |       |
| AC Baths - Pools                   | Bridge to bombing island  | ILOS                   | A                          | -               | 15              | 15                |       |
| AC Baths - Pools                   | Antislip trackside - Learn to swim pool                         | ILOS                   | A                          | 21              | 22              | 1                 |       |
| Cemeteries - District              | Cemeteries interment infrastructure                             | ILOS                   | A                          | 5               | 8               | 3                 |       |
| Cemeteries - District              | Cemetery improvements   | ILOS                   | A                          | 7               | 25              | 18                |       |
| Cemeteries - District              | Historic grave improvements                                     | ILOS                   | A                          | -               | 25              | 25                |       |
| GLC / Events Logistics Management  | Round conference tables   | ILOS                   | A                          | 14              | 15              | 1                 |       |
| GLC / Events Logistics Management  | External intercom system install                                | ILOS                   | A                          | 1               | 8               | 6                 |       |
| Housing for the Elderly - District | Heating system - Konini Street                                  | ILOS                   | A                          | 122             | 100             | (22)              |       |
| Libraries - District               | Library books   | ILOS                   | A                          | 307             | 310             | 3                 |       |
| Museum - Taupo                     | Barry Brickell sculpture renewal & preservation                 | ILOS                   | X                          | 0               | 25              | 25                |       |
| Museum - Taupo                     | Wifi installation - public                                      | ILOS                   | X                          | -               | 3               | 3                 |       |
| Museum - Taupo                     | Digital scanner with feeder                                     | ILOS                   | A                          | -               | 1               | 1                 |       |
| Museum - Taupo                     | Altar Stone installation (movable)                              | ILOS                   | S                          | 0               | 10              | 10                |       |
| Museum - Taupo                     | Building alarm upgrade  | ILOS                   | A                          | 9               | 8               | (1)               |       |
| Parks & Reserves - District        | CBD intersection upgrades                                       | ILOS                   | X                          | 12              | 200             | 188               | 4     |
| Parks & Reserves - District        | Lock rationalisation  | ILOS                   | MY                         | 0               | 20              | 20                |       |
| Parks & Reserves - District        | Taupo Market relocation   | ILOS                   | MY                         | -               | 25              | 25                |       |
| Parks & Reserves - District        | Fencing contributions (Fencing Act requirement)                 | ILOS                   | A                          | 9               | 20              | 11                |       |
| Parks & Reserves - District        | Public Art  | ILOS                   | A                          | 28              | 25              | (3)               |       |
| Parks & Reserves - District        | Playground equipment improvements                               | ILOS                   | MY                         | 12              | 50              | 38                |       |
| Parks & Reserves - District        | Playground softfall improvements-bark to rubberised             | ILOS                   | MY                         | -               | 20              | 20                |       |
| Parks & Reserves - District        | Accessibility Improvements - Otumuheke                          | ILOS                   | A                          | 10              | 10              | (0)               |       |
| Parks & Reserves - District        | Atiamuri basket swing   | ILOS                   | A                          | 8               | 13              | 5                 |       |
| Parks & Reserves - District        | Omori / Kuratau shade sail                                      | ILOS                   | A                          | 30              | 20              | (10)              |       |
| Parks & Reserves - District        | Turangi parks equipment rationalisation                         | ILOS                   | X                          | 1               | 15              | 14                |       |
| Parks Operations Management        | Mangakino Depot - alarm system upgrade & server provider change | ILOS                   | A                          | 3               | 12              | 9                 |       |
| Project Watershed                  | Erosion control - Kuratau Foreshore                             | ILOS                   | MY                         | 42              | 110             | 68                |       |
| Project Watershed                  | Erosion control - Taupo Bay inc Lake Terrace Cliffs             | ILOS                   | X                          | 38              | 130             | 92                | 5     |
| Sportsgrounds - District           | Hickling Park sports improvements                               | ILOS                   | S                          | 30              | 75              | 45                |       |
| Public Conveniences - District     | Public convenience reticulation                                 | ILOS                   | MY                         | -               | 15              | 15                |       |
| Sportsgrounds - District           | Turangi open space upgrades                                     | ILOS                   | A                          | 38              | 100             | 62                |       |
| Sportsgrounds - District           | Mangakino open space upgrades                                   | ILOS                   | X                          | 2               | 200             | 198               | 6     |
| Superloo Taupo                     | Install 3 phase plug for Civil Defence                          | ILOS                   | A                          | 4               | 2               | (2)               |       |
| Taupo Events Centre - Stadium      | Upgrade reception area  | ILOS                   | S                          | 11              | 14              | 4                 |       |
| Taupo Events Centre - Stadium      | Steps from deck to plant room (Health & Safety)                 | ILOS                   | A                          | 17              | 20              | 3                 |       |
| Taupo Events Centre - Stadium      | Sun shades over deck  | ILOS                   | A                          | 4               | 3               | (1)               |       |
| Taupo Events Centre - Stadium      | Fitness deck conservatory                                       | ILOS                   | A                          | 184             | 200             | 16                |       |
| Turangi Turtle Pools               | Play equipment  | ILOS                   | S                          | 0               | 30              | 30                |       |
| Community Facilities               | Renewals  | Renewal                | X                          | 1,445           | 3,368           | 1,923             | 7     |
| <b>Total Community Facilities</b>  |   |                        |                            | <b>3,251</b>    | <b>6,936</b>    | <b>3,685</b>      |       |

## Key

|    |  |
|----|--|
| A  | Achieved   |
| M  | Deliberate move into future years  |
| MY | Multi-year project   |
| S  | Slippage   |
| X  | Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out |

ILOS Increased Level of Service

## Explanation of major variances against 2018/19 Annual Plan

- Project reworked into 2019/20 Annual Plan (option 1 council resolution TDC201907/12)
- Savings - No suitable projects identified within the 2018/19 year
- Due for completion August 2019
- Street furniture & irrigation upgrades ordered awaiting manufacture (\$34k). Balance of budget released as 2019/20 Annual Plan provides for the balance of the project
- Project will be undertaken in line with the great lake walkway which has been reworked into the 2019/20 Annual Plan
- Scope agreed with additional funding of \$200k approved under council resolution MP201907/01
- \$.68k saving with \$1,855k to be carried forward. Including \$262k RFID tender signed April 2019 with implementation due to be completed October 2019, \$250k Turangi Gym re-roof/clad awaiting TTCB decision to go ahead or release and investigate new gym, AC Baths - \$103k geothermal bore pump delayed awaiting international delivery, \$75k private pools design/renewal multi-year project, \$45k Outdoor 25m pool repaint and traxite/antislip flooring expected September completion due to weather, \$42k continuing HVAC renewal expected September, TEC - \$105k entrance road delayed due to changes proposed in reception area, \$73k HVAC units delayed delivery (now expected November), \$34k carpet ordered in advance of reception upgrade, \$138k Velodrome - practical completion not granted due to track surface issues, expected resolution by November, \$135k Tongariro Domain playspace upgrade multi-year project underway due for completion April 2020, \$52k delayed Lakewood Drive reserve playground renewal, \$93k sportsgrounds tractor awaiting delivery, GLC - \$87k HVAC units delayed delivery (now expected November), \$54k foyer and hall lights renewal currently underway



# Wastewater

## What we do and why we do it

Council collects, treats and disposes of wastewater from residential, commercial and industrial properties within designated drainage areas of the district, safeguarding the environment and protecting public health.

We provide sufficient capacity to serve communities within current designated drainage areas of the district, on a continuous basis. Our wastewater services support our environment outcome.

Council treats and disposes of wastewater in an environmentally responsible way, meeting Waikato Regional Council consent conditions, including odour control at our treatment facilities. We are also responsible for reducing nitrogen discharge from our wastewater treatment plants into the Lake Taupō catchment by at least 20 per cent of 2005 levels by 2020, as part of the Lake Taupō Protection project.

Fats, oils and grease from commercial kitchens can cause sewer blockages and when they are discharged into the sewer they reduce the performance of the treatment plant. In 2010, Council introduced a trade waste bylaw to control this discharge which was reviewed in 2016.

We have a proactive approach to maintenance and condition assessment in place. This requires an increase in operational expenditure to collect data which will enable accurate forecasting of renewal requirements. It is anticipated that this will result in a reduction of blockages in the wastewater network and reduce overflows into Lake Taupō or waterways. We are also moving to enforce the trade waste bylaw more stringently to reduce

the likelihood of blockages in the sewer network or mechanical equipment failure.

### Community Outcomes

This activity contributes to the following community outcome:

- Environment – a shared responsibility for places we are proud of.

### Contribution to the well-beings

The wastewater activity contributes to the environmental well-being. Making sure that our wastewater is treated appropriately is essential to protecting our environment. If our wastewater isn't treated safely, it can harm our environment.

### What we did this year

- Completed the upgrade of the Whakamaru Wastewater Treatment Plant.
- Completed work to improve the Pūkawa wastewater pump station and pipeline.
- Completed construction of a new site access and flood protection works at Kinloch Wastewater Treatment Plant.

- Completed construction of an effluent holding tank at Kinloch Wastewater Treatment Plant.
- Gained resource consent for Whareroa wastewater discharge.
- Gained resource consent for Ōmori/Kurutau/Pūkawa wastewater discharge.
- Awarded a contract for construction of the Kinloch wastewater irrigation system.
- Continued the project to reduce sewer overflows in Taupō and Acacia Bay. This included sewer cleaning and condition assessments.
- Inspected 830 wastewater mains using SLRAT (sewer line rapid assessment tool) to assess.
- Inspected and condition assessed 751 wastewater mains using CCTV (largely in Taupō, Acacia Bay, Tūrangi).
- Inspected further 166 wastewater mains using CCTV only.
- Formed a steering group with Ngāti Tūrangitukua, Ngāti Kurauia, Tūwharetoa Māori Trust Board to develop options for future wastewater disposal at Tūrangi WWTP
- We awarded a contract for the demolition of the Waitahanui wastewater treatment plant and reinstatement of grounds.

## Levels of service, performance measures and targets

| Level of service  | Performance measures  | Targets                            | Results   | Explanation  |
|---|---|------------------------------------|---|--|
| <b>Compliance with resource consents for discharge from the sewage systems.</b>           | Number of abatement notices received by Council in relation to sewerage system resource consents.   | ≤ 1 abatement notices received.    | 2017/18 – Achieved.<br>2018/19 – Achieved.                                | 1 abatement notice received in relating to overloading at the Taupō land disposal system.  |
|   | Number of infringement notices received by Council in relation to sewerage system resource consents.  | 0 infringements.                   | 2017/18 – Achieved.<br>2018/19 – Achieved.                                | No infringement notices were received.   |
|   | Number of enforcement orders received by Council in relation to sewerage system resource consents.  | 0 enforcement orders.              | 2017/18 – Achieved.<br>2018/19 – Achieved.                                | No enforcement orders were received.   |
|   | Number of successful convictions received by Council in relation to sewerage system resource consents.  | 0 successful convictions.          | 2017/18 – Achieved<br>2018/19 – Achieved                                  | No convictions were received.  |
| <b>Reduction in nitrogen discharged from Wastewater treatment plants into Lake Taupō.</b> | Reduce the total nitrogen discharged from wastewater treatment plants within the Lake Taupō catchment by at least 20 per cent of the benchmark average (10,310 kg/year) by 2020. From 2020 onwards maintain this reduction. | Reduction of at least 20 per cent. | 2017/18 – Achieved (22 per cent).<br>2018/19 – Achieved (24.6 per cent).  | The nitrogen discharge is monitored from all wastewater treatment plants in the Taupō Catchment. The reduction of N is 24.6 per cent comparative to benchmarking period. |
| <b>System and adequacy.</b>   | Number of dry weather sewerage overflows across the district that are expressed per 1000 connections.   | Less than 3.                       | 2017/18 – Achieved (1.94 dry weather overflows per thousand connections). | There are 18,371 active sewer connections.   |



| Level of service               | Performance measures   | Targets            | Results  | Explanation   |
|--------------------------------|--|--------------------|--|---|
| <b>System and adequacy.</b>    | The weather description is reported by the service provider, Downer as part of their contract responsibilities. The accuracy of these has not been and cannot be independently verified.   |                    | 2018/19 – Achieved (0.87 dry weather overflows per thousand connections).            | Total overflows =16. We have had fewer dry weather overflows because we have undertaken an intensive programme of investigating the wastewater pipes.   |
| <b>Fault response times.</b>   | Median attendance times: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system to the time that service personnel reach the site of the overflow or other fault.                     | Less than 1 hour.  | 2017/18 – Achieved (23 minutes).<br>2018/19 – Not achieved.                          | While it is highly likely this measure has been achieved, our data logs show errors in recording significant enough that we could not demonstrate the measure has been achieved.  |
| <b>Fault resolution times.</b> | Median resolution time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system to the time that service personnel confirm resolution of the overflow or other fault.                  | Less than 4 hours. | 2017/18 – Achieved (2 hours and 19 minutes).<br>2018/19 – Achieved.                  | The median response time was 1.6 hours.<br>The attendance and resolution are reported by the service provider, this includes travel time. The categories are reported by the service provider, Downer as part of their contract responsibilities. The accuracy of these has not been and cannot be independently verified.  |
| <b>Customer satisfaction.</b>  | The number of complaints received by Council on:<br>(a) Sewerage odour,<br>(b) Sewerage system faults,<br>(c) Sewerage system blockages; and<br>(d) Council's response to issues with the sewerage system.<br>This is expressed per 1000 connections to the sewerage system. | Less than 8.       | 2017/18 – Not achieved (8.7 complaints per 1000 connections).<br>2018/19 – Achieved. | Between 1 July 2018 and 30 June 2019 Council was notified of 116 issues.<br>There are 18,371 active connections to our sewerage systems.<br>6.3 complaints received per 1000 connections.<br>We have undertaken an intensive programme of wastewater pipe investigations, which has meant that we have been able to prevent problems arising. This has likely contributed to fewer complaints in 2018/19. |

Please note that there are 5 resource consents for wastewater where we are operating under a consent which has lapsed. Applications for resource consent has been applied for, however the consent application has not yet been granted. Therefore, we are technically operating under a consent which has lapsed.

# Wastewater Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | -                              | -                              | -                      |
| Targeted rates   | 13,374                         | 13,111                         | 13,087                 |
| Subsidies and grants for operating purposes                              | -                              | -                              | -                      |
| Fees and charges   | 1,560                          | 1,370                          | 1,594                  |
| Internal charges and overheads recovered                                 | -                              | -                              | 119                    |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                              | -                              | -                      |
| <b>Total operating funding (A)</b>                                       | <b>14,934</b>                  | <b>14,481</b>                  | <b>14,800</b>          |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 6,759                          | 6,778                          | 7,937                  |
| Finance costs  | 2,869                          | 2,587                          | 2,422                  |
| Internal charges and overheads applied                                   | 163                            | 203                            | 175                    |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>9,791</b>                   | <b>9,568</b>                   | <b>10,534</b>          |
| <b>Surplus (deficit) of operating funding (A – B)</b>                    | <b>5,143</b>                   | <b>4,913</b>                   | <b>4,266</b>           |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | -                      |
| Development and financial contributions                                  | 362                            | 616                            | 1,418                  |
| Increase (decrease) in debt  | (2,066)                        | 952                            | (677)                  |
| Gross proceeds from sale of assets                                       | -                              | -                              | -                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>(1,704)</b>                 | <b>1,568</b>                   | <b>741</b>             |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | 54                             | -                              | -                      |
| • to improve the level of service  | 1,496                          | 4,255                          | 1,904                  |
| • to replace existing assets   | 2,378                          | 2,839                          | 2,790                  |
| Increase (decrease) in reserves  | (489)                          | (613)                          | 313                    |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>3,439</b>                   | <b>6,481</b>                   | <b>5,007</b>           |
| <b>Surplus (deficit) of capital funding (C – D)</b>                      | <b>(5,143)</b>                 | <b>(4,913)</b>                 | <b>(4,266)</b>         |
| <b>Funding balance ((A – B) + (C – D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

## Wastewater Schedule of Capital Expenditure

| Activity/Scheme         | Project  | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|-------------------------|--|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Wastewater Kinloch      | Kinloch land disposal system                         | ILOS                   | X                          | -               | 2,200           | 2,200             | 1     |
| Wastewater Kinloch      | Kinloch wastewater treatment plant balance tank      | ILOS                   | MY                         | 50              | 100             | 50                |       |
| Wastewater Omori        | Omori (Pukawa) wastewater oxidation pond fencing     | ILOS                   | A                          | -               | 25              | 25                |       |
| Wastewater Motutere     | Motutere wastewater treatment plant capacity upgrade | ILOS                   | X                          | 66              | 100             | 34                |       |
| Wastewater Turangi      | WWTP treatment/balance pond                          | ILOS                   | X                          | -               | 1,800           | 1,800             | 2     |
| Wastewater - District   | District wide water compliance reporting software    | ILOS                   | A                          | -               | 30              | 30                |       |
| Wastewater - District   | Renewals   | Renewal                | X                          | 1,659           | 2,839           | 1,180             | 3     |
| <b>Total Wastewater</b> |  |                        |                            | <b>1,774</b>    | <b>7,094</b>    | <b>5,320</b>      |       |

### Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service

### Explanation of major variances against 2018/19 Annual Plan

1. Multi-year project with construction about to begin. Expected completion April 2020
2. Pond construction on hold pending mitigation agreement with Iwi. Carbon dosing progressing due to be completed December
3. Turangi/Tokaanu sewer rising main contract awarded February 2019 due for completion October



## Solid waste

### What we do and why we do it

We provide a solid waste system for refuse and recyclables.

Waste services include a landfill and resource recovery centre at Broadlands Road, five transfer stations and street litter and recycling bins. We manage solid waste to reduce the likelihood of harm to people and the environment, and to retain the districts' attractive appearance for residents and visitors. Solid waste services contribute to the environment and economic community outcomes.

Council has now adopted the new Waste Management and Minimisation Plan 2018 which sets out a number of new initiatives to be implemented for the district:

- E-Waste recycling.
- Waste reduction educational support for district marae.
- Waste minimisation grants to support community waste minimisation activities.

- Increase the number of warranted litter offices within Council's existing staff.
- Investigate ways to reduce construction and demolition waste going to landfill.
- Support local schools to divert food waste.
- Supporting district schools through support for composting and worm farming.
- Work with the local farming sector to provide waste reduction options.
- Investigating reducing farm waste.
- Education support for local event organisers.
- Implementation of a targeted litter reduction programme.
- Support and facilitate the reduction of single use plastic bags.

The Broadlands Road Landfill is operated with individual "cells" with its own liner and reticulation system for leachate. When a cell is full, it is capped with soil so that decomposition does not cause adverse environmental effects (bad smells, methane, uncontrolled toxic leachate etc.).

Council also manages three closed landfill sites at Taupō, Mangakino and Tūrangi. Closed landfills have closure consents which requires Council to monitor them to ensure that there are no adverse environmental effects from these sites.



Refuse collection is funded through fees and charges, while disposal is funded through a combination of fees and charges and a targeted rate applied to those areas where the service is available. Litter control is funded through the general rate.

## Community Outcomes

This activity contributes to the following community outcome:

- Environment – a shared responsibility for places we are proud of.

## Contribution to the well-beings

The solid waste group of activities contributes environmental well-being. Disposing of our waste safely and encouraging waste reduction is critical in protecting our environment.

## What we did this year

- Achieved 'Most beautiful large town in New Zealand' status.
- Ran a plastic free July programme.
- Supported the community to stop using single use plastic bags.
- Ran home composting workshops in Tūrangi and Taupō.
- Ran waste free parenting workshops.

- Ran 'Love food, hate waste' workshops.
- Supported district schools with composting programmes.
- Supported district marae by supporting Para Kore waste minimisation programme.
- Supported Enviroschools programme.
- Renewed the capping on the closed Tūrangi landfill.
- Provided a water supply to the Kinloch Transfer station.
- Upgraded the Kinloch Transfer station.
- Installed five new street recycling bins.
- Installed 15 new street litter bins.
- Installed four new Big Belly street refuse compactor bins.
- Renewed the district bulk waste haulage contract
- Renewed the Taupō street litter and recycling bin collection contract.
- Supported local prisons in recycling bicycles.
- Undertook environmental monitoring for the three closed landfills and the Broadlands Road Landfill.
- Achieved 'fully compliant' status on all solid waste consents

## Levels of service, performance measures and targets

| Level of service   | Performance measure   | Targets  | Results   | Explanation   |
|--|---|--|---|---|
| <b>Managing solid waste disposal within the district and increasing diversion from landfill.</b> | The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream. | <br>At least 46 per cent. | This is a new measure so there are no results from previous financial years.<br>2018/19 – Achieved (47 per cent).     | There were 24,573 tonnes of waste disposed to landfill and 21,965 tonnes of waste was diverted from landfill.   |
| <b>The district has a high level of satisfaction with their waste and recycling services.</b>    | Percentage of surveyed users that are satisfied with our recycling and refuse services.             | <br>At least 85 per cent. | This is a new measure so there are no results from previous financial years.<br>2018/19 – Not achieved (79 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 79 percent of respondents said that they were either satisfied or very satisfied with Council's waste and recycling services. In addition, 10 per cent of respondents are somewhat satisfied. |
|  | Compliance with resource consent conditions for our landfills.                                      | <br>100 per cent.         | 2017/18 – Achieved (100 per cent).<br>2018/19 – Achieved (100 per cent).  | We received full resource consent compliance (reported as at June 2019).  |

## Solid Waste Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | 828                            | 781                            | 781                    |
| Targeted rates   | 1,365                          | 1,226                          | 1,224                  |
| Subsidies and grants for operating purposes                              | 121                            | 120                            | 159                    |
| Fees and charges   | 2,290                          | 2,821                          | 3,008                  |
| Internal charges and overheads recovered                                 | -                              | -                              | 64                     |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                              | -                              | -                      |
| <b>Total operating funding (A)</b>                                       | <b>4,604</b>                   | <b>4,948</b>                   | <b>5,236</b>           |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 3,900                          | 4,209                          | 4,268                  |
| Finance costs  | 254                            | 212                            | 202                    |
| Internal charges and overheads applied                                   | 10                             | 9                              | 27                     |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>4,164</b>                   | <b>4,430</b>                   | <b>4,497</b>           |
| <b>Surplus (deficit) of operating funding (A – B)</b>                    | <b>440</b>                     | <b>518</b>                     | <b>739</b>             |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | -                      |
| Development and financial contributions                                  | -                              | -                              | -                      |
| Increase (decrease) in debt  | (344)                          | (135)                          | (215)                  |
| Gross proceeds from sale of assets                                       | -                              | -                              | -                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>(344)</b>                   | <b>(135)</b>                   | <b>(215)</b>           |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | -                              | -                              | -                      |
| • to improve the level of service  | 11                             | 230                            | 229                    |
| • to replace existing assets   | 37                             | 136                            | 125                    |
| Increase (decrease) in reserves  | 48                             | 17                             | 170                    |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>96</b>                      | <b>383</b>                     | <b>524</b>             |
| <b>Surplus (deficit) of capital funding (C – D)</b>                      | <b>(440)</b>                   | <b>(518)</b>                   | <b>(739)</b>           |
| <b>Funding balance ((A – B) + (C – D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

## Solid Waste Schedule of Capital Expenditure

| Activity/Scheme              | Project                                      | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|------------------------------|--|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Litter Control - Taupo       | Belly - purchase rented bins from contractor | ILOS                   | A                          | 111             | 112             | 1                 |       |
| Litter Control - Taupo       | New street recycling bins                    | ILOS                   | A                          | 11              | 10              | (1)               |       |
| Kinloch Solid Waste Disposal | Kinloch site upgrade                         | ILOS                   | A                          | 66              | 45              | (21)              |       |
| Kinloch Solid Waste Disposal | Kinloch water supply                         | ILOS                   | A                          | 25              | 30              | 5                 |       |
| Turangi Solid Waste Disposal | Turangi landfill capping                     | ILOS                   | A                          | 15              | 15              | (0)               |       |
| Turangi Solid Waste Disposal | Turangi wood recovery pad / wall             | ILOS                   | X                          | 1               | 18              | 17                |       |
| Solid Waste - District       | Renewals                                     | Renewal                | A                          | 125             | 136             | 11                |       |
| <b>Total Solid Waste</b>     |  |                        |                            | <b>355</b>      | <b>366</b>      | <b>11</b>         |       |

### Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service

# Stormwater

## What we do and why we do it

Council provides a stormwater system to manage the surface water runoff from the district's urban catchments.

Waikato Regional Council increasingly require Council to improve the quality of the stormwater particularly where it goes into lakes and rivers (as it does in the Taupō district) to reduce the adverse effects on the environment.

Council owns and maintains a number of gullies that transport stormwater to the lake, which need to be maintained to avoid sedimentation and enable stormwater quality to improve as it passes through the gullies. We monitor stormwater quality, testing for pollution for a range of contaminants, because we are committed to improving the quality of stormwater going into Lake Taupō. We also seek to minimise erosion damage from stormwater to roads, reserves, gullies and outfalls.

The discharge quality of stormwater is governed by the framework set down in the conditions of our comprehensive stormwater discharge consent.

Maintenance programmes are mainly reactive in nature although additional planting is planned to further protect gully walls from erosion. Other proactive measures include the removal of silt around lake outfalls which occurs with high lake levels.

In general providing stormwater services to the community has public health and environmental effects in providing this service; the cost of providing the service on ratepayers, especially with smaller communities; the cost of keeping up with ever increasing environmental standards requiring significant capital investment and the long-term renewal cost of aging infrastructure.

### Community Outcomes

This activity contributes to the following community outcome:

- Environment – a shared responsibility for places we are proud of.

### Contribution to the well-beings

The stormwater activity contributes to the social, cultural and environmental well-beings. Disposing of stormwater safely helps to protect, homes, businesses and environment.



### What we did this year

- Installed new pipes in Kahu Street, Mangakino.
- Undertook overland flow path modelling.
- Purchased new stormwater monitoring equipment.
- Undertook a district wide stormwater monitoring programme.
- Installed five Enviropods into the stormwater network.
- Installed a quality improvement device into the Kohineheke Reserve in Tūrangi.



- Undertook initial design works for a Brentwood Gully culvert under Acacia Bay Road.
- Undertook consultation regarding stormwater impacts on Paenoa Road
- Installed pipes into Kohatu Parade.
- Completed a CCTV inspection and condition assessment for Ōmori and Kuratau.
- Liaised with developers on stormwater designs for new subdivisions.
- Maintained and emptied quality improvement devices, with visual quality of discharges significantly improved.

## Levels of service, performance measures and targets

| Level of service  | Performance measures and targets  | Target              | Results  | Explanation   |
|---|---|---------------------|--|---|
| <b>We manage the stormwater network to protect public health and property without compromising the environment.</b> | The number of flooding events that occur in a territorial authority district.<br><br>A 'flooding event' means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.   | 0                   | This measure was not reported on in previous financial years.<br><br>2018/19 – Achieved (0 flooding events). | There were no flooding events.  |
|   | Number of properties for the year affected by flooding inside the habitable dwelling (one habitable floor) as a result of a flooding event (expressed per 1000 properties connected to the territorial authority's stormwater system).  | 0                   | 2016/17 – Achieved.<br>2017/18 – Achieved.<br>2018/19 – Achieved (0 flooding events).                        | No properties were affected by flooding from stormwater inside the habitable dwelling (one habitable floor).  |
|   | The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.   | Less than one hour. | 2016/17 – Achieved.<br>2017/18 – Achieved.<br>2018/19 – Achieved.  | There were no flooding events.  |
|   | The Non-Financial Performance Measures Rules 2013 require the Council to report on the following measure:<br><br>• The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. | Not applicable.     | Not applicable   | There will be no reporting on this performance measure. Council's stormwater network drains the roading network so there are no properties who connect to the stormwater network. However, in 2018/19 we received 142 complaints in relation to our stormwater network. |



| Level of service  | Performance measures and targets  | Target | Results                                    | Explanation  |
|---|---|--------|--|--|
| <b>Compliance with our Resource Consent for discharge from our stormwater system.</b> | Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.    | 0      | 2017/18 – Achieved.<br>2018/19 – Achieved. | In 2018/19, Council did not receive any abatement notices in relation to the discharge from our stormwater network.    |
|   | Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system. | 0      | 2016/17 – Achieved.<br>2018/19 – Achieved. | In 2018/19, Council did not receive any infringement notices in relation to the discharge from our stormwater network. |
|   | Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.   | 0      | 2017/18 – Achieved.<br>2018/19 – Achieved. | In 2018/19, Council did not receive any enforcement orders in relation to the discharge from our stormwater network.   |
|   | Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.          | 0      | 2017/18 – Achieved.<br>2018/19 – Achieved. | In 2018/19, Council did not receive any convictions in relation to the discharge from our stormwater network.          |

# Stormwater Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | 1,815                          | 1,769                          | 1,769                  |
| Targeted rates   | -                              | -                              | -                      |
| Subsidies and grants for operating purposes                              | -                              | -                              | -                      |
| Fees and charges   | -                              | -                              | -                      |
| Internal charges and overheads recovered                                 | -                              | -                              | -                      |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                              | -                              | -                      |
| <b>Total operating funding (A)</b>                                       | <b>1,815</b>                   | <b>1,769</b>                   | <b>1,769</b>           |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 713                            | 744                            | 793                    |
| Finance costs  | 94                             | 51                             | 67                     |
| Internal charges and overheads applied                                   | -                              | -                              | -                      |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>807</b>                     | <b>795</b>                     | <b>860</b>             |
| <b>Surplus (deficit) of operating funding (A – B)</b>                    | <b>1,008</b>                   | <b>974</b>                     | <b>909</b>             |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | -                      |
| Development and financial contributions                                  | -                              | -                              | -                      |
| Increase (decrease) in debt  | 81                             | 110                            | 463                    |
| Gross proceeds from sale of assets                                       | -                              | -                              | -                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>81</b>                      | <b>110</b>                     | <b>463</b>             |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | -                              | -                              | -                      |
| • to improve the level of service  | 156                            | 253                            | 517                    |
| • to replace existing assets   | 119                            | 138                            | 97                     |
| Increase (decrease) in reserves  | 814                            | 693                            | 758                    |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>1,089</b>                   | <b>1,084</b>                   | <b>1,372</b>           |
| <b>Surplus (deficit) of capital funding (C – D)</b>                      | <b>(1,008)</b>                 | <b>(974)</b>                   | <b>(909)</b>           |
| <b>Funding balance ((A – B) + (C – D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

# Stormwater Schedule of Capital Expenditure

| Activity/Scheme         | Project  | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|-------------------------|--|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Stormwater              | Gully culvert                                  | ILOS                   | A                          | 14              | 15              | 1                 |       |
| Stormwater              | Enviropod protection                           | ILOS                   | A                          | 5               | 5               | 0                 |       |
| Stormwater              | Overland flow paths / flood model              | ILOS                   | A                          | 21              | 20              | (1)               |       |
| Stormwater              | Kohineheke Crescent Reserve improvement device | ILOS                   | A                          | 241             | 133             | (108)             | 1     |
| Stormwater              | Kahu Street Mangakino reticulation             | ILOS                   | A                          | 85              | 80              | (5)               |       |
| Stormwater - District   | Renewals                                       | Renewal                | X                          | 97              | 138             | 41                |       |
| <b>Total Stormwater</b> |  |                        |                            | <b>463</b>      | <b>391</b>      | <b>(72)</b>       |       |

## Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service

## Explanation of major variances against 2018/19 Annual Plan

1. Additional funding of \$108k approved via Council resolution TDC201902/13





# Democracy and Planning

## Democracy – What we do and why we do it

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Council provides democratic local decision-making and action by, and on behalf of, our district's many communities.

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We are focused on meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Democracy contributes to the engagement and community wellbeing outcomes.

Council acts as the district's advocate with regional and national governments to ensure that the needs of our communities are considered when policies and plans are being developed. We have a major programme of engagement with residents and ratepayers that includes a wide range of committee work and a communications programme.

Council works collaboratively with a wide range of other governing bodies, including central government, other councils (such as Waikato Regional Council), our mana whenua iwi and local hapū, district health boards, and many others.

Council continues to develop the relationship with both iwi and hapū using central government tools, as highlighted by the Joint Management Agreements entered into with Raukawa, Te Arawa and Tūwharetoa.

Council meetings are webcast, with Council agendas available prior to meetings, to promote transparency and accountability of decision-making.



## Planning – what we do and why we do it

A major role for Council is planning for the district’s future to meet the needs of our communities.

Council uses a wide range of strategic and spatial planning tools to achieve these goals and meet its various obligations under the legislation such as the Local Government Act and the Resource Management Act. This group of activities contributes to the environment, economic and engagement community outcomes.

We plan for and manage the effects of population change, economic trends and land use change through long term planning, spatial planning (structure plans, district planning), and policy work for all the other services of Council. We use two major planning processes to establish and advocate for the long-term wellbeing of the District: the Long-term Plan, and the District Plan.

In addition to planning for the future, we also control a wide range of activities such as how reserves are used and when and how people can connect to Council services. Through this variety of policies, plans and bylaws we help to guide the day to day management of many activities to provide a safe and enjoyable environment.

Advocacy and leadership are essential for Council to ensure that the special qualities and particular needs of

our district are considered when national and regional plans are being developed. We contribute to regional planning and coordination, and work with a wide range of community partners to advocate for our communities.

This group of activities contributes to the environment, economic and engagement community outcomes.

### Community outcomes

The Democracy and Planning group of activities contributes to the following community outcomes:

- Environment – a shared responsibility for places we are proud of.
- Engagement – Council is connected with its communities, advocating for their social and cultural well-being.

### Contribution to the well-beings

The democracy and planning group of activities social contributes to the cultural, economic and environmental well-beings. Having well functioning democratic services contributes to social and cultural well-beings. Planning contributes to all of the well-beings.

## Opportunities for Māori to contribute to decision-making processes

Our relationships with local Iwi and taura here or Māori from other areas are important to Council.

The Local Government Act places responsibilities on councils to recognise and respect the Crown’s



responsibilities under Te Tiriti o Waitangi / the Treaty of Waitangi. The act established baseline principles on how Council should maintain and improve opportunities for Māori to contribute to local government decision-making.

Council has entered into forums, collectives and agreements alongside Iwi and Māori, to assist in Māori Land Court matters, Treaty of Waitangi settlements, specific legislation discussions or negotiated agreements between our district Iwi and Council recognising the leadership provided by Te Ariki, Tā Tumu te Heuheu.

There are a number of forums, collectives and agreements where Council collaborates with both Iwi and Māori generally around key instruments like our long-term and annual plans, hosting Council meetings and also special interest matters.

These special interest matters are;

- Engagement with Ngāti Te Rangīta regarding the Motutere Recreation Reserve
- Management Protocol guiding regular engagement with the Chief Executive of the Tūwharetoa Māori Trust Board

Collaboration with our Iwi partners will be a focus for the next 12 months, adding to what we must do as part of their respective legislations including the recently completed Ngāti Tūwharetoa Comprehensive Settlement Act.

Formal engagements for Council are;

- **Te Kōpua Kānapanapa** – Formal Councillor representation on Joint Statutory Committee with Waikato Regional Council and Te Kotahitanga o Ngāti Tūwharetoa
- **Te Kotahitanga o Ngāti Tūwharetoa** has completed its Comprehensive Claims Settlement process and has a number of obligations for Council
- **Lake Taupō Protection Project** – Formal Councillor representation on the Joint Committee with Waikato Regional Council, Tūwharetoa Māori Trust Board and the Crown
- **C75 Waipāhīhī Māori Foreshore Reservation Trust** – Formal Councillor representation on the Māori Land Court Trust with Waipāhīhī Marae Trustees
- **Tutemohuta Reservation Trust** – Formal Councillor representation on the Māori Land Court Trust with Tauhara Middle 14 Trustees
- **Ngāti Tūwharetoa Gallery Governance Group** – Support for the Museum's management by Ngāti Tūwharetoa



Photo: Destination Great Lake Taupo

Ora Garden of Wellbeing,  
Taupō Museum.





- **Tūwharetoa Māori Trust Board** has a Joint Management agreement with Council for the 2009 agreement giving joint decision-making powers to iwi on resource consents and private plan changes on Māori multiply owned freehold land
- **Waikato River Co-governance obligations** as a Waikato River Iwi.
- **Te Arawa River Iwi Trust** has a Joint Management Agreement with Council for the Waikato River
- **Raukawa Charitable Trust** has a Joint Management Agreement with Council for the Waikato River
- **Ngāti Tūrangitukua Council** is currently negotiating a Mana Whakahoho ā-Rohe with Ngāti Tūrangitukua. The aim is to pull together the multiple legislative obligations that Council has within the Ngāti Tūrangitukua rohe and work through how best we work in partnership. These obligations also include that which was agreed within their settlement in 1998.

### The joint management agreements include:

**Ngāti Tūwharetoa** – Signed in 2009, the agreement was the first of its kind and has received a number of awards. The agreement outlines decision making powers under the Resource Management Act between Council and Ngāti Tūwharetoa.

**Raukawa** – The Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010 provided for joint management agreements. Council signed an agreement with Raukawa in 2013, which marked a new and important stage in the relationship between Council and

Raukawa, outlining the arrangements on the restoration and protection of the Waikato River.

**Te Arawa River Iwi Trust** – Council and the Te Arawa River Iwi Trust signed a joint management agreement on May 19, 2017. The agreement is very similar to the one that Council and Raukawa share, creating a formalised set of arrangements for the partners to work together on the restoration and protection of the Waikato River.

### The Tūrangī Reserves Management Plan Committee

– The Ngāti Tūrangitukua Claims Settlement Act 1999 provided for the return of land, including some existing reserves vested in Taupō District Council, to the Tūrangitukua Charitable Trust. Council is working collaboratively with Ngāti Tūrangitukua to prepare a reserve management plan for these reserves. The new committee, with members comprising of three from Ngāti Tūrangitukua and three from Council, had its first meeting in June 2016.

**Rangitāiki River Forum** – Established under the Ngāti Manawa Claims Settlement Act 2012 and the Ngāti Whare Claims Settlement Act 2012. Ngāti Hineuru, Te Kotahitanga o Ngāti Tūwharetoa and Taupō District Council each appoint a member on the joint committee of the Bay of Plenty Regional Council and the Whakatāne District Council. The forum's purpose is the protection and enhancement of the environmental, cultural, and spiritual health and wellbeing of the Rangitāiki River and its resources for the benefit of present and future generations. The forum is guided by Te Ara Whanui o Rangitāiki which contains a vision, objectives and desired outcomes to improve the rivers health and guide future management.





Piko Piko, Pureora Forest.







Photo: Destination Great Lake Taupō

Ngāti Hineuru, Te Kotahitanga o Ngāti Tūwharetoa and Taupō District Council are part of seven iwi, two district Councils and a regional council that each appoint a member on the joint committee of the Bay of Plenty Regional Council and the Whakatāne District Council.






### What we did this year

- Council has made significant changes in how it engages with iwi as part of the district community. A team of staff are working hard to understand our co-governance obligations. The Strategic Relationship Manager role maintains the liaison function in support of staff to engage with iwi partners and Māori in general. We have developed NauMai Place, a learning opportunity held on our district marae alongside hapū, we receive presentations by our iwi leaders and seek better understanding for sites of significance throughout the district.
- We completed the process of reviewing our representation arrangements. This determined the number of Councillors and ward structure that we will have for the local government elections in 2019 and 2022.
- Worked in partnership with Pūkawa Marae to deliver the 2019 Waitangi Tūwharetoa ki Pūkawa Festival.
- We have prepared an overall project plan for the District Plan review and begun the process of more specific work plans for the different programmes of work. We have also begun preparation of an issues report that pulls together the range of issues that might need to be addressed through the review. There has been engagement with a range of community groups and commercial entities with broader community engagement planned for prior to the end of 2019.
- Council has also looked to bring together our Iwi partners to understand how best we can receive their guidance on the review of the District Plan. While there are obligations in the Joint Management Agreements, not every Iwi has one of these with Council.
- We adopted a new version of Taupō District 2050 which reflects the updated information from Statistics New Zealand.
- The Flood Hazard Plan Change was made operative.
- We commenced the development of a Transport Strategy that will provide a strategic overview of our transport strategy for the next 30 years. We have engaged with stakeholders and are now preparing a draft strategy. We will consult with the wider community during the 2019/20 year.
- We adopted an amendment to the Long-term Plan 2018-28 in accordance with the requirements of the Local Government Act 2002. The amendment was in relation to the future site for the civic administration building. This plan was consulted on and adopted by Council in June 2019.
- We joined together with the other district councils in the Waikato Region to present a joint case at the Plan Change 1 (Healthy Rivers) hearings. The final block of hearings will be held in 19/20 and we expect that Waikato Regional Council will announce the decisions on Plan Change 1 during that year too.
- The Speed Bylaw was adopted in July 2018.

## Levels of service, performance measures and targets

| Level of service   | Performance measures and targets   | Target   | Results  | Explanation  |
|--|--|--|--|--|
| <b>Council performance is rated as very or fairly good.</b>  | Percentage of the district that rates the performance of the Mayor and Councillors as very good or fairly good.                        | <br>At least 55 per cent.   | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (40 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 40 percent of respondents said that they were either satisfied or very satisfied with the performance of the Mayor and Councillors. In addition, 27 per cent of respondents were neutral.                            |
|  | Percentage of Tūrangi/Tongariro ward respondents that rate the performance of the community board members as very good or fairly good. | <br>At least 55 per cent.   | 2017/18- Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (20 per cent).  | In the 2019 Resident and Ratepayer Satisfaction Survey, 25 percent of respondents said that they were either satisfied or very satisfied with the performance of the community board. In addition, 32 per cent of respondents were neutral.                                  |
|  | Percentage of residents and non-resident ratepayers that rate the performance of Council staff as very good or fairly good.            | <br>At least 69 per cent. | 2017/18- Not applicable – survey not undertaken this year.<br>2018/19 – Achieved.                    | In the 2019 Resident and Ratepayer Satisfaction Survey, 77 percent of respondents said that they were either satisfied or very satisfied with the performance of Council staff. In addition, 13 per cent of respondents were neutral.  |
| <b>Council is on the right track.</b>  | Percentage of the district that feel informed about Council’s long-term vision for the district.                                       | <br>At least 49 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (29 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 26 percent of respondents said that they were either satisfied or very satisfied that they felt informed about Council’s long-term vision for the district. In addition, 32 per cent of respondents somewhat agreed. |
|  | Percentage of ratepayers feel they are getting value from Council.   | <br>At least 65 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (44 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 44 percent of respondents said that they were either satisfied or very satisfied that they felt they were getting value from Council. In addition, 27 per cent of respondents were somewhat satisfied.               |
| <b>Council consults widely with District communities, including Māori before making decisions.</b> | Percentage of the District that is satisfied with the way Council involves the public in its decision-making.                          | <br>At least 55 per cent. | 2017/18- Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (37 per cent).  | In the 2019 Resident and Ratepayer Satisfaction Survey, 37 percent of respondents said that they were either satisfied or very satisfied with the way Council involves the public in its decision-making. In addition, 30 per cent of respondents were somewhat satisfied.   |

## Levels of service, performance measures and targets

| Level of service   | Performance measures and targets   | Target   | Results  | Explanation   |
|--|--|--|--|---|
|  | Percentage of Māori residents are satisfied with their involvement in Council's decision-making.   | <br>At least 58 per cent.   | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (37 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 37 percent of respondents said that they were either satisfied or very satisfied with the way Council involves Māori in its decision-making. In addition, 31 per cent of respondents were somewhat satisfied.                   |
| <b>Council operates an open and honest decision-making process that generates confidence and trust in the democratic system.</b> | Percentage of residents and non-resident ratepayers say they know how and where to find information on Council activities and services.              | <br>At least 80 per cent.   | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (58 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 58 percent of respondents said that they were either satisfied or very satisfied they know how and where to find information on Council activities and services. In addition, 27 per cent of respondents somewhat agreed.       |
|  | Percentage of residents and non-resident ratepayers that are satisfied with the way Council provides information on Council services and facilities. | <br>At least 75 per cent. | 2017/18 – Not applicable – survey not undertaken this year.<br>2018/19 – Not achieved (51 per cent). | In the 2019 Resident and Ratepayer Satisfaction Survey, 51 percent of respondents said that they were either satisfied or very satisfied with the way Council provides information on Council services and facilities. In addition, 30 per cent of respondents were somewhat satisfied. |
|  | Percentage of requests for official information that are responded to within 20 working days.  | <br>100 per cent.         | 2017/18 – Achieved (100 per cent).<br>2018/19 – Not achieved (99 per cent).                          | In 2018/19, we received 117 official information requests and responded to 116 of these within 20 working days.   |
|  | Percentage of existing bylaws that are reviewed within legislative time frames to ensure they remain relevant.                                       | <br>100 per cent.         | This is a new measure so there are no results from previous financial years.<br>2018/19- Achieved.   | The reviews of the Speed, Traffic and Solid Waste Bylaws were completed within their statutory review period.   |

# Democracy and Planning Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | 6,951                          | 7,586                          | 7,586                  |
| Targeted rates   | 84                             | 80                             | 80                     |
| Subsidies and grants for operating purposes                              | -                              | -                              | -                      |
| Fees and charges   | 1                              | 1                              | 2                      |
| Internal charges and overheads recovered                                 | -                              | -                              | -                      |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                              | -                              | -                      |
| <b>Total operating funding (A)</b>                                       | <b>7,036</b>                   | <b>7,667</b>                   | <b>7,668</b>           |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | 7,026                          | 7,655                          | 8,270                  |
| Finance costs  | -                              | -                              | -                      |
| Internal charges and overheads applied                                   | -                              | -                              | 4                      |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>7,026</b>                   | <b>7,655</b>                   | <b>8,274</b>           |
| <b>Surplus (deficit) of operating funding (A – B)</b>                    | <b>10</b>                      | <b>12</b>                      | <b>(606)</b>           |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | -                      |
| Development and financial contributions                                  | -                              | -                              | -                      |
| Increase (decrease) in debt  | -                              | -                              | -                      |
| Gross proceeds from sale of assets                                       | -                              | -                              | -                      |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | -                              | -                              | -                      |
| • to improve the level of service  | -                              | -                              | -                      |
| • to replace existing assets   | -                              | -                              | -                      |
| Increase (decrease) in reserves  | 10                             | 12                             | (606)                  |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>10</b>                      | <b>12</b>                      | <b>(606)</b>           |
| <b>Surplus (deficit) of capital funding (C – D)</b>                      | <b>(10)</b>                    | <b>(12)</b>                    | <b>606</b>             |
| <b>Funding balance ((A – B) + (C – D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |





# Investments

## What we do and why we do it

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Council generates income through investments and development of a range of assets that it owns. Income generated from assets is an important income stream for Council as it offsets some of the costs of providing services.

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Income is also used to pay off debt due to the East Taupō Arterial and the construction of other community infrastructure. This group of activities contributes to the economic community outcome.

We aim to maximise return from residential and commercial land development, property, the TEL fund, forestry and our general reserve funds. Most of the costs associated with the property component of this activity (including motor camps, residential and commercial land and property) are covered by those who use the properties and are recovered through fees and charges.

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority (TAA) equally. The Taupō Airport Authority is a council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under

agreement with the Crown, manages the Taupō Airport Authority. The governance of the airport operations is provided by a Committee of Council. The committee consists of Council and business representatives.

### Community outcomes

The Investments group of activities contributes to the following community outcomes:

- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.

### Contribution to the well-beings

The investment activity contributes positively economic well-being. Using our investments wisely generates returns which can help to support the running of our district.

## Levels of service, performance measures and targets

| Level of service  | Performance measures  | Targets   | Results   | Explanation  |
|---|---|---|---|--|
| <b>We manage investment assets in accordance with the Treasury Management Policy.</b> | The value of the TEL Fund is maintained relative to inflation.  | Baseline plus 2017/18 inflation plus 2018/19 inflation.   | This is a new measure so there are no results from previous financial years.<br><br><b>2018/19 – Achieved</b><br><br>(The TEL Fund value increased from the baseline of \$60.0m at 1 July 2018 to \$60.9m at 30 June 2019). | The TEL Fund increase over the 2018/19 period was in excess of the forecast 1.8% CPI increase for the same period in the 2018-28 Long Term Plan. |
|   | The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 per cent above the 90 day bill rate.   | >1 per cent above the sum of: <ul style="list-style-type: none"> <li>• 50% of the average of the 90-day bill rate each day for the month of June 19, and</li> <li>• 50% of the average of the 90-day bill rate each day for the month of March 19.</li> </ul> | This is a new measure so there are no results from previous financial years.<br><br><b>2018/19 – Achieved</b><br><br>(the yield on the TEL fund for 2018/19 was 3.81%).   | The yield achieved was in excess of the minimum target for 2018/19 of 2.74%.   |
|   | The percentage yield on general and special reserve funds is greater than the minimum target set in the treasury management policy being 50.0 per cent 6-month BKBM mid-rate (average of reporting month) 50.0 per cent 6-month BLBM mid-rate, six months ago (average of month). | The sum of: <ul style="list-style-type: none"> <li>• 50.0 per cent of the 6-month BKBM mid-rate (average of June 19 reporting month), and</li> <li>• 50.0 per cent of the 6-month BKBM mid-rate, six months ago (average of December 2018 month).</li> </ul>  | 2017/18 – Not measured.<br><br><b>2018/19 – Achieved</b><br><br>(the yield on General and Special Reserve Funds for 2018/19 was 3.08%).   | The yield achieved was in excess of the minimum target for 2018/19 of 2.4%.  |

## Investments Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$000) | 2019 Long-term Plan<br>(\$000) | 2019 Actual<br>(\$000) |
|--|--------------------------------|--------------------------------|------------------------|
| <b>Sources of operating funding</b>                                      |                                |                                |                        |
| General rates, uniform annual general charge, rates penalties            | (2,668)                        | (1,601)                        | (809)                  |
| Targeted rates   | -                              | -                              | -                      |
| Subsidies and grants for operating purposes                              | -                              | -                              | 245                    |
| Fees and charges   | 760                            | 1,414                          | 1,072                  |
| Internal charges and overheads recovered                                 | 627                            | 632                            | 185                    |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 5,079                          | 4,003                          | 4,827                  |
| <b>Total operating funding (A)</b>                                       | <b>3,798</b>                   | <b>4,448</b>                   | <b>5,520</b>           |
| <b>Applications of operating funding</b>                                 |                                |                                |                        |
| Payments to staff and suppliers  | (342)                          | 89                             | 1,312                  |
| Finance costs  | 1,314                          | 954                            | 1,402                  |
| Internal charges and overheads applied                                   | 365                            | 213                            | 194                    |
| Other operating funding applications                                     | -                              | -                              | -                      |
| <b>Total applications of operating funding (B)</b>                       | <b>1,337</b>                   | <b>1,256</b>                   | <b>2,908</b>           |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>2,461</b>                   | <b>3,192</b>                   | <b>2,612</b>           |
| <b>Sources of capital funding</b>  |                                |                                |                        |
| Subsidies and grants for capital expenditure                             | -                              | -                              | -                      |
| Development and financial contributions                                  | -                              | -                              | 17                     |
| Increase (decrease) in debt  | (1,085)                        | (4,313)                        | (229)                  |
| Gross proceeds from sale of assets                                       | 3,187                          | 6,773                          | 6,685                  |
| Lump sum contributions   | -                              | -                              | -                      |
| Other dedicated capital funding  | -                              | -                              | -                      |
| <b>Total sources of capital funding (C)</b>                              | <b>2,102</b>                   | <b>2,460</b>                   | <b>6,473</b>           |
| <b>Application of capital funding</b>                                    |                                |                                |                        |
| Capital expenditure  |                                |                                |                        |
| • to meet additional demand  | -                              | -                              | -                      |
| • to improve the level of service  | 526                            | 2,086                          | 2,039                  |
| • to replace existing assets   | 865                            | 1,030                          | 720                    |
| Increase (decrease) in reserves  | 3,172                          | 2,536                          | 6,326                  |
| Increase (decrease) of investments                                       | -                              | -                              | -                      |
| <b>Total applications of capital funding (D)</b>                         | <b>4,563</b>                   | <b>5,652</b>                   | <b>9,085</b>           |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(2,461)</b>                 | <b>(3,192)</b>                 | <b>(2,612)</b>         |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                       | <b>-</b>                       | <b>-</b>               |

## Investments Schedule of Capital Expenditure

| Activity/Scheme                   | Project  | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|-----------------------------------|--|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Property - Land                   | Commercial and residential land development                          | ILOS                   | MY                         | 288             | 815             | 527               | 1     |
| Property - Council Administration | TDC Civic Building project   | ILOS                   | A                          | 220             | 250             | 30                |       |
| Business Innovation               | New software and technology projects                                 | ILOS                   | MY                         | 919             | 830             | (89)              | 2     |
| Information Systems & Technology  | New software and technology projects                                 | ILOS                   | X                          | 129             | 191             | 62                |       |
| Support Services                  | Software, network development, building, vehicle & equipment renewal | LOS/ Renewal           | X                          | 625             | 1,030           | 404               | 3     |
| <b>Total Investments</b>          |  |                        |                            | <b>2,182</b>    | <b>3,116</b>    | <b>934</b>        |       |

### Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out

ILOS Increased Level of Service

### Explanation of major variances against 2018/19 Annual Plan

1. Multi-year project(s). Moa Lane extension finalisation and Airport Road extension works
2. Multi-year project. Variance due to timings
3. \$148k saving with \$256k carried forward. Includes \$160k Turangi iSite roof renewal awarded, to be completed in summer, \$35k Turangi CBD CCTV camera renewal awaiting install due for completion December, \$23k continuing server storage to be completed January 2020

## The Taupō Electricity Limited (TEL) Investment Fund

On September 5, 1995, Council sold its investments in Taupō Electricity Ltd (TEL) and Taupō Generation Ltd (TGL), providing a net investment fund of \$61.3 million.

The policies regarding the use of the capital and investment income are included in the treasury management Policy. Amongst other requirements, policies stipulate the investment income earned on the sale proceeds be available for distribution each year, with the distribution determined during the Long Term Plan

/ Annual Plan process. Income distribution in 2018/19 was \$377,104 to subsidise rates (budget \$377,104), and \$1,000,000 to fund the demolition of Waiora House (budget \$nil).

Investment income has been used for debt repayment (\$10.9 million) funding of projects, rates subsidies and to fund growth. The total impact of these activities is shown in the reconciliation below.

|   |                        |
|---|------------------------|
|   | \$                     |
| Initial proceeds on sale, September 1995                  | <b>61,273,557.00</b>   |
| Cumulative Investment Gains/Losses                        | <b>83,781,070,.29</b>  |
| Cumulative Rates Subsidies/Project Funding/Debt Repayment | <b>(84,966,003.76)</b> |
| <b>Balance of TEL Investment as at 30 June 2019</b>       | <b>60,088,623.53</b>   |
| Comparative: value of TEL Investment Fund at 30 June 2018 | <b>58,971,768.00</b>   |





# Economic Development

## What we do and why we do it

The economic base of the Taupō District is intrinsically linked with the unique characteristics of Lake Taupō and its surrounding geography. Tourism, forestry, energy generation (hydro and geothermal) and agriculture therefore largely drive the Taupō economy. There is significant potential for investment to gain added value from these industries.

Council has signalled that economic development is to be a key focus for the District so that we can continue to live in a thriving and vibrant place where others want to live, invest, work and play.

We invest in economic development within our district so that we can focus on meeting the current and future needs of the community. A growing district can provide services more cost-effectively than a declining one – and without a growing economy there is a risk that our industries will shrink, our businesses will struggle, and people will move out of the district due to a lack of employment opportunities.

As a Council we undertake leadership (including partnership and facilitation), spatial planning and infrastructure, quality regulation, services (including three waters), business and industry development and

social and community services, supporting economic development. Specifically:

- An in-house events function that supports event organisers to run both commercial and community events. This support includes advice, relationship management, promotion, equipment, venues, hosting, funding and monitoring. Council also provides infrastructure, services and regulatory functions to enable events. Supporting events provides economic impact, gives the district a positive profile, creates vibrancy and diversity, delivers social benefits and provides opportunities for business.
- Promoting Taupō as a holiday and visitor destination through a Council-controlled organisation, Destination Great Lake Taupō (DGLT), and i-SITES in Taupō, Tūrangi and an information desk in Mangakino. Tourism

is estimated to be worth over \$600 million to our economy annually and accounts for a significant proportion of employment within the district. DGLT's key activities are destination management, destination consumer marketing, business events marketing, trade marketing, special interest.

- Contracting Enterprise Great Lake Taupō (EGLT), an independent trust, to provide business development services throughout the district. Their mandate is to enrich our community through the creation of wealth and jobs for our region and their services include district wide business growth support; entrepreneur and youth development; and new business attraction.
- Supporting the activities of Town Centre Taupō- a member based organisation focused on enhancing and developing the social and economic wellbeing of the Taupō Central Business District by developing a vibrant, well managed and innovative town centre.

### Community outcomes

The economic development group of activities contributes to the following community outcomes:


- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.

### Contribution to the well-beings

The economic development group of activities contributes positively to economic well-being. By supporting our businesses, this leads to economic benefits for our district.



## Levels of service, performance measures and targets

| Level of service  | Performance measures  | Targets  | Results   | Explanation  |
|---|---|--|---|--|
| <b>We facilitate and support economic development in the district.</b>                            | Enterprise Great Lake Taupō, Destination Great Lake Taupō and Town Centre report at least half-yearly to Taupō District Council on the manner of distribution of the grant as well as performance measures in line with their contracts for service and statements of intent. | <br>100 per cent report at least half yearly. | This is a new measure so there are no results from previous financial years.<br>2018/19 – Achieved. | EGLT, DGLT and TCT all presented their annual reports to council in October 2018. DGLT and EGLT then presented their 6 monthly reports to TDC in April 2019. |
| <b>We attract, support and encourage sporting, cultural and other events around the District.</b> | The district's overall events portfolio is maintained with at least three events in Tūrangi and Mangakino each year. Reporting to Council will consist of narratives on actual events including location and economic impact figures.   | At least 3 events Mangakino.<br>At least 3 events Tūrangi.   | This is a new measure so there are no results from previous financial years.<br>2018/19 – Achieved. | There were 8 events held in Mangakino events and 7 events held in Tūrangi.   |

# Economic Development Funding Impact Statement

|  | 2018 Long-term Plan<br>(\$'000) | 2019 Long-term Plan<br>(\$'000) | 2019 Actual<br>(\$'000) |
|--|---------------------------------|---------------------------------|-------------------------|
| <b>Sources of operating funding</b>                                      |                                 |                                 |                         |
| General rates, uniform annual general charge, rates penalties            | 3,630                           | 3,793                           | 3,793                   |
| Targeted rates   | 173                             | 163                             | 164                     |
| Subsidies and grants for operating purposes                              | -                               | -                               | 104                     |
| Fees and charges   | -                               | -                               | 22                      |
| Internal charges and overheads recovered                                 | -                               | -                               | 1                       |
| Local authorities fuel tax, fines, infringement fees, and other receipts | -                               | -                               | -                       |
| <b>Total operating funding (A)</b>                                       | <b>3,803</b>                    | <b>3,956</b>                    | <b>4,084</b>            |
| <b>Applications of operating funding</b>                                 |                                 |                                 |                         |
| Payments to staff and suppliers  | 3,746                           | 3,939                           | 4,059                   |
| Finance costs  | 37                              | 3                               | 3                       |
| Internal charges and overheads applied                                   | -                               | -                               | 1                       |
| Other operating funding applications                                     | -                               | -                               | -                       |
| <b>Total applications of operating funding (B)</b>                       | <b>3,783</b>                    | <b>3,942</b>                    | <b>4,063</b>            |
| <b>Surplus (deficit) of operating funding (A - B)</b>                    | <b>20</b>                       | <b>14</b>                       | <b>21</b>               |
| <b>Sources of capital funding</b>  |                                 |                                 |                         |
| Subsidies and grants for capital expenditure                             | -                               | -                               | -                       |
| Development and financial contributions                                  | -                               | -                               | -                       |
| Increase (decrease) in debt  | (55)                            | (6)                             | (6)                     |
| Gross proceeds from sale of assets                                       | -                               | -                               | -                       |
| Lump sum contributions   | -                               | -                               | -                       |
| Other dedicated capital funding  | -                               | -                               | -                       |
| <b>Total sources of capital funding (C)</b>                              | <b>(55)</b>                     | <b>(6)</b>                      | <b>(6)</b>              |
| <b>Application of capital funding</b>                                    |                                 |                                 |                         |
| Capital expenditure  |                                 |                                 |                         |
| • to meet additional demand  | -                               | -                               | -                       |
| • to improve the level of service  | 4                               | -                               | -                       |
| • to replace existing assets   | 43                              | 4                               | 3                       |
| Increase (decrease) in reserves  | (82)                            | 4                               | 12                      |
| Increase (decrease) of investments                                       | -                               | -                               | -                       |
| <b>Total applications of capital funding (D)</b>                         | <b>(35)</b>                     | <b>8</b>                        | <b>15</b>               |
| <b>Surplus (deficit) of capital funding (C - D)</b>                      | <b>(20)</b>                     | <b>(14)</b>                     | <b>(21)</b>             |
| <b>Funding balance ((A - B) + (C - D))</b>                               | <b>-</b>                        | <b>-</b>                        | <b>-</b>                |

## Economic Development Schedule of Capital Expenditure

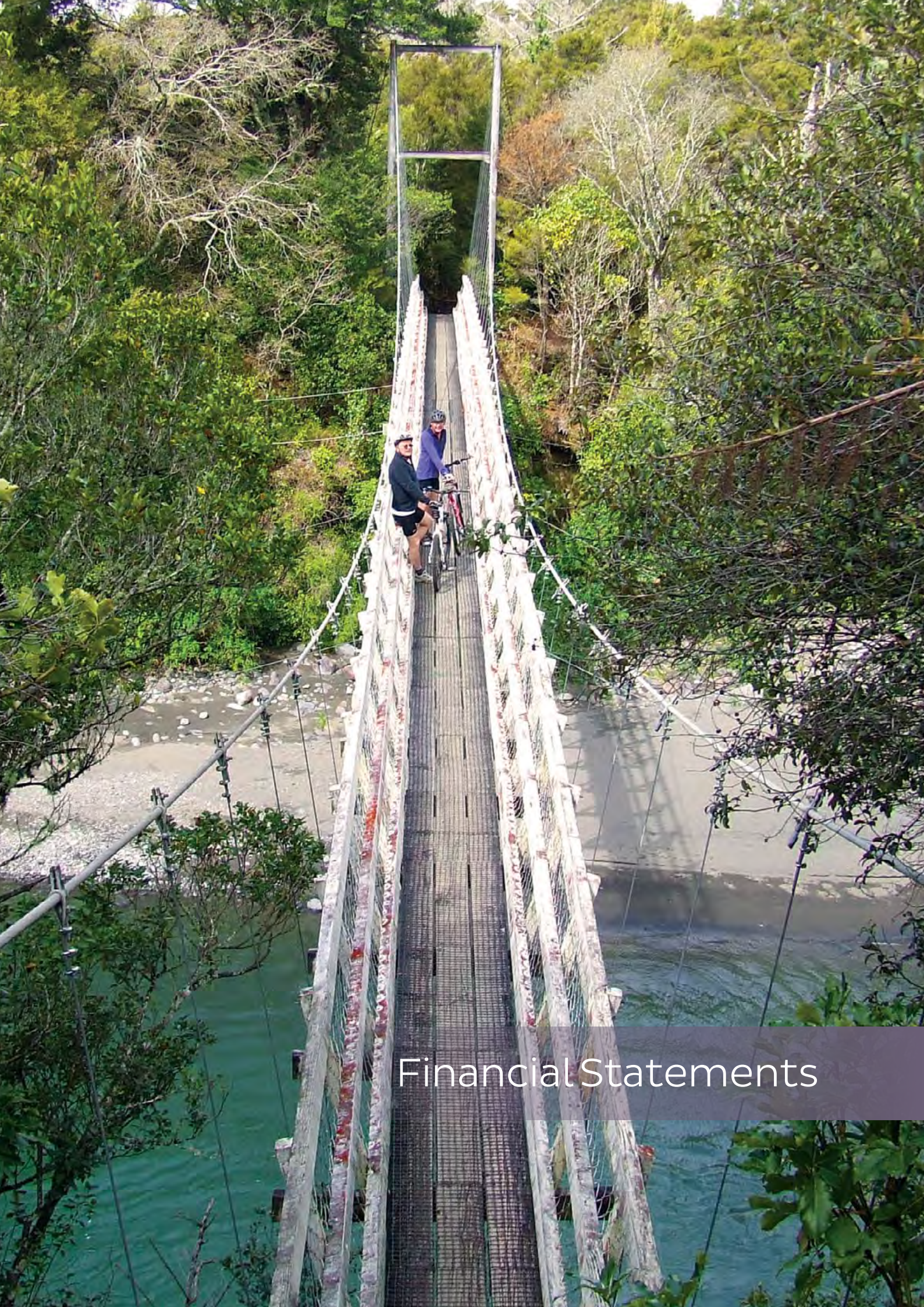
| Activity/Scheme                   | Project                    | Reason for Acquisition | Project Status (refer key) | Actual (\$'000) | Budget (\$'000) | Variance (\$'000) | Notes |
|-----------------------------------|----------------------------|------------------------|----------------------------|-----------------|-----------------|-------------------|-------|
| Events Management                 | Event & equipment renewals | Renewal                | S                          | 3               | 4               | 1                 |       |
| <b>Total Economic Development</b> |                            |                        |                            | <b>3</b>        | <b>4</b>        | <b>1</b>          |       |

### Key

|    |  |
|----|--|
| A  | Achieved   |
| M  | Deliberate move into future years  |
| MY | Multi-year project   |
| S  | Slippage   |
| X  | Not achieved - major slippage (project will not be complete by 30 September 2019) or project will no longer be carried out |

ILOS Increased Level of Service





# Financial Statements



## Statement of comprehensive revenue and expense

For the year ended 30 June 2019

|   | Note | Council                 |                         |                         | Group                   |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |      | Actual<br>2019<br>\$000 | Budget<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Revenue</b>  |      |                         |                         |                         |                         |                         |
| Rates   | 4    | 66,026                  | 65,570                  | 62,505                  | 66,011                  | 62,486                  |
| Subsidies and grants  | 6    | 5,876                   | 4,582                   | 5,501                   | 5,876                   | 5,501                   |
| Development and financial contributions   |      | 2,101                   | 1,900                   | 2,480                   | 2,101                   | 2,480                   |
| Fees and charges  | 5    | 12,151                  | 11,071                  | 11,691                  | 12,755                  | 12,383                  |
| Finance revenue   | 7    | 4,276                   | 3,790                   | 3,818                   | 4,289                   | 3,824                   |
| Other revenue   | 8    | 16,112                  | 9,147                   | 27,295                  | 16,307                  | 27,497                  |
| <b>Total revenue</b>  |      | <b>106,542</b>          | <b>96,060</b>           | <b>113,290</b>          | <b>107,339</b>          | <b>114,171</b>          |
| <b>Expenses</b>   |      |                         |                         |                         |                         |                         |
| Personnel costs   | 9    | 22,750                  | 21,748                  | 21,882                  | 23,997                  | 23,094                  |
| Depreciation and amortisation expense   | 19   | 23,644                  | 22,905                  | 22,086                  | 23,964                  | 22,354                  |
| Finance costs   | 7    | 8,850                   | 8,510                   | 8,611                   | 8,850                   | 8,613                   |
| Other expenses  | 10   | 49,635                  | 32,392                  | 36,214                  | 49,052                  | 35,837                  |
| <b>Total expenses</b>   |      | <b>104,879</b>          | <b>85,555</b>           | <b>88,793</b>           | <b>105,863</b>          | <b>89,898</b>           |
| <b>Surplus/(deficit) before tax</b>   |      | <b>1,663</b>            | <b>10,505</b>           | <b>24,497</b>           | <b>1,476</b>            | <b>24,273</b>           |
| Income tax (expense)/credit   | 11   | -                       | -                       | -                       | 86                      | 133                     |
| <b>Surplus/(deficit) after tax</b>  |      | <b>1,663</b>            | <b>10,505</b>           | <b>24,497</b>           | <b>1,562</b>            | <b>24,406</b>           |
| <b>Other comprehensive revenue</b>  |      |                         |                         |                         |                         |                         |
| Property, plant & equipment revaluations  | 28   | 108,146                 | 26,782                  | 10,087                  | 108,021                 | 10,087                  |
| Available for sale financial assets at fair value through other comprehensive revenue | 28   | 7                       | -                       | (93)                    | 7                       | (93)                    |
| Tax on equity items   | 28   | -                       | -                       | -                       | (15)                    | -                       |
| <b>Total comprehensive income</b>   |      | <b>108,153</b>          | <b>26,782</b>           | <b>9,994</b>            | <b>108,013</b>          | <b>9,994</b>            |
| <b>Total comprehensive revenue and expenses</b>                                       |      | <b>109,816</b>          | <b>37,287</b>           | <b>34,491</b>           | <b>109,575</b>          | <b>34,400</b>           |
| <b>Net surplus/(deficit) after taxation is attributable to:</b>                       |      |                         |                         |                         |                         |                         |
| Taupo District Council  |      | 1,663                   | 10,505                  | 24,497                  | 1,673                   | 24,476                  |
| Minority interest   | 29   | -                       | -                       | -                       | (111)                   | (70)                    |
|   |      | <b>1,663</b>            | <b>10,505</b>           | <b>24,497</b>           | <b>1,562</b>            | <b>24,406</b>           |
| <b>Total comprehensive revenue and expenses attributable to:</b>                      |      |                         |                         |                         |                         |                         |
| Taupo District Council  |      | 109,816                 | 37,287                  | 34,491                  | 109,686                 | 34,470                  |
| Minority interest   | 29   | -                       | -                       | -                       | (111)                   | (70)                    |
|   |      | <b>109,816</b>          | <b>37,287</b>           | <b>34,491</b>           | <b>109,575</b>          | <b>34,400</b>           |

Explanations of major variances against budget are provided in note 33.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

## Statement of changes in net assets/equity

For the year ended 30 June 2019

|   | Note | Council                 |                         |                         | Group                   |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |      | Actual<br>2019<br>\$000 | Budget<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Net Assets/Equity at start of the year</b>                     |      | 1,093,968               | 1,077,615               | 1,059,477               | 1,101,494               | 1,067,094               |
| Total comprehensive revenue and expenses for the year             |      | 109,816                 | 37,287                  | 34,491                  | 109,575                 | 34,400                  |
| <b>Balance at 30 June</b>   | 28   | 1,203,784               | 1,114,902               | 1,093,968               | 1,211,069               | 1,101,494               |
| <b>Total recognised revenue and expenses are attributable to:</b> |      |                         |                         |                         |                         |                         |
| Taupo District Council  |      | 109,816                 | 37,287                  | 34,491                  | 109,686                 | 34,470                  |
| Minority interest   |      | -                       | -                       | -                       | (111)                   | (70)                    |
| <b>Total comprehensive revenue and expenses</b>                   |      | 109,816                 | 37,287                  | 34,491                  | 109,575                 | 34,400                  |

Explanations of major variances against budget are provided in note 33.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

# Statement of financial position

As at 30 June 2019

|  | Note | Council                 |                         |                         | Group                   |                         |
|--|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  |      | Actual<br>2019<br>\$000 | Budget<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>ASSETS</b>                                |      |                         |                         |                         |                         |                         |
| <b>Current assets</b>                        |      |                         |                         |                         |                         |                         |
| Cash and cash equivalents                    | 12   | 8,242                   | 6,831                   | 12,761                  | 8,485                   | 13,329                  |
| Other financial assets                       | 15   | 108,468                 | 43,840                  | 87,005                  | 108,718                 | 87,255                  |
| Trade and other receivables                  | 13   | 5,548                   | 5,282                   | 6,275                   | 5,631                   | 6,228                   |
| Inventories                                  | 14   | 686                     | 1,453                   | 720                     | 715                     | 744                     |
| Prepayments                                  |      | 951                     | 929                     | 1,076                   | 983                     | 1,106                   |
| Non-current assets held for sale             | 16   | 10,024                  | 8,914                   | 13,682                  | 10,024                  | 13,682                  |
| <b>Total current assets</b>                  |      | <b>133,919</b>          | <b>67,249</b>           | <b>121,519</b>          | <b>134,556</b>          | <b>122,344</b>          |
| <b>Non-current assets</b>                    |      |                         |                         |                         |                         |                         |
| Other financial assets                       | 15   | 14,775                  | 59,761                  | 21,763                  | 14,775                  | 21,763                  |
| Investment in CCO and other similar entities | 15   | 3,332                   | 3,460                   | 3,332                   | 109                     | 109                     |
| Intangible assets                            | 18   | 1,738                   | 722                     | 739                     | 1,862                   | 742                     |
| Investment property                          | 21   | 12,196                  | 13,719                  | 12,332                  | 12,196                  | 12,332                  |
| Biological assets - forestry                 | 20   | 7,848                   | 5,804                   | 9,141                   | 7,848                   | 9,141                   |
| Property, plant and equipment                | 17   | 1,226,644               | 1,141,575               | 1,106,549               | 1,237,756               | 1,118,054               |
| <b>Total non-current assets</b>              |      | <b>1,266,533</b>        | <b>1,225,041</b>        | <b>1,153,856</b>        | <b>1,274,546</b>        | <b>1,162,141</b>        |
| <b>Total assets</b>                          |      | <b>1,400,452</b>        | <b>1,292,290</b>        | <b>1,275,375</b>        | <b>1,409,102</b>        | <b>1,284,485</b>        |
| <b>LIABILITIES</b>                           |      |                         |                         |                         |                         |                         |
| <b>Current Liabilities</b>                   |      |                         |                         |                         |                         |                         |
| Trade and other payables                     | 22   | 12,697                  | 9,929                   | 10,031                  | 12,989                  | 10,424                  |
| Employee entitlements                        | 23   | 2,717                   | 2,241                   | 2,668                   | 2,840                   | 2,839                   |
| Borrowings                                   | 24   | 30,103                  | 17,165                  | 49,102                  | 30,103                  | 49,102                  |
| <b>Total current liabilities</b>             |      | <b>45,517</b>           | <b>29,335</b>           | <b>61,801</b>           | <b>45,932</b>           | <b>62,365</b>           |
| <b>Non-current liabilities</b>               |      |                         |                         |                         |                         |                         |
| Provisions                                   | 26   | 99                      | 92                      | 92                      | 99                      | 92                      |
| Derivative financial instruments             | 25   | 35,672                  | 22,443                  | 24,083                  | 35,672                  | 24,083                  |
| Borrowings                                   | 24   | 115,035                 | 125,142                 | 95,036                  | 115,035                 | 95,036                  |
| Employee entitlements                        | 23   | 345                     | 376                     | 395                     | 353                     | 403                     |
| Deferred tax liabilities                     | 11   | -                       | -                       | -                       | 942                     | 1,012                   |
| <b>Total non-current liabilities</b>         |      | <b>151,151</b>          | <b>148,053</b>          | <b>119,606</b>          | <b>152,101</b>          | <b>120,626</b>          |
| <b>Total liabilities</b>                     |      | <b>196,668</b>          | <b>177,388</b>          | <b>181,407</b>          | <b>198,033</b>          | <b>182,991</b>          |
| <b>Net assets (assets minus liabilities)</b> |      | <b>1,203,784</b>        | <b>1,114,902</b>        | <b>1,093,968</b>        | <b>1,211,069</b>        | <b>1,101,494</b>        |
| <b>EQUITY</b>                                |      |                         |                         |                         |                         |                         |
| Accumulated funds                            | 28   | 792,612                 | 799,335                 | 798,202                 | 793,943                 | 799,524                 |
| Other reserves                               | 28   | 411,172                 | 315,567                 | 295,766                 | 413,902                 | 298,655                 |
| Minority interest                            | 29   | -                       | -                       | -                       | 3,224                   | 3,315                   |
| <b>Total equity</b>                          |      | <b>1,203,784</b>        | <b>1,114,902</b>        | <b>1,093,968</b>        | <b>1,211,069</b>        | <b>1,101,494</b>        |

Explanations of major variances against budget are provided in note 33.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

# Statement of cashflows

For the year ended 30 June 2019

|   | Note | Council                 |                         |                         | Group                   |                         |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   |      | Actual<br>2019<br>\$000 | Budget<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Cash flows from operating activities</b>                               |      |                         |                         |                         |                         |                         |
| Rates   |      | 65,924                  | 65,570                  | 62,491                  | 65,909                  | 62,472                  |
| Subsidies and grants  |      | 2,572                   | 2,326                   | 2,286                   | 2,572                   | 2,286                   |
| Development and financial contributions                                   |      | 2,212                   | 1,900                   | 2,248                   | 2,212                   | 2,248                   |
| Fees and charges  |      | 11,790                  | 11,071                  | 11,771                  | 12,333                  | 12,451                  |
| Finance revenue   |      | 4,594                   | 3,790                   | 3,715                   | 4,607                   | 3,716                   |
| Dividends or similar distributions  |      | 369                     | -                       | 281                     | 369                     | 281                     |
| Other revenue   |      | 3,328                   | 1,121                   | 7,033                   | 3,522                   | 7,234                   |
| Net GST received  |      | -                       | -                       | 389                     | -                       | 390                     |
| Payments to suppliers   |      | (35,624)                | (32,392)                | (32,408)                | (35,149)                | (31,836)                |
| Payments to employees   |      | (22,473)                | (21,748)                | (21,169)                | (23,768)                | (22,353)                |
| Interest paid   |      | (8,824)                 | (8,503)                 | (8,578)                 | (8,824)                 | (8,580)                 |
| Net GST paid  |      | (377)                   | -                       | -                       | (362)                   | -                       |
| <b>Net cash flow from operating activities</b>                            |      | <b>23,491</b>           | <b>23,135</b>           | <b>28,059</b>           | <b>23,421</b>           | <b>28,309</b>           |
| <b>Cash flows from investing activities</b>                               |      |                         |                         |                         |                         |                         |
| Proceeds from sale of property, plant and equipment                       |      | 6,853                   | 6,773                   | 2,407                   | 6,853                   | 2,442                   |
| Capital subsidies   |      | 4,389                   | 2,257                   | 1,846                   | 4,389                   | 1,846                   |
| Net decrease in investments   |      | -                       | -                       | -                       | -                       | -                       |
| Purchase and development of property, plant and equipment                 |      | (25,161)                | (30,689)                | (20,109)                | (25,416)                | (20,454)                |
| Net increase in investments   |      | (15,091)                | (6,000)                 | (5,638)                 | (15,091)                | (5,883)                 |
| <b>Net cash flow from investing activities</b>                            |      | <b>(29,010)</b>         | <b>(27,659)</b>         | <b>(21,494)</b>         | <b>(29,265)</b>         | <b>(22,049)</b>         |
| <b>Cash flows from financing activities</b>                               |      |                         |                         |                         |                         |                         |
| Loans raised  |      | 41,992                  | 17,114                  | 9,731                   | 41,992                  | 9,731                   |
| Net raising of finance lease liabilities                                  |      | -                       | -                       | -                       | -                       | -                       |
| Repayment of loans  |      | (40,992)                | (19,043)                | (11,731)                | (40,992)                | (11,731)                |
| Net repayment of finance lease liability                                  |      | -                       | -                       | (98)                    | -                       | (98)                    |
| <b>Net cash flow from financing activities</b>                            |      | <b>1,000</b>            | <b>(1,929)</b>          | <b>(2,098)</b>          | <b>1,000</b>            | <b>(2,098)</b>          |
| <b>Net increase (decrease) in cash held</b>                               |      | <b>(4,519)</b>          | <b>(6,453)</b>          | <b>4,467</b>            | <b>(4,844)</b>          | <b>4,162</b>            |
| Add cash at start of year   |      | 12,761                  | 13,284                  | 8,294                   | 13,329                  | 9,167                   |
| <b>Cash, cash equivalents, and bank overdrafts at the end of the year</b> | 12   | <b>8,242</b>            | <b>6,831</b>            | <b>12,761</b>           | <b>8,485</b>            | <b>13,329</b>           |

The net GST item in the operating activity cashflows reflects the net GST paid or received with the Inland Revenue Department. The GST item is disclosed on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

The net investment item in the investment activity cashflows reflects the net investment activity with banks and corporates.

The investment item is disclosed on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

Summary of significant accounting policies and the accompanying notes form part of these financial statements.



## Statement of cashflows continued

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Surplus/(deficit) after tax</b>  | 1,663                   | 24,497                  | 1,562                   | 24,406                  |
| <b>Add/(less) non-cash items</b>  |                         |                         |                         |                         |
| Depreciation and amortisation   | 23,644                  | 22,075                  | 23,964                  | 22,343                  |
| Vested and first time recognition assets  | (8,397)                 | (13,598)                | (8,397)                 | (13,598)                |
| Unrealised (gains)/losses in fair value of biological assets                              | (610)                   | (3,026)                 | (610)                   | (3,026)                 |
| Unrealised (gains)/ losses in fair value of corporate bonds                               | 330                     | 17                      | 330                     | 17                      |
| Unrealised (gains)/losses in fair value of non-hedge accounted derivatives                | 11,589                  | 1,640                   | 11,589                  | 1,640                   |
| Unrealised (gains)/losses in fair value of investment properties and assets held for sale | (1,285)                 | (1,078)                 | (1,285)                 | (1,078)                 |
| Unrealised (gains)/losses on equities   | 305                     | (1,329)                 | 305                     | (1,329)                 |
| Asset impairment and write-off  | -                       | 698                     | -                       | 698                     |
| <b>Add/(less) items classified as investing activity</b>                                  |                         |                         |                         |                         |
| Net (gain)/loss on sale/write-offs  | (6)                     | 571                     | (6)                     | 574                     |
| Capital Subsidies   | (4,389)                 | (1,846)                 | (4,389)                 | (1,846)                 |
| (Increase)/decrease in accounts receivable for capital disposals                          | (32)                    | 311                     | (32)                    | 311                     |
| Non-operating movement in deferred tax  | -                       | -                       | (70)                    | 58                      |
| Increase/(decrease) in accounts payable for capital expenditure                           | (2,810)                 | 998                     | (2,810)                 | 581                     |
| Non-operating cash movements  | -                       | -                       | -                       | -                       |
| (Increase)/decrease in accounts receivable  | 852                     | (1,126)                 | 720                     | (997)                   |
| (Increase)/decrease in inventories  | 34                      | 37                      | 29                      | 46                      |
| Increase/(decrease) in accounts payable   | 2,603                   | (782)                   | 2,521                   | (491)                   |
| <b>Net cash inflow/(outflow) from operating activities</b>                                | <b>23,491</b>           | <b>28,059</b>           | <b>23,421</b>           | <b>28,309</b>           |



## 1 Statement of accounting policies for the year ended 30 June 2019

### 1.1 Reporting entity

Taupō District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002. The financial statements of Taupō District Council and Group have been prepared in accordance with the provisions of section 98(1) of the Local Government Act 2002.

The Group consists of the Taupō District Council and its controlled entities, Taupō Airport Authority (50% owned), Destination Lake Taupō Trust (100% owned), Data Capture Systems Limited (100% owned) and Destination Lake Taupō Limited (100% owned). All of the entities mentioned are domiciled in New Zealand.

The primary objective of Taupō District Council and Group is to provide goods and services to the community for social benefit rather than for making a financial return. Accordingly, the Council has designated itself and the Group as a public benefit entity for financial reporting purposes.

The Council has designated itself and the group as public benefit entities (PBE's) for the purpose of complying with generally accepted accounting practice.

The financial statements of Taupō District Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 24 September 2019.

## 2 Summary of significant accounting policies

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

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

### 2.1 Basis of preparation

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

#### Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE standards.

#### Measurement base

The consolidated financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets and financial instruments (including derivative instruments).

#### Functional and presentation currency

The financial statements are presented in New Zealand



dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration disclosures in note 9 which are rounded to the nearest dollar. The functional currency of Taupō District Council and Group is New Zealand dollars.

### Changes in accounting policies

There have been no changes in accounting policies during the financial year.

### Standards issued and not yet effective and not early adopted

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

- In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interest in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

*The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of the new standards.*

- In November 2017, the XRB issued a new standard, Service Performance Reporting (PBE FRS 48). There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. The new standard is Mandatory for annual periods beginning on or after 1 January 2021, with early application permitted.

*The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.*

- In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:
  - New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
  - A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impaired assets.
  - Revised hedge accounting requirements to better reflect the management of risks.

*The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.*

- PBE IPSAS 16 Investment Property-The amendments mirror IASB and IPSASB changes. These amendments relate to the change in use used to determine whether there has been for a property a transfer to or from an investment property
- 2018 Omnibus Amendments to PBE standards- Applies for annual periods beginning on or after 1 January 2021. The following standards are amended by this document:
  - PBE IPSAS 2 Cash Flow Statements
  - Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide



disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

*The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.*

## 2.2 Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

### Controlled entities

Controlled entities include special purpose entities and are those over which Taupō District Council and Group has the power to govern financial and operating policies, generally arising from a shareholding of at least half of the voting rights.

Potential exercisable or convertible voting rights are considered when assessing whether Taupō District Council and Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to Taupō District Council and Group, and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of controlled entity.

The Council's financial statements show the investment in controlled entities at cost.

The following entities are treated as controlled entities in Council's consolidated financial statements:

- Taupō Airport Authority (50% owned but in substance Council exercises control)

- Destination Lake Taupō Trust (Council is the settler of the Trust)
- Data Capture Systems Limited (100% owned)
- Destination Lake Taupō Limited (100% owned)

## 2.3 Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## 2.4 GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables that have been shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net GST recoverable from, or payable to the IRD, is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed exclusive of GST.

## 2.5 Budget figures

The budget figures are those approved by the Council in the 2018-28 Long-term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.



Fly fishing on the Tongariro River, Tūrangi.



## 2.6 Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below:

Direct costs, are costs directly attributable to a significant activity, and are charged directly to that significant activity; and

Indirect costs, are costs which cannot be identified in an economically feasible manner, with a specific significant activity, and are charged to significant activities using appropriate cost drivers such as staff time, computer devices, staff numbers and floor area.

## 2.7 Third party transfer payment agencies

Taupō District Council and Group collect monies for many organisations. Where collections are processed through Taupō District Council and Group's books, any monies held are shown as trade payables in the Statement of Financial Position.

Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

## 3 Critical accounting estimates and judgements

### (a) Critical accounting estimates and assumptions

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

Note 17 provides information about the estimates and assumptions exercised in the measurement of revalued land, buildings, and infrastructure.

### (b) Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies: note 17 provides information about the classification of property.

## 4 Rates

### Accounting policy

Revenue is measured at fair value.

#### Rates revenue

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of Bay of Plenty Regional Council are not recognised in the financial statements, as the Council is acting as their agent.

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| General rates   | 42,711                  | 40,851                  | 42,711                  | 40,851                  |
| <b>Total general rates</b>                                | <b>42,711</b>           | <b>40,851</b>           | <b>42,711</b>           | <b>40,851</b>           |
| <b>Targeted rates</b>                                     |                         |                         |                         |                         |
| Refuse disposal   | 1,232                   | 1,040                   | 1,232                   | 1,040                   |
| Sewage disposal   | 13,164                  | 12,348                  | 13,164                  | 12,348                  |
| Water supply  | 8,203                   | 7,793                   | 8,203                   | 7,793                   |
| Water by meter  | 1,777                   | 1,528                   | 1,777                   | 1,528                   |
| Taupo Town Centre   | 164                     | 162                     | 164                     | 162                     |
| Turangi/Tongariro community board                         | 80                      | 80                      | 80                      | 80                      |
| Whakamaru fire protection                                 | 4                       | 4                       | 4                       | 4                       |
| <b>Total targeted rates</b>                               | <b>24,624</b>           | <b>22,955</b>           | <b>24,624</b>           | <b>22,955</b>           |
| <b>Penalties revenue</b>                                  |                         |                         |                         |                         |
| Rates penalties   | 504                     | 458                     | 504                     | 458                     |
| <b>Total penalties revenue</b>                            | <b>504</b>              | <b>458</b>              | <b>504</b>              | <b>458</b>              |
| <b>Total rates</b>  | <b>67,839</b>           | <b>64,264</b>           | <b>67,839</b>           | <b>64,264</b>           |
| Less - Rates remissions                                   | (991)                   | (950)                   | (991)                   | (950)                   |
| Less - Internal rates on Council/Group properties         | (822)                   | (809)                   | (837)                   | (828)                   |
| <b>Total rates, excluding targeted water supply rates</b> | <b>66,026</b>           | <b>62,505</b>           | <b>66,011</b>           | <b>62,486</b>           |



### Rating Base Information

As at 30 June 2018 there were 23,488 rating units in the District with a total capital value of \$15.460 billion and a total land value of \$7.528 billion (30 June 2017 23,065 rating units, \$15.235b capital value, \$7.462b land value).

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate.

The annual rates revenue of the Council for the year ended 30 June 2019 for the purposes of the LGFA

Guarantee and Indemnity Deed disclosure are as per the table above.

### Rates remissions

Under Council's remissions policies, remissions are allowed for Lake Taupō lakebed and lakeshore reserve; community, sporting, and other organisations; non-income producing, unoccupied Māori freehold land in multiple ownership and in undeveloped state; and penalties in certain circumstances and at Council's discretion.

In accordance with the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. This includes schools, places of worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of water supply, sewage disposal and refuse disposal.

## 5 Fees and charges

### Accounting policy

#### Development and financial contributions

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

#### Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

#### Entrance fees

Entrance fees are fees charged to users of Council's local facilities, such as pools, museum, and Superloo. Revenue from entrance fees is recognised upon entry to such facilities.

#### Landfill fees

Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.

#### Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

#### Rental Revenue

Rental revenue from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

#### Dividends

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

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Landfill charges                            | 3,008                   | 3,029                   | 3,008                   | 3,029                   |
| Building and resource consent charges       | 2,214                   | 1,652                   | 2,214                   | 1,652                   |
| Other regulatory revenue                    | 1,129                   | 1,080                   | 1,129                   | 1,080                   |
| Swimming pools revenue                      | 1,267                   | 1,384                   | 1,267                   | 1,384                   |
| Rendering of services                       | 321                     | 306                     | 321                     | 306                     |
| Sale of goods                               | 2,208                   | 2,179                   | 2,678                   | 2,651                   |
| User charges                                | 1,538                   | 1,581                   | 1,356                   | 1,431                   |
| Facility membership fees                    | 466                     | 480                     | 466                     | 480                     |
| Taupo Airport landing fees                  | -                       | -                       | 190                     | 181                     |
| Destination Great Lake Taupo marketing fees | -                       | -                       | 126                     | 189                     |
| <b>Total fees and charges</b>               | <b>12,151</b>           | <b>11,691</b>           | <b>12,755</b>           | <b>12,383</b>           |



## 6 Subsidies and Grants

### Accounting policy

#### New Zealand Transport Agency roading subsidies

Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

#### Other grants and bequests

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.

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Operational subsidies and grants</b> |                         |                         |                         |                         |
| NZ Transport Agency subsidy             | 1,758                   | 1,949                   | 1,758                   | 1,949                   |
| Other government grants                 | 539                     | 193                     | 539                     | 193                     |
| Other grants and donations              | 147                     | 158                     | 147                     | 158                     |
| <b>Capital subsidies and grants</b>     |                         |                         |                         |                         |
| NZ Transport Agency capital subsidy     | 2,729                   | 1,469                   | 2,729                   | 1,469                   |
| Other government capital grants         | 493                     | 1,645                   | 493                     | 1,645                   |
| Non-government capital grants           | 210                     | 87                      | 210                     | 87                      |
| <b>Total subsidies and grants</b>       | <b>5,876</b>            | <b>5,501</b>            | <b>5,876</b>            | <b>5,501</b>            |

#### Government Grants

There are no unfulfilled conditions or other contingencies attached to any recognised government grants.

## 7 Finance revenue and finance costs

### Accounting policy

Interest revenue is recognised using the effective interest method.

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

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Finance revenue</b>                       |                         |                         |                         |                         |
| Interest revenue - term deposits             | 4,074                   | 3,486                   | 4,087                   | 3,492                   |
| Interest revenue - bonds                     | 79                      | 229                     | 79                      | 229                     |
| Interest revenue - community and other loans | 74                      | 55                      | 74                      | 55                      |
| Interest revenue - borrower notes            | 49                      | 48                      | 49                      | 48                      |
| <b>Total finance revenue</b>                 | <b>4,276</b>            | <b>3,818</b>            | <b>4,289</b>            | <b>3,824</b>            |
| <b>Less finance costs</b>                    |                         |                         |                         |                         |
| Interest on borrowings                       | (8,846)                 | (8,601)                 | (8,846)                 | (8,603)                 |
| Finance charges on leased assets             | (4)                     | (10)                    | (4)                     | (10)                    |
| <b>Total finance costs</b>                   | <b>(8,850)</b>          | <b>(8,611)</b>          | <b>(8,850)</b>          | <b>(8,613)</b>          |
| <b>Net finance costs</b>                     | <b>(4,574)</b>          | <b>(4,793)</b>          | <b>(4,561)</b>          | <b>(4,789)</b>          |

## 8 Other revenue

### Accounting Policy

#### Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

#### Rental Revenue

Rental revenue from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

#### Dividends

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

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Vested land and infrastructure from property development                           | 7,682                   | 13,329                  | 7,682                   | 13,329                  |
| Other vested assets  | 58                      | 106                     | 58                      | 106                     |
| First time recognition of assets   | 657                     | 163                     | 657                     | 163                     |
| Petrol tax   | 450                     | 452                     | 450                     | 452                     |
| Infringements and fines  | 485                     | 534                     | 485                     | 534                     |
| Gain on sale of properties intended for resale                                     | 1,466                   | -                       | 1,466                   | -                       |
| Gain on sale of property, plant, equipment and forestry                            | 459                     | 560                     | 459                     | 570                     |
| Dividends or similar distributions   | 439                     | 281                     | 439                     | 281                     |
| Change in fair value of forestry assets  | 610                     | 3,026                   | 610                     | 3,026                   |
| Change in fair value of investment properties and non-current assets held for sale | 1,285                   | 1,078                   | 1,285                   | 1,078                   |
| Realised gain on sale of shares & corporate bonds                                  | 695                     | 16                      | 695                     | 16                      |
| Realised Gain on bond investments  | 17                      | -                       | 17                      | -                       |
| Unrealised gain on shares  | -                       | 1,048                   | -                       | 1,048                   |
| Unrealised foreign exchange gain on shares   | 33                      | 299                     | 33                      | 299                     |
| Rental revenue from investment properties  | 116                     | 120                     | 311                     | 312                     |
| Other revenue  | 113                     | 1,116                   | 113                     | 1,116                   |
| Foreign exchange gains (net)   | 32                      | -                       | 32                      | -                       |
| Insurance recoveries   | -                       | 7                       | -                       | 7                       |
| Revenue from developer agreements  | 1,515                   | 2,114                   | 1,515                   | 2,114                   |
| Section sales  | -                       | 3,046                   | -                       | 3,046                   |
| <b>Total other revenue</b>   | <b>16,112</b>           | <b>27,295</b>           | <b>16,307</b>           | <b>27,497</b>           |

#### Operating leases as lessor

Investment property is leased under operating leases. The leases have various non-cancellable terms depending

on the nature of the lease and the terms negotiated. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Not later than one year                           | 606                     | 479                     | 802                     | 461                     |
| Later than one year and not later than five years | 1,116                   | 1,066                   | 1,790                   | 1,066                   |
| Later than five years                             | 2,368                   | 2,382                   | 2,768                   | 2,382                   |
| <b>Total non-cancellable operating leases</b>     | <b>4,090</b>            | <b>3,927</b>            | <b>5,360</b>            | <b>3,909</b>            |

No contingent rents have been recognised during the period.

## 9 Personnel costs

### Accounting policy

#### Superannuation schemes

Defined contribution superannuation schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Employee benefit expenses</b>                         |                         |                         |                         |                         |
| Salaries and wages                                       | 22,150                  | 20,914                  | 23,411                  | 22,070                  |
| Increase/(decrease) in employee entitlements/liabilities | -                       | 445                     | (48)                    | 470                     |
| Severance  | 26                      | 10                      | 26                      | 10                      |
| Defined contribution plan employer contributions         | 574                     | 513                     | 608                     | 544                     |
| <b>Total personnel costs</b>                             | <b>22,750</b>           | <b>21,882</b>           | <b>23,997</b>           | <b>23,094</b>           |

#### Severance payments

In 2018/19 the Group made severance payments to two employees one of \$4,546 and one of \$21,466 (2017/18: 2 employees, \$3,615 & \$6,197).

#### Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$312,593 (2018 \$310,709).

The Chief Executive Officer of the Taupō District Council is appointed under Section 42 of the Local Government Act 2002.

|  | Council        |                |
|--|----------------|----------------|
|  | 2019<br>\$000  | 2018<br>\$000  |
| <b>Elected representatives remuneration</b>        |                |                |
| Mayor - David Trewavas                             | 119,706        | 114,830        |
| Boddy, John  | 35,372         | 34,073         |
| Harvey, Rosie                                      | 42,448         | 40,888         |
| Hickling, Barry                                    | 41,091         | 39,531         |
| Jollands, Rosanne                                  | 35,372         | 34,073         |
| Kingi, Tangonui                                    | 37,810         | 36,736         |
| Park, Anna   | 41,654         | 41,106         |
| Rankin, Christine                                  | 35,635         | 34,486         |
| Stewart, Maggie                                    | 37,135         | 25,288         |
| Trueman, Kirsty                                    | 40,991         | 38,774         |
| Williamson, John                                   | 35,372         | 34,073         |
| Cozens, Zane                                       | -              | 441            |
| <b>Total Elected representatives' remuneration</b> | <b>502,586</b> | <b>474,299</b> |
| <b>Turangi/Tongariro Community Board</b>           |                |                |
| Hema, Andy   | 13,920         | 16,455         |
| Donlon, Karen                                      | 8,275          | 8,153          |
| Holt, Sharlyn                                      | 8,275          | 8,153          |
| Jenkins, Pauline                                   | 8,350          | 5,115          |
| New, Te Takinga                                    | 9,364          | 8,152          |
| Van der Aa, Walter                                 | 8,275          | 8,152          |
| Nelson, Sally                                      | -              | 105            |
| <b>Total community board remuneration</b>          | <b>56,459</b>  | <b>54,285</b>  |

The figure disclosed for the Mayor's remuneration includes a non-cash benefit of \$4,498 (2018 \$4,498) in relation to the mayoral car.

The monetary remuneration detailed above (salary and allowances) is determined by Council resolution within limits set by the Local Government Elected Members Determination in accordance with the provisions of

Clause 6 Schedule 7 of the Local Government Act 2002. Fringe benefit tax of \$6,758 was paid to the IRD by Council for a vehicle supplied to Mayor David Trewavas (2018 \$6,723).

### Council employees

Total annual remuneration by band for employees as at 30 June 2018.

|                        | Number of employees |
|------------------------|---------------------|
|                        | 2019                |
| Less than \$60,000     | 199                 |
| \$60,000 – \$79,999    | 65                  |
| \$80,000 – \$99,999    | 45                  |
| \$100,000 – \$119,999  | 25                  |
| \$120,000 - 139,999    | 17                  |
| \$140,000 - 219,999    | 9                   |
| \$220,000 - 319,999    | 3                   |
| <b>Total employees</b> | <b>363</b>          |

### Council employees

Total annual remuneration by band for employees as at 30 June 2019.

|                        | Number of employees |
|------------------------|---------------------|
|                        | 2018                |
| Less than \$60,000     | 206                 |
| \$60,000 – \$79,999    | 78                  |
| \$80,000 – \$99,999    | 38                  |
| \$100,000 – \$119,999  | 26                  |
| \$120,000 - 159,999    | 12                  |
| \$160,000 - 239,999    | 10                  |
| \$240,000 - 319,999    | 1                   |
| <b>Total employees</b> | <b>371</b>          |

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 263 (2018 261) full-time employees, with the balance of staff representing 50.2 (2018 54.3) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5 or 40-hour working week.



## 10 Operating expenditure

### Accounting policy

#### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

#### Grant expenditure

The Council's grants awarded have no substantive conditions attached.

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grants has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Other expenses</b>   |                         |                         |                         |                         |
| Audit fees for financial statements                           | 139                     | 138                     | 170                     | 169                     |
| Audit fees for Long-term Plan                                 | 30                      | 95                      | 30                      | 95                      |
| Audit fee for Debenture Trust Deed                            | 8                       | 8                       | 8                       | 8                       |
| Audit assurance for new building                              | 19                      | 12                      | 19                      | 12                      |
| Maintenance   | 12,828                  | 11,256                  | 12,896                  | 11,335                  |
| Service delivery contracts                                    | 5,781                   | 5,475                   | 3,872                   | 3,740                   |
| Electricity and gas   | 2,230                   | 2,125                   | 2,243                   | 2,132                   |
| Materials and supplies  | 1,357                   | 1,348                   | 1,394                   | 1,367                   |
| Professional services fees/legal fees                         | 2,975                   | 2,300                   | 3,149                   | 2,396                   |
| Resource consenting and compliance                            | 1,067                   | 1,033                   | 1,067                   | 1,033                   |
| Mobile plant and vehicle running costs                        | 657                     | 568                     | 659                     | 569                     |
| Insurance   | 787                     | 562                     | 797                     | 569                     |
| Town Centre Taupo (rates)                                     | 163                     | 160                     | 163                     | 160                     |
| Community grant programme                                     | 600                     | 539                     | 600                     | 539                     |
| Other grants  | 592                     | 578                     | 598                     | 578                     |
| Donations   | 1                       | 1                       | 1                       | 1                       |
| Councillor fees   | 504                     | 474                     | 504                     | 474                     |
| Community Board fees  | 56                      | 54                      | 56                      | 54                      |
| Directors' fees   | -                       | -                       | 40                      | 44                      |
| Minimum lease payments under operating leases                 | 131                     | 143                     | 131                     | 143                     |
| Other expenses  | 5,397                   | 4,586                   | 6,235                   | 5,543                   |
| Section inventory consumption                                 | -                       | 646                     | -                       | 646                     |
| Inventory consumption   | 224                     | 192                     | 329                     | 298                     |
| Inventory writeoff  | 1                       | 5                       | 2                       | 8                       |
| Impairment of receivables                                     | 171                     | 355                     | 171                     | 360                     |
| Loss on disposal of property, plant, equipment and forestry   | 1,828                   | 1,131                   | 1,829                   | 1,134                   |
| Loss on disposal of non-current assets held for sale          | 90                      | -                       | 90                      | -                       |
| Loss on sale of shares and corporate bonds (foreign exchange) | 71                      | 74                      | 71                      | 74                      |
| Unrealised loss on corporate bonds                            | -                       | 18                      | -                       | 18                      |
| Unrealised loss on shares (foreign exchange)                  | 286                     | -                       | 286                     | -                       |
| Unrealised foreign exchange loss                              | 52                      | -                       | 52                      | -                       |
| Unrealised loss on derivatives not hedge accounted            | 11,590                  | 1,640                   | 11,590                  | 1,640                   |
| Asset writeoffs   | -                       | 698                     | -                       | 698                     |
| <b>Total other expenses</b>                                   | <b>49,635</b>           | <b>36,214</b>           | <b>49,052</b>           | <b>35,837</b>           |

## Non-cancellable operating leases as lessee:

Included in the commitments below are leases of property, plant and equipment that Taupō District Council has entered into in the normal course of its business. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Minimum operating lease payments payable:</b> |                         |                         |                         |                         |
| Payable no later than one year                   | 416                     | 120                     | 416                     | 120                     |
| Later than one, not later than two years         | 492                     | 74                      | 492                     | 74                      |
| Later than two, not later than five years        | 576                     | 222                     | 576                     | 222                     |
| Later than five years                            | 696                     | 718                     | 696                     | 718                     |
| <b>Total non-cancellable operating leases</b>    | <b>2,180</b>            | <b>1,134</b>            | <b>2,180</b>            | <b>1,134</b>            |

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$0 (2018 \$0).

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Operational commitments</b>         |                         |                         |                         |                         |
| Wastewater                             | 3,143                   | 2,041                   | 3,143                   | 2,041                   |
| District roading                       | 25,113                  | 28,010                  | 25,113                  | 28,010                  |
| Refuse                                 | 3,695                   | 5,142                   | 3,695                   | 5,142                   |
| Rating Valuation Services              | 645                     | -                       | 645                     | -                       |
| Supply of document production services | 9                       | 17                      | 9                       | 17                      |
| Security                               | 512                     | 718                     | 512                     | 718                     |
| District electricity supply            | 6,885                   | 1,886                   | 6,885                   | 1,886                   |
| Three waters maintenance               | 3,579                   | 6,477                   | 3,579                   | 6,477                   |
| Three waters integration               | 1,980                   | -                       | 1,980                   | -                       |
| Harvesting Land Disposal Systems       | 486                     | -                       | 486                     | -                       |
| Building maintenance                   | 55                      | 121                     | 55                      | 121                     |
| Cleaning contracts                     | 562                     | 812                     | 562                     | 812                     |
| Tech One ERP Licensing Fees            | 1,013                   | -                       | 1,013                   | -                       |
| Landscape Study                        | 88                      | -                       | 88                      | -                       |
| Significant Natural Area Review        | 88                      | -                       | 88                      | -                       |
| Generator contract                     | -                       | 5                       | -                       | 5                       |
| Property leases                        | 1,764                   | 1,126                   | 1,764                   | 1,126                   |
| Investment property                    | -                       | 100                     | -                       | 100                     |
| <b>Total operational commitments</b>   | <b>49,617</b>           | <b>46,455</b>           | <b>49,617</b>           | <b>46,455</b>           |

# 11 Income tax

## Accounting policy

Local authorities are only subject to income tax on income derived from any council controlled organisation and as a port operator.

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to income tax payable in respect of prior years.

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit or taxable profit.

Current and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expenses or directly in equity.

|   | Council              |                      | Group                |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Actual 2019<br>\$000 | Actual 2018<br>\$000 | Actual 2019<br>\$000 | Actual 2018<br>\$000 |
| <b>Current tax expense</b>                                    |                      |                      |                      |                      |
| Deferred taxation   | -                    | -                    | (86)                 | (57)                 |
| Release of tax provision no longer required                   | -                    | -                    | -                    | (76)                 |
| <b>Total income tax expense/(benefit)</b>                     | -                    | -                    | (86)                 | (133)                |
| <b>Relationship between income tax and accounting profit:</b> |                      |                      |                      |                      |
| Operating surplus/(deficit) before taxation                   | 1,663                | 24,497               | 1,476                | 24,273               |
| <b>Surplus/(deficit) before taxation</b>                      | <b>1,663</b>         | <b>24,497</b>        | <b>1,476</b>         | <b>24,273</b>        |
| Tax calculated at 28%   | 466                  | 6,859                | 413                  | 6,796                |
| Less tax effect of:   |                      |                      |                      |                      |
| Non taxable expenditure                                       | (466)                | (6,859)              | (499)                | (6,853)              |
| Release of tax provision no longer required                   | -                    | -                    | -                    | (76)                 |
| <b>Tax expense/(benefit)</b>                                  | -                    | -                    | (86)                 | (133)                |

| Council and Group                     | Property, plant and equipment<br>\$000 | Non-deductible provisions<br>\$000 | Tax losses<br>\$000 | Total<br>\$000 |
|---------------------------------------|--|------------------------------------|---------------------|----------------|
| <b>Balance at 1 July 2017</b>         | 1,552                                  | (11)                               | (471)               | 1,070          |
| Charged to surplus or deficit         | (38)                                   | (1)                                | (19)                | (58)           |
| Charged to equity                     | -                                      | -                                  | -                   | -              |
| <b>Balance at 30 June 2018</b>        | 1,514                                  | (12)                               | (490)               | 1,012          |
| <b>Balance at 1 July 2018</b>         | 1,514                                  | (12)                               | (490)               | 1,012          |
| Charged to surplus or deficit         | (43)                                   | 8                                  | (51)                | (86)           |
| Charged to other comprehensive income | 15                                     | -                                  | -                   | 15             |
| <b>Balance at 30 June 2019</b>        | 1,486                                  | (4)                                | (541)               | 941            |

Data Capture Systems Limited, a subsidiary of Council, has unrecognised tax losses as at 30 June 2019 of \$225,325 to carry forward (2018 \$225,325). The tax effect of these losses is \$67,598 (2018 \$67,598). The carried forward losses originated from the activity of Taupō Information Centre Limited, that company later being renamed Data Capture Systems Limited.

## 12 Cash and cash equivalents

### Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the Statement of Cashflows, and within borrowings in current liabilities in the Statement of Financial Position.

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Cash at bank and in hand   | 12                      | 36                      | 32                      | 45                      |
| Call deposits  | 4,220                   | 4,717                   | 4,443                   | 5,026                   |
| Term deposits with maturities of less than three months at acquisition | 4,010                   | 8,008                   | 4,010                   | 8,258                   |
| <b>Total cash and cash equivalents used in statement of cashflows</b>  | <b>8,242</b>            | <b>12,761</b>           | <b>8,485</b>            | <b>13,329</b>           |

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

## 13 Trade and other receivables

### Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

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

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Rates receivable   | 2,683                   | 2,559                   | 2,683                   | 2,559                   |
| General debtors  | 1,763                   | 2,433                   | 1,834                   | 2,521                   |
| Receivables from controlled entities (note 30)                               | 3                       | 170                     | -                       | -                       |
| Other  | 1,716                   | 1,710                   | 1,731                   | 1,749                   |
| <b>Receivables prior to impairment</b>                                       | <b>6,165</b>            | <b>6,872</b>            | <b>6,248</b>            | <b>6,829</b>            |
| Less: Provision for Impairment   | (617)                   | (597)                   | (617)                   | (601)                   |
| <b>Total current net trade and other receivables</b>                         | <b>5,548</b>            | <b>6,275</b>            | <b>5,631</b>            | <b>6,228</b>            |
| Total debtors and other receivables from exchange transactions               | -                       | -                       | 72                      | 89                      |
| Total current net trade and other receivables from non-exchange transactions | 5,548                   | 6,275                   | 5,559                   | 6,139                   |
| <b>Total current net trade and other receivables</b>                         | <b>5,548</b>            | <b>6,275</b>            | <b>5,631</b>            | <b>6,228</b>            |

Receivables are generally short-term and non-interest bearing and receipt is normally on 30 day terms. Therefore the carrying value of receivables approximates their fair value.

#### (a) Impaired receivables

Taupō District Council does not provide for any impairment on rates receivable, with the exception of multiple owned Māori Freehold Land, as it has various

powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

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

These powers allow Taupō District Council to commence legal proceedings to recover any rates that remain unpaid



four months after due date for payment. If payment has not been made within three months of the Court's judgement, then Taupō District Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The carrying amount of receivables that would otherwise be impaired, whose terms have been renegotiated is \$12,454 (2018 \$18,183).

The status of receivables as at 30 June 2019 are detailed below:

|                        | Council                 |                         | Group                   |                         |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                        | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Current                | 1,075                   | 2,347                   | 1,127                   | 2,412                   |
| Past due 1-30 days     | 524                     | 111                     | 537                     | 114                     |
| Past due 31-60 days    | 480                     | 403                     | 480                     | 409                     |
| Past due 61+ days      | 2,370                   | 2,301                   | 2,373                   | 2,314                   |
| Impairment             | (617)                   | (597)                   | (617)                   | (601)                   |
| <b>Net receivables</b> | <b>3,832</b>            | <b>4,565</b>            | <b>3,900</b>            | <b>4,648</b>            |

The impairment provision has been calculated based on expected losses for the Council and Group's pool of debtors.

Expected losses determined based on analysis of the Council's losses in previous periods and review of specific debtors are detailed below:

|                           | Council                 |                         | Group                   |                         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                           | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Individual impairment     | 273                     | 236                     | 273                     | 236                     |
| Collective impairment     | 344                     | 361                     | 344                     | 365                     |
| <b>Balance At 30 June</b> | <b>617</b>              | <b>597</b>              | <b>617</b>              | <b>601</b>              |

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

|                           | Council                 |                         | Group                   |                         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                           | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Current                   | -                       | -                       | -                       | -                       |
| Past due 1-30 days        | -                       | -                       | -                       | -                       |
| Past due 31-60 days       | -                       | 5                       | 5                       | 5                       |
| Past due 61+ days         | 273                     | 231                     | 231                     | 231                     |
| <b>Balance at 30 June</b> | <b>273</b>              | <b>236</b>              | <b>236</b>              | <b>236</b>              |

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

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Opening balance                         | 597                     | 345                     | 345                     | 345                     |
| Additional provisions                   | 121                     | 377                     | 377                     | 381                     |
| Receivables written off during the year | (101)                   | (125)                   | (125)                   | (125)                   |
| <b>Total impairment</b>                 | <b>617</b>              | <b>597</b>              | <b>597</b>              | <b>601</b>              |

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

## 14 Inventories

### Accounting policy

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

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

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

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

Any write-down from cost to net realisable value or for the loss of service potential is recognised in surplus or deficit in the year of the write-down.

When sections of land for sale are transferred from non-current assets held for sale, investment property or property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Commercial inventories</b>               |                         |                         |                         |                         |
| - held for use in the provision of services | 410                     | 449                     | 439                     | 473                     |
| <b>Held for distribution</b>                |                         |                         |                         |                         |
| - water reticulation spare parts            | 8                       | 7                       | 8                       | 7                       |
| - parks & reserves chemicals                | 19                      | 21                      | 19                      | 21                      |
| - wastewater spare parts                    | 195                     | 174                     | 195                     | 174                     |
| - swimming pool chemicals                   | 7                       | 8                       | 7                       | 8                       |
| - other                                     | 47                      | 61                      | 47                      | 61                      |
| <b>Total inventory</b>                      | <b>686</b>              | <b>720</b>              | <b>715</b>              | <b>744</b>              |

No inventories are pledged as security for liabilities (2018 \$nil).

### Inventories held for distribution

The write-down of inventories during the year was \$0 (2018 \$0k). There have been no reversals of write-downs (2018 \$0).

## 15 Other financial assets

### Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

#### Term deposits and community loans (loans and receivables)

Loans made at nil or below market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument.

After initial recognition, term deposits and community loans are measured at amortised cost using the effective interest rate method. Where applicable, interest accrued is added to the investment balance.

At year end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If the assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

#### Listed shares (fair value through surplus or deficit)

This category has two sub categories: financial assets held for trading (Council does not use this category), 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. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Council's equity investments fall into this category.

#### Listed bonds (held-to-maturity investments)

After initial recognition, listed bonds are measured at amortised cost, using the effective interest method, less impairment.

Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive revenue and expense.

At year end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

Council does not use this category presently.

#### Available for sale (fair value through other comprehensive revenue and expense)

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council and Group includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Council's shareholding in Civic Financial Services and the holdings of Government and corporate bonds are currently classified as available for sale.

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Current portion</b>                                  |                         |                         |                         |                         |
| Short term bank deposits with maturities of 4-12 months | 108,468                 | 82,382                  | 108,718                 | 82,632                  |
| Local government (NZLGFA) and corporate bonds           | -                       | 4,623                   | -                       | 4,623                   |
| <b>Total current portion</b>                            | <b>108,468</b>          | <b>87,005</b>           | <b>108,718</b>          | <b>87,255</b>           |
| <b>Non-current portion</b>                              |                         |                         |                         |                         |
| <b>Shares in CCOs and other similar entities</b>        |                         |                         |                         |                         |
| - Taupo Airport Authority                               | 3,223                   | 3,223                   | -                       | -                       |
| - NZ Local Government Funding Agency (NZLGFA)           | 100                     | 100                     | 100                     | 100                     |
| - Bay of Plenty Local Authority Shared Services Ltd     | 9                       | 9                       | 9                       | 9                       |
| <b>Total investment in CCOs and similar entities</b>    | <b>3,332</b>            | <b>3,332</b>            | <b>109</b>              | <b>109</b>              |
| <b>Investment in other entities</b>                     |                         |                         |                         |                         |
| Civic Financial Services Ltd                            | 134                     | 127                     | 134                     | 127                     |
| Term deposits   | -                       | 10,100                  | -                       | 10,100                  |
| Local government (NZLGFA) and corporate bonds           | 1,995                   | 1,633                   | 1,995                   | 1,633                   |
| Community loans   | 757                     | 821                     | 757                     | 821                     |
| Equity securities                                       | 10,889                  | 9,082                   | 10,889                  | 9,082                   |
| Other Loans   | 1,000                   | -                       | 1,000                   | -                       |
| <b>Total investment in other entities</b>               | <b>14,775</b>           | <b>21,763</b>           | <b>14,775</b>           | <b>21,763</b>           |
| <b>Total non-current portion</b>                        | <b>18,107</b>           | <b>25,095</b>           | <b>14,884</b>           | <b>21,872</b>           |
| <b>Total other financial assets</b>                     | <b>126,575</b>          | <b>112,100</b>          | <b>123,602</b>          | <b>109,127</b>          |

## Fair value

### Term deposits

The carrying amount of term deposits approximates their fair value.

### Bonds

Government and commercial bonds are carried at amortised cost. The fair value of these bonds is \$Nil (2018 \$4,048,456). Fair value has been determined using quoted market bid prices from independently sourced market information.

### Controlled entities

Taupō District Council has 50% ownership of the Taupō Airport Authority Joint Venture. The Crown is the owner of the other 50%. The Taupō Airport Authority balance date is 30 June.

Taupō District Council has settled \$100 on the Destination Lake Taupō Trust. The Trust's balance date is 30 June.

Taupō District Council has 100% ownership (150 shares) of the subsidiary Data Capture Systems Limited (2018 150 shares). This company is dormant.

Taupō District Council has 100% ownership (100 shares) of the subsidiary Destination Lake Taupō Limited (2018 100 shares). This company is dormant.

### Listed shares

Council has current investments in listed shares on LSE, ASX & NZX. Listed shares are recognised at fair value which is determined by reference to published current bid price quotations in an active market.

Council holds the following listed equity investments:



| Equity                         | 2019          |                                  |                    | 2018          |                                  |                    |
|--------------------------------|---------------|----------------------------------|--------------------|---------------|----------------------------------|--------------------|
|                                | No. of shares | Market value at 30 June \$/share | Total Market Value | No. of shares | Market value at 30 June \$/share | Total Market Value |
| Tesco                          | 130,000       | 4.29                             | 557,740            | 130,000       | 4.98                             | 646,976            |
| BHP Billiton                   | -             | -                                | -                  | 15,000        | 36.94                            | 554,085            |
| ANZ Bank                       | 30,000        | 29.51                            | 885,158            | 30,000        | 30.78                            | 922,876            |
| Brambles Limited               | -             | -                                | -                  | 70,000        | 9.67                             | 677,124            |
| Scentre Group                  | 80,000        | 4.02                             | 321,305            | 80,000        | 4.78                             | 382,571            |
| Freightways                    | 120,726       | 8.44                             | 1,018,927          | 120,726       | 7.82                             | 944,077            |
| Auckland International Airport | 75,000        | 9.85                             | 738,750            | 150,000       | 6.78                             | 1,017,000          |
| Port of Tauranga               | -             | -                                | -                  | 100,000       | 5.10                             | 510,000            |
| AGL Energy Limited             | 25,000        | 20.93                            | 523,219            | 45,000        | 24.47                            | 1,100,980          |
| Ancor                          | 35,000        | 16.93                            | 592,668            | 40,683        | 15.70                            | 638,608            |
| APA Group                      | -             | -                                | -                  | 83,529        | 10.73                            | 896,253            |
| Unilever plc                   | 2,500         | 92.63                            | 231,572            | 2,500         | 81.27                            | 203,180            |
| Ramsay Healthcare              | 10,000        | 75.56                            | 755,570            | 10,000        | 58.80                            | 588,017            |
| Adelaide Brighton Concrete     | 125,000       | 4.23                             | 528,187            | -             | -                                | -                  |
| Bunzl                          | 5,000         | 39.31                            | 196,537            | -             | -                                | -                  |
| Costa Group                    | 9,872         | 4.23                             | 41,714             | -             | -                                | -                  |
| Estia Health                   | 150,000       | 2.76                             | 414,183            | -             | -                                | -                  |
| Gentrack                       | 31,569        | 6.20                             | 195,728            | -             | -                                | -                  |
| James Hardie                   | 30,000        | 19.56                            | 586,759            | -             | -                                | -                  |
| Lendlease                      | 40,000        | 13.60                            | 543,876            | -             | -                                | -                  |
| Link Administration Holdings   | 50,000        | 5.23                             | 261,479            | -             | -                                | -                  |
| Pact Group                     | 150,000       | 2.92                             | 437,716            | -             | -                                | -                  |
| Sydney Airport holdings        | 75,000        | 8.41                             | 630,687            | -             | -                                | -                  |
| Syrah Resources                | 200,000       | 0.92                             | 184,081            | -             | -                                | -                  |
| Transurban                     | 50,000        | 15.42                            | 770,840            | -             | -                                | -                  |
| Tourism Holdings               | 125,000       | 3.78                             | 472,500            | -             | -                                | -                  |
| <b>Total Value</b>             |               |                                  | <b>10,889,196</b>  |               |                                  | <b>9,081,747</b>   |

## Community Loans

Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cashflows, discounted at the current market rate of return for a similar financial instrument. These loans are subsequently valued at amortised cost using the effective interest method. The face value of the loans is \$757,132 (2018 \$821,053).

## Other Loans

Other Loans made at below market interest rates are initially recognised at fair value.

## Impairment

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

## Other Shares in Companies

Council holds the following equity investments:

Civic Financial Services Ltd 83,971 shares at fair value of \$1.59 (2018 \$1.51) each.

Waikato Local Authority Shared Services Ltd 1 ordinary capital share (uncalled) of \$1,000 (2018 \$1,000).

BOP Local Authority Shared Services Ltd 1 ordinary capital share of \$1,000 (2018 \$1,000).

NZ Local Government Funding Agency 100,000 ordinary shares @ \$1.00 and 100,000 ordinary unpaid shares @ \$1.00 (2018 \$1.00).

## 16 Non-current assets held for sale

### Accounting policy

An asset is held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Any impairment losses for writedowns of the asset are recognised in the surplus or deficit.

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

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

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Non-current assets held for sale are:         |                         |                         |                         |                         |
| Land  | 10,024                  | 13,682                  | 10,024                  | 13,682                  |
| <b>Total non-current assets held for sale</b> | <b>10,024</b>           | <b>13,682</b>           | <b>10,024</b>           | <b>13,682</b>           |

The movement of non-current assets held for sale is as follows:

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Opening balance                        | 13,682                  | 10,011                  | 13,682                  | 10,011                  |
| Disposals                              | (2,875)                 | -                       | (2,875)                 | -                       |
| Asset reclassifications                | (1,117)                 | 2,875                   | (1,117)                 | 2,875                   |
| Additions                              | 334                     | 111                     | 334                     | 111                     |
| Fair value gains/(losses) on valuation | -                       | 689                     | -                       | 689                     |
| Impairment                             | -                       | (4)                     | -                       | (4)                     |
| <b>Total</b>                           | <b>10,024</b>           | <b>13,682</b>           | <b>10,024</b>           | <b>13,682</b>           |

The non-current assets held for sale are made up of residential and non-residential land. An asset will only be shown in this category if it has been approved by Council for sale, it is being actively marketed, and it is expected to sell within the next financial year.

# 17 Property, plant and equipment

## Accounting policy

Property, plant, and equipment consist of:

### (i) Operational assets

Operational assets include land, buildings, office furniture and fittings, library books, heritage assets, plant and equipment, and motor vehicles.

### (ii) Restricted assets

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

### (iii) Infrastructure assets

Infrastructure assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and pump stations.

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

Heritage assets are measured at cost.

## Revaluation

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

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

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

## Additions

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

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

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

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

Additions between valuations are shown at cost, except vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested land reserves are initially recognised at the most recent rating valuation. Vested infrastructural assets are valued based on the actual quantities of infrastructure components vested, and the current "in the ground" cost of providing identical services.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

## Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset.

These are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## Depreciation

Depreciation is provided on a straight-line on all property, plant, and equipment other than land and heritage assets, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

| Class of Asset Depreciated    | Estimated Useful Life | Depreciation rates |
|-------------------------------|-----------------------|--------------------|
| <b>Operational assets</b>     |                       |                    |
| Land                          | not depreciated       | nil                |
| <b>Buildings</b>              |                       |                    |
| Site value                    | 13 years              | 7.69%              |
| Structure                     | 20 - 80 years         | 1.3% - 5%          |
| Roof                          | 20 - 40 years         | 2.5% - 5%          |
| Services                      | 20 - 45 years         | 2.5% - 5%          |
| Internal fit-out              | 15 - 35 years         | 2.9% - 6.7%        |
| Plant                         | 20 - 30 years         | 3.3% - 5%          |
| Machinery                     | 2 - 20 years          | 5% - 50%           |
| Computer equipment            | 4 years               | 25.00%             |
| Office equipment              | 4 - 10 years          | 13.33% - 25%       |
| Leased assets                 | 3 - 5 years           | 20% - 33.3%        |
| Furniture and fittings        | 2 - 10 years          | 10% - 50%          |
| Park furniture                | 2 - 25 years          | 4% - 50%           |
| Motor vehicles                | 4 - 10 years          | 10% - 25%          |
| Library books                 | 6.5 years             | 15.50%             |
| <b>Infrastructural assets</b> |                       |                    |
| Buildings                     | 40 - 75 years         | 1.3% - 2.5%        |
| <b>Roading network</b>        |                       |                    |
| Top surface (seal)            | 3 - 20 years          | 5% - 33.3%         |
| Pavement (base course)        | 45 - 65 years         | 1.5% - 2.2%        |
| Formation                     | not depreciated       | nil                |
| Culverts                      | 55 - 80 years         | 1.3% - 1.8%        |
| Footpaths                     | 50 - 80 years         | 1.3% - 2%          |
| Kerbs                         | 60 years              | 1.70%              |
| Signs                         | 15 years              | 6.70%              |
| Streetlights                  | 25 - 60 years         | 1.7% - 4%          |
| Bridges                       | 90 - 100 years        | 1% - 1.1%          |
| Land under roads              | not depreciated       | nil                |
| <b>Water system</b>           |                       |                    |
| Pipes                         | 45 - 100 years        | 1% - 2.2%          |
| Valves, hydrants              | 40 years              | 2.50%              |
| Pump stations                 | 10 - 60 years         | 1.7% - 10%         |
| Tanks                         | 25 - 80 years         | 1.3% - 4%          |
| <b>Sewerage system</b>        |                       |                    |
| Pipes                         | 65 - 100 years        | 1% - 1.5%          |
| Manholes                      | 80 years              | 1.30%              |
| Treatment plant               | 5 - 80 years          | 1.3% - 20%         |
| <b>Stormwater systems</b>     |                       |                    |
| Pipes                         | 50 - 120 years        | 0.83% - 2%         |
| Manholes, cesspits            | 75 - 100 years        | 1% - 1.3%          |
| Flood control systems         | 50 - 100 years        | 1% - 2%            |
| Solid waste                   | 4 - 24 years          | 4.166% - 25%       |

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

#### Impairment of property, plant and equipment

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



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

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

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

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

### Critical accounting estimates and assumptions

Estimating the fair value of land, buildings and infrastructure

#### Land (operational, restricted, and infrastructural)

The most recent valuation of land and buildings for Council and Group was performed by an independent registered valuers, Mairi Macdonald MPINZ, BBS (VPM) and Andrew Parkyn (SPINZ, ANZIV), GradDipBusStud (Rural Valuation), of Quotable Value Limited. The valuation is effective as at 30 June 2019.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

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

#### Buildings (operational and restricted)

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

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

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated, after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

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

#### Infrastructural asset classes: wastewater, water, stormwater, and roads

Wastewater, water, stormwater, and roading infrastructural assets (excluding land under roads and buildings associated with networks) are valued using the optimised depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- The 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 the asset;
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated.



These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then 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, 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 Council's asset management planning activities, which provides Council with further assurance over its useful life estimates. Experienced independent valuers perform the Council's infrastructural asset revaluations.

The most recent valuation of roading infrastructural assets (excluding land under roads) was performed by John Vessey, BE (Civil), BA (Econ), CPEng, FIPENZ, affiliate member of PINZ, member of ACENZ, of Opus International Consultants Limited. The valuation is effective as at 30 June 2017.

The most recent valuation of wastewater, water and stormwater infrastructural assets (excluding associated buildings) was performed by Stephen Garlick, Associate Director, Strategic Asset Management of Aecom NZ Limited.

The valuation is effective as at 30 June 2018.

The most recent valuation of the Airport Infrastructure

was performed by independent valuer, Vaibhav Gandhi of Beca Valuations Ltd. The valuation is effective as at 30 June 2017.

#### **Land under roads**

Land under roads is separated into rural and urban and then valued based on a weighted average rate for each type.

The rate is based on the Council's District Rating Roll at 30 April 2019 and then indexed using market sales to bring the values to 30 June 2019. All the land has been valued as unimproved, which assumes land in its base state without the benefit of infrastructure.

The most recent valuation of land under roads was performed by Maria McHugh RV, BCom (VPM), MPINZ of Quotable Value New Zealand, and is effective as at 30 June 2019.

#### **Critical judgements in applying accounting policies**

##### **Classification of property**

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.

| Council 2019   | Cost / revaluation amount 1 Jul 18 \$000 | Accumulated depreciation 1 Jul 18 \$000 | Carrying amount 1 Jul 18 \$000 | Current year additions (+ gains) \$000 | Current year disposals (+ losses) \$000 | Current year impairment charges \$000 | Current year depreciation \$000 | Transfers \$000 | Revaluation surplus \$000 | Cost / revaluation amount 30 Jun 19 \$000 | Accumulated depreciation 30 Jun 19 \$000 | Carrying amount 30 Jun 19 \$000 |
|--|--|---|--------------------------------|--|---|---------------------------------------|---------------------------------|-----------------|---------------------------|---|--|---------------------------------|
| <b>Operating assets at cost and valuation</b>          |  |   |                                |  |   |                                       |                                 |                 |                           |   |  |                                 |
| Land   | 34,277                                   | -                                       | 34,277                         | 155                                    | -                                       | -                                     | -                               | (2,270)         | 7,762                     | 39,944                                    | -  | 39,944                          |
| Buildings  | 65,812                                   | (6,833)                                 | 58,979                         | 1,532                                  | (130)                                   | -                                     | (3,766)                         | -               | 7,445                     | 64,708                                    | (648)                                    | 64,060                          |
| Library books  | 6,511                                    | (5,317)                                 | 1,194                          | 307                                    | -                                       | -                                     | (307)                           | -               | -                         | 6,818                                     | (5,624)                                  | 1,194                           |
| Leased plant & equipment                               | 257                                      | (129)                                   | 128                            | 103                                    | -                                       | -                                     | (96)                            | -               | -                         | 359                                       | (224)                                    | 135                             |
| Office furniture and fittings                          | 31,788                                   | (17,125)                                | 14,663                         | 2,153                                  | (20)                                    | -                                     | (1,891)                         | -               | -                         | 33,850                                    | (18,945)                                 | 14,905                          |
| Mobile plant and equipment                             | 9,812                                    | (6,326)                                 | 3,486                          | 1,589                                  | (213)                                   | -                                     | (945)                           | -               | -                         | 10,478                                    | (6,561)                                  | 3,917                           |
| Heritage assets  | 2,083                                    | (10)                                    | 2,073                          | 83                                     | 1                                       | -                                     | -                               | -               | -                         | 2,167                                     | (10)                                     | 2,157                           |
| Capital work in progress - land                        | 1,024                                    | -                                       | 1,024                          | 1,222                                  | -                                       | -                                     | -                               | (1,977)         | -                         | 269                                       | -  | 269                             |
| Capital work in progress - buildings                   | 17                                       | -                                       | 17                             | 2,326                                  | -                                       | -                                     | -                               | (1,361)         | -                         | 982                                       | -  | 982                             |
| Capital work in progress - library books               | -  | -                                       | -                              | 307                                    | -                                       | -                                     | -                               | (307)           | -                         | -   | -  | -                               |
| Capital work in progress - office furniture & fittings | 169                                      | -                                       | 169                            | 1,636                                  | -                                       | -                                     | -                               | (805)           | -                         | 1,000                                     | -  | 1,000                           |
| Capital work in progress - mobile plant & equipment    | 58                                       | -                                       | 58                             | 1,415                                  | -                                       | -                                     | -                               | (1,280)         | -                         | 193                                       | -  | 193                             |
| Capital work in progress - heritage assets             | 6  | -                                       | 6                              | 85                                     | -                                       | -                                     | -                               | (88)            | -                         | 3   | -  | 3                               |
| <b>Total operating assets</b>                          | <b>151,814</b>                           | <b>(35,740)</b>                         | <b>116,074</b>                 | <b>12,913</b>                          | <b>(362)</b>                            | <b>-</b>                              | <b>(7,005)</b>                  | <b>(8,088)</b>  | <b>15,227</b>             | <b>160,771</b>                            | <b>(32,012)</b>                          | <b>128,759</b>                  |
| <b>Infrastructural assets at cost and valuation</b>    |  |   |                                |  |   |                                       |                                 |                 |                           |   |  |                                 |
| Roading  | 330,029                                  | (5,961)                                 | 324,068                        | 9,980                                  | (1,264)                                 | -                                     | (6,842)                         | -               | -                         | 338,582                                   | (12,640)                                 | 325,942                         |
| Water supply   | 72,824                                   | -                                       | 72,824                         | 7,650                                  | (193)                                   | -                                     | (3,427)                         | -               | -                         | 80,275                                    | (3,421)                                  | 76,854                          |
| Wastewater reticulation                                | 117,967                                  | -                                       | 117,967                        | 3,229                                  | (146)                                   | -                                     | (4,629)                         | -               | -                         | 121,046                                   | (4,625)                                  | 116,421                         |
| Stormwater reticulation                                | 48,995                                   | -                                       | 48,995                         | 1,868                                  | (70)                                    | -                                     | (927)                           | -               | -                         | 50,791                                    | (925)                                    | 49,866                          |
| Land under roads                                       | 272,312                                  | -                                       | 272,312                        | 9                                      | -                                       | -                                     | -                               | 40              | 69,587                    | 341,948                                   | -  | 341,948                         |
| Infrastructural buildings                              | 12,280                                   | (715)                                   | 11,565                         | 197                                    | -                                       | -                                     | (359)                           | -               | 900                       | 12,303                                    | -  | 12,303                          |
| Solid waste  | 5,262                                    | (3,557)                                 | 1,705                          | -                                      | -                                       | -                                     | (247)                           | -               | -                         | 5,262                                     | (3,804)                                  | 1,458                           |
| Capital work in progress - roading                     | 2,476                                    | -                                       | 2,476                          | 6,519                                  | -                                       | -                                     | -                               | (7,099)         | -                         | 1,896                                     | -  | 1,896                           |
| Capital work in progress - water supply                | 8,171                                    | -                                       | 8,171                          | 7,716                                  | -                                       | -                                     | -                               | (6,758)         | -                         | 9,129                                     | -  | 9,129                           |
| Capital work in progress - wastewater                  | 3,170                                    | -                                       | 3,170                          | 4,694                                  | -                                       | -                                     | -                               | (1,737)         | -                         | 6,127                                     | -  | 6,127                           |
| Capital work in progress - stormwater                  | 287                                      | -                                       | 287                            | 614                                    | -                                       | -                                     | -                               | (425)           | -                         | 476                                       | -  | 476                             |
| Capital work in progress - solid waste                 | -  | -                                       | -                              | 192                                    | -                                       | -                                     | -                               | (1)             | -                         | 191                                       | -  | 191                             |
| <b>Total infrastructural assets</b>                    | <b>873,773</b>                           | <b>(10,233)</b>                         | <b>863,540</b>                 | <b>42,668</b>                          | <b>(1,673)</b>                          | <b>-</b>                              | <b>(16,431)</b>                 | <b>(15,980)</b> | <b>70,487</b>             | <b>968,026</b>                            | <b>(25,415)</b>                          | <b>942,611</b>                  |
| <b>Restricted assets at cost and valuation</b>         |  |   |                                |  |   |                                       |                                 |                 |                           |   |  |                                 |
| Reserves   | 126,935                                  | -                                       | 126,935                        | 1,124                                  | -                                       | -                                     | -                               | 4,783           | 22,432                    | 155,274                                   | -  | 155,274                         |
| <b>Total restricted assets</b>                         | <b>126,935</b>                           | <b>-</b>                                | <b>126,935</b>                 | <b>1,124</b>                           | <b>-</b>                                | <b>-</b>                              | <b>-</b>                        | <b>4,783</b>    | <b>22,432</b>             | <b>155,274</b>                            | <b>-</b>                                 | <b>155,274</b>                  |
| <b>Total Council</b>                                   | <b>1,152,522</b>                         | <b>(45,973)</b>                         | <b>1,106,549</b>               | <b>56,705</b>                          | <b>(2,035)</b>                          | <b>-</b>                              | <b>(23,436)</b>                 | <b>(19,285)</b> | <b>108,146</b>            | <b>1,284,071</b>                          | <b>(57,427)</b>                          | <b>1,226,644</b>                |

| Council 2018   | Cost / revaluation 1 Jul 17 \$000 | Accumulated depreciation 1 Jul 17 \$000 | Carrying amount 1 Jul 17 \$000 | Current year additions (+ gains) \$000 | Current year disposals (+ losses) \$000 | Current year impairment charges \$000 | Current year depreciation \$000 | Transfers \$000 | Revaluation surplus \$000 | Cost / revaluation 30 Jun 18 \$000 | Accumulated depreciation 30 Jun 18 \$000 | Carrying amount 30 Jun 18 \$000 |
|--|-----------------------------------|---|--------------------------------|--|---|---------------------------------------|---------------------------------|-----------------|---------------------------|------------------------------------|--|---------------------------------|
| <b>Operating assets at cost and valuation</b>          |                                   |   |                                |  |   |                                       |                                 |                 |                           |                                    |  |                                 |
| Land   | 35,136                            | -                                       | 35,136                         | 33                                     | (907)                                   | -                                     | -                               | 15              | -                         | 34,277                             | -  | 34,277                          |
| Buildings  | 64,294                            | (3,392)                                 | 60,902                         | 2,696                                  | (229)                                   | (699)                                 | (3,691)                         | -               | -                         | 65,812                             | (6,833)                                  | 58,979                          |
| Library books  | 6,197                             | (5,015)                                 | 1,182                          | 314                                    | -                                       | -                                     | (302)                           | -               | -                         | 6,511                              | (5,317)                                  | 1,194                           |
| Leased plant & equipment                               | 298                               | (73)                                    | 225                            | -                                      | (28)                                    | -                                     | (69)                            | -               | -                         | 257                                | (129)                                    | 128                             |
| Office furniture and fittings                          | 29,643                            | (15,314)                                | 14,329                         | 2,221                                  | (8)                                     | -                                     | (1,879)                         | -               | -                         | 31,788                             | (17,125)                                 | 14,663                          |
| Mobile plant and equipment                             | 10,082                            | (6,131)                                 | 3,951                          | 538                                    | (127)                                   | -                                     | (876)                           | -               | -                         | 9,812                              | (6,326)                                  | 3,486                           |
| Heritage assets  | 2,060                             | (10)                                    | 2,050                          | 23                                     | -                                       | -                                     | -                               | -               | -                         | 2,083                              | (10)                                     | 2,073                           |
| Capital work in progress - land                        | 978                               | -                                       | 978                            | 1,087                                  | -                                       | -                                     | -                               | (1,041)         | -                         | 1,024                              | -  | 1,024                           |
| Capital work in progress - buildings                   | 102                               | -                                       | 102                            | 2,885                                  | -                                       | -                                     | -                               | (2,970)         | -                         | 17                                 | -  | 17                              |
| Capital work in progress - library books               | -                                 | -                                       | -                              | 315                                    | -                                       | -                                     | -                               | (315)           | -                         | -                                  | -  | -                               |
| Capital work in progress - office furniture & fittings | 193                               | -                                       | 193                            | 1,467                                  | -                                       | -                                     | -                               | (1,491)         | -                         | 169                                | -  | 169                             |
| Capital work in progress - mobile plant & equipment    | -                                 | -                                       | -                              | 657                                    | -                                       | -                                     | -                               | (599)           | -                         | 58                                 | -  | 58                              |
| Capital work in progress - heritage assets             | 17                                | -                                       | 17                             | 44                                     | -                                       | -                                     | -                               | (55)            | -                         | 6                                  | -  | 6                               |
| <b>Total operating assets</b>                          | <b>149,000</b>                    | <b>(29,935)</b>                         | <b>119,065</b>                 | <b>12,280</b>                          | <b>(1,299)</b>                          | <b>(699)</b>                          | <b>(6,817)</b>                  | <b>(6,456)</b>  | <b>-</b>                  | <b>151,814</b>                     | <b>(35,740)</b>                          | <b>116,074</b>                  |
| <b>Infrastructural assets at cost and valuation</b>    |                                   |   |                                |  |   |                                       |                                 |                 |                           |                                    |  |                                 |
| Roading  | 321,887                           | (32)                                    | 321,855                        | 8,733                                  | (582)                                   | -                                     | (5,938)                         | -               | -                         | 330,029                            | (5,961)                                  | 324,068                         |
| Water supply   | 78,493                            | (6,172)                                 | 72,321                         | 2,055                                  | (11)                                    | -                                     | (3,087)                         | -               | 1,546                     | 72,824                             | -  | 72,824                          |
| Wastewater reticulation                                | 116,509                           | (8,654)                                 | 107,855                        | 3,521                                  | (9)                                     | -                                     | (4,406)                         | -               | 11,008                    | 117,967                            | -  | 117,967                         |
| Stormwater reticulation                                | 52,329                            | (1,786)                                 | 50,543                         | 1,841                                  | -                                       | -                                     | (921)                           | -               | (2,468)                   | 48,995                             | -  | 48,995                          |
| Land under roads                                       | 272,229                           | -                                       | 272,229                        | -                                      | -                                       | -                                     | -                               | 83              | -                         | 272,312                            | -  | 272,312                         |
| Infrastructural buildings                              | 12,273                            | (358)                                   | 11,915                         | 7                                      | -                                       | -                                     | (357)                           | -               | -                         | 12,280                             | (715)                                    | 11,565                          |
| Solid waste  | 5,262                             | (3,310)                                 | 1,952                          | -                                      | -                                       | -                                     | (247)                           | -               | -                         | 5,262                              | (3,557)                                  | 1,705                           |
| Capital work in progress - roading                     | 495                               | -                                       | 495                            | 4,672                                  | -                                       | -                                     | -                               | (2,691)         | -                         | 2,476                              | -  | 2,476                           |
| Capital works in progress - water supply               | 1,523                             | -                                       | 1,523                          | 6,764                                  | -                                       | -                                     | -                               | (116)           | -                         | 8,171                              | -  | 8,171                           |
| Capital work in progress - wastewater                  | 473                               | -                                       | 473                            | 2,858                                  | -                                       | -                                     | -                               | (161)           | -                         | 3,170                              | -  | 3,170                           |
| Capital work in progress - stormwater                  | 1                                 | -                                       | 1                              | 307                                    | -                                       | -                                     | -                               | (21)            | -                         | 287                                | -  | 287                             |
| Capital work in progress - solid waste                 | -                                 | -                                       | -                              | 25                                     | -                                       | -                                     | -                               | (25)            | -                         | -                                  | -  | -                               |
| <b>Total infrastructural assets</b>                    | <b>861,474</b>                    | <b>(20,312)</b>                         | <b>841,162</b>                 | <b>30,783</b>                          | <b>(602)</b>                            | <b>-</b>                              | <b>(14,958)</b>                 | <b>(2,931)</b>  | <b>10,086</b>             | <b>873,773</b>                     | <b>(10,233)</b>                          | <b>863,540</b>                  |
| <b>Restricted assets at cost and valuation</b>         |                                   |   |                                |  |   |                                       |                                 |                 |                           |                                    |  |                                 |
| Reserves   | 126,118                           | -                                       | 126,118                        | 832                                    | -                                       | -                                     | -                               | (15)            | -                         | 126,935                            | -  | 126,935                         |
| <b>Total restricted assets</b>                         | <b>126,118</b>                    | <b>-</b>                                | <b>126,118</b>                 | <b>832</b>                             | <b>-</b>                                | <b>-</b>                              | <b>-</b>                        | <b>(15)</b>     | <b>-</b>                  | <b>126,935</b>                     | <b>-</b>                                 | <b>126,935</b>                  |
| <b>Total Council</b>                                   | <b>1,136,592</b>                  | <b>(50,247)</b>                         | <b>1,086,345</b>               | <b>43,895</b>                          | <b>(1,901)</b>                          | <b>(699)</b>                          | <b>(21,775)</b>                 | <b>(9,402)</b>  | <b>10,086</b>             | <b>1,152,522</b>                   | <b>(45,973)</b>                          | <b>1,106,549</b>                |



| Group 2019   | Cost/ revaluation 1 Jul 18 \$000 | Accumulated depreciation 1 Jul 18 \$000 | Carrying amount 1 Jul 18 \$000 | Current year additions (+ gains) \$000 | Current year disposals (+ losses) \$000 | Current year impairment charges \$000 | Current year depreciation \$000 | Transfers \$000 | Revaluation surplus \$000 | Cost/ revaluation 30 Jun 19 \$000 | Accumulated depreciation 30 Jun 19 \$000 | Carrying amount 30 Jun 19 \$000 |
|--|----------------------------------|---|--------------------------------|--|---|---------------------------------------|---------------------------------|-----------------|---------------------------|-----------------------------------|--|---------------------------------|
| <b>Operating assets at cost and valuation</b>          |                                  |   |                                |  |   |                                       |                                 |                 |                           |                                   |  |                                 |
| Land   | 34,277                           | -                                       | 34,277                         | 155                                    | -                                       | -                                     | -                               | (2,270)         | 7,782                     | 39,944                            | -  | 39,944                          |
| Buildings  | 66,468                           | (6,886)                                 | 59,582                         | 1,532                                  | (130)                                   | -                                     | (3,808)                         | -               | 7,498                     | 65,322                            | (648)                                    | 64,674                          |
| Library books  | 6,511                            | (5,317)                                 | 1,194                          | 307                                    | -                                       | -                                     | (307)                           | -               | -                         | 6,818                             | (5,624)                                  | 1,194                           |
| Leased plant & equipment                               | 257                              | (129)                                   | 128                            | 103                                    | -                                       | -                                     | (96)                            | -               | -                         | 359                               | (224)                                    | 135                             |
| Office furniture and fittings                          | 32,062                           | (17,220)                                | 14,842                         | 2,181                                  | (20)                                    | -                                     | (1,936)                         | -               | -                         | 34,149                            | (19,082)                                 | 15,067                          |
| Mobile plant and equipment                             | 9,869                            | (6,368)                                 | 3,501                          | 1,589                                  | (213)                                   | -                                     | (947)                           | -               | -                         | 10,556                            | (6,606)                                  | 3,930                           |
| Heritage assets  | 2,083                            | (10)                                    | 2,073                          | 83                                     | 1                                       | -                                     | -                               | -               | -                         | 2,167                             | (10)                                     | 2,157                           |
| Capital work in progress - land                        | 1,024                            | -                                       | 1,024                          | 1,222                                  | -                                       | -                                     | -                               | (1,977)         | -                         | 269                               | -  | 269                             |
| Capital work in progress - buildings                   | 17                               | -                                       | 17                             | 2,326                                  | -                                       | -                                     | -                               | (1,361)         | -                         | 982                               | -  | 982                             |
| Capital work in progress - library books               | -                                | -                                       | -                              | 307                                    | -                                       | -                                     | -                               | (307)           | -                         | -                                 | -  | -                               |
| Capital work in progress - office furniture & fittings | 169                              | -                                       | 169                            | 1,636                                  | -                                       | -                                     | -                               | (805)           | -                         | 1,000                             | -  | 1,000                           |
| Capital work in progress - mobile plant & equipment    | 58                               | -                                       | 58                             | 1,415                                  | -                                       | -                                     | -                               | (1,280)         | -                         | 193                               | -  | 193                             |
| Capital work in progress - heritage assets             | 6                                | -                                       | 6                              | 85                                     | -                                       | -                                     | -                               | (88)            | -                         | 3                                 | -  | 3                               |
| <b>Total operating assets</b>                          | <b>152,801</b>                   | <b>(35,930)</b>                         | <b>116,871</b>                 | <b>12,941</b>                          | <b>(362)</b>                            | <b>-</b>                              | <b>(7,094)</b>                  | <b>(8,088)</b>  | <b>15,280</b>             | <b>161,742</b>                    | <b>(32,194)</b>                          | <b>129,548</b>                  |
| <b>Infrastructural assets at cost and valuation</b>    |                                  |   |                                |  |   |                                       |                                 |                 |                           |                                   |  |                                 |
| Roading  | 331,453                          | (5,976)                                 | 325,477                        | 9,980                                  | (1,264)                                 | -                                     | (6,857)                         | -               | -                         | 340,006                           | (12,670)                                 | 327,336                         |
| Water supply   | 72,824                           | -                                       | 72,824                         | 7,650                                  | (193)                                   | -                                     | (3,427)                         | -               | -                         | 80,275                            | (3,421)                                  | 76,854                          |
| Wastewater reticulation                                | 117,967                          | -                                       | 117,967                        | 3,229                                  | (146)                                   | -                                     | (4,629)                         | -               | -                         | 121,046                           | (4,625)                                  | 116,421                         |
| Stormwater reticulation                                | 49,370                           | (15)                                    | 49,355                         | 1,868                                  | (70)                                    | -                                     | (942)                           | -               | -                         | 51,166                            | (955)                                    | 50,211                          |
| Land under roads                                       | 272,312                          | -                                       | 272,312                        | 9                                      | -                                       | -                                     | -                               | 40              | 69,587                    | 341,948                           | -  | 341,948                         |
| Infrastructural buildings                              | 12,280                           | (715)                                   | 11,565                         | 197                                    | -                                       | -                                     | (359)                           | -               | 900                       | 12,303                            | -  | 12,303                          |
| Solid waste  | 5,262                            | (3,557)                                 | 1,705                          | -                                      | -                                       | -                                     | (247)                           | -               | -                         | 5,262                             | (3,804)                                  | 1,458                           |
| Capital work in progress - roading                     | 2,476                            | -                                       | 2,476                          | 6,519                                  | -                                       | -                                     | -                               | (7,099)         | -                         | 1,896                             | -  | 1,896                           |
| Capital works in progress - water supply               | 8,171                            | -                                       | 8,171                          | 7,716                                  | -                                       | -                                     | -                               | (6,758)         | -                         | 9,129                             | -  | 9,129                           |
| Capital work in progress - wastewater                  | 3,170                            | -                                       | 3,170                          | 4,694                                  | -                                       | -                                     | -                               | (1,737)         | -                         | 6,127                             | -  | 6,127                           |
| Capital work in progress - stormwater                  | 287                              | -                                       | 287                            | 614                                    | -                                       | -                                     | -                               | (425)           | -                         | 476                               | -  | 476                             |
| Capital work in progress - solid waste                 | -                                | -                                       | -                              | 192                                    | -                                       | -                                     | -                               | (1)             | -                         | 191                               | -  | 191                             |
| Taupo Airport Runways                                  | 4,899                            | (175)                                   | 4,724                          | -                                      | -                                       | -                                     | (176)                           | -               | -                         | 4,899                             | (351)                                    | 4,548                           |
| <b>Total infrastructural assets</b>                    | <b>880,471</b>                   | <b>(10,438)</b>                         | <b>870,033</b>                 | <b>42,668</b>                          | <b>(1,673)</b>                          | <b>-</b>                              | <b>(16,637)</b>                 | <b>(15,980)</b> | <b>70,487</b>             | <b>974,724</b>                    | <b>(25,826)</b>                          | <b>948,898</b>                  |
| <b>Restricted assets at cost and valuation</b>         |                                  |   |                                |  |   |                                       |                                 |                 |                           |                                   |  |                                 |
| Reserves   | 126,935                          | -                                       | 126,935                        | 1,124                                  | -                                       | -                                     | -                               | 4,783           | 22,432                    | 155,274                           | -  | 155,274                         |
| Taupo Airport Land                                     | 4,215                            | -                                       | 4,215                          | -                                      | -                                       | -                                     | -                               | -               | (179)                     | 4,036                             | -  | 4,036                           |
| <b>Total restricted assets</b>                         | <b>131,150</b>                   | <b>-</b>                                | <b>131,150</b>                 | <b>1,124</b>                           | <b>-</b>                                | <b>-</b>                              | <b>-</b>                        | <b>4,783</b>    | <b>22,253</b>             | <b>159,310</b>                    | <b>-</b>                                 | <b>159,310</b>                  |
| <b>Total Group</b>                                     | <b>1,164,422</b>                 | <b>(46,368)</b>                         | <b>1,118,054</b>               | <b>56,733</b>                          | <b>(2,035)</b>                          | <b>-</b>                              | <b>(23,731)</b>                 | <b>(19,285)</b> | <b>108,020</b>            | <b>1,295,776</b>                  | <b>(58,020)</b>                          | <b>1,237,756</b>                |

| Group 2018   | Cost / revaluation 1 Jul 17 \$000 | Accumulated depreciation 1 Jul 17 \$000 | Carrying amount 1 Jul 17 \$000 | Current year additions (+ gains) \$000 | Current year disposals (+ losses) \$000 | Current year impairment charges \$000 | Current year depreciation \$000 | Transfers \$000 | Revaluation surplus \$000 | Cost / revaluation 30 Jun 18 \$000 | Accumulated depreciation 30 Jun 18 \$000 | Carrying amount 30 Jun 18 \$000 |
|--|-----------------------------------|---|--------------------------------|--|---|---------------------------------------|---------------------------------|-----------------|---------------------------|------------------------------------|--|---------------------------------|
| <b>Operating assets at cost and valuation</b>          |                                   |   |                                |  |   |                                       |                                 |                 |                           |                                    |  |                                 |
| Land   | 35,136                            | -                                       | 35,136                         | 33                                     | (907)                                   | -                                     | -                               | 15              | -                         | 34,277                             | -  | 34,277                          |
| Buildings  | 64,831                            | (3,414)                                 | 61,417                         | 2,797                                  | (229)                                   | (699)                                 | (3,714)                         | 10              | -                         | 66,468                             | (6,886)                                  | 59,582                          |
| Library books  | 6,197                             | (5,015)                                 | 1,182                          | 314                                    | -                                       | -                                     | (302)                           | -               | -                         | 6,511                              | (5,317)                                  | 1,194                           |
| Leased plant & equipment                               | 298                               | (73)                                    | 225                            | -                                      | (28)                                    | -                                     | (69)                            | -               | -                         | 257                                | (129)                                    | 128                             |
| Office furniture and fittings                          | 30,149                            | (15,428)                                | 14,721                         | 2,310                                  | (11)                                    | -                                     | (1,908)                         | (270)           | -                         | 32,062                             | (17,220)                                 | 14,842                          |
| Mobile plant and equipment                             | 10,354                            | (6,343)                                 | 4,011                          | 538                                    | (152)                                   | -                                     | (886)                           | (10)            | -                         | 9,869                              | (6,368)                                  | 3,501                           |
| Heritage assets  | 2,060                             | (10)                                    | 2,050                          | 23                                     | -                                       | -                                     | -                               | -               | -                         | 2,083                              | (10)                                     | 2,073                           |
| Capital work in progress - land                        | 978                               | -                                       | 978                            | 1,087                                  | -                                       | -                                     | -                               | (1,041)         | -                         | 1,024                              | -  | 1,024                           |
| Capital work in progress - buildings                   | 119                               | -                                       | 119                            | 2,885                                  | -                                       | -                                     | -                               | (2,987)         | -                         | 17                                 | -  | 17                              |
| Capital work in progress - office furniture & fittings | 193                               | -                                       | 193                            | 1,467                                  | -                                       | -                                     | -                               | (1,491)         | -                         | 169                                | -  | 169                             |
| Capital work in progress - mobile plant & equipment    | -                                 | -                                       | -                              | 657                                    | -                                       | -                                     | -                               | (599)           | -                         | 58                                 | -  | 58                              |
| Capital work in progress - heritage assets             | 17                                | -                                       | 17                             | 44                                     | -                                       | -                                     | -                               | (55)            | -                         | 6                                  | -  | 6                               |
| <b>Total operating assets</b>                          | <b>150,332</b>                    | <b>(30,283)</b>                         | <b>120,049</b>                 | <b>12,470</b>                          | <b>(1,327)</b>                          | <b>(699)</b>                          | <b>(6,879)</b>                  | <b>(6,743)</b>  | <b>-</b>                  | <b>152,801</b>                     | <b>(35,930)</b>                          | <b>116,871</b>                  |
| <b>Infrastructural assets at cost and valuation</b>    |                                   |   |                                |  |   |                                       |                                 |                 |                           |                                    |  |                                 |
| Roading  | 323,311                           | (32)                                    | 323,279                        | 8,733                                  | (582)                                   | -                                     | (5,953)                         | -               | -                         | 331,453                            | (5,976)                                  | 325,477                         |
| Water supply   | 78,493                            | (6,172)                                 | 72,321                         | 2,055                                  | (11)                                    | -                                     | (3,087)                         | -               | 1,546                     | 72,824                             | -  | 72,824                          |
| Wastewater reticulation                                | 116,509                           | (8,654)                                 | 107,855                        | 3,521                                  | (9)                                     | -                                     | (4,408)                         | -               | 11,008                    | 117,967                            | -  | 117,967                         |
| Stormwater reticulation                                | 52,704                            | (1,786)                                 | 50,918                         | 1,841                                  | -                                       | -                                     | (936)                           | -               | (2,468)                   | 49,370                             | (15)                                     | 49,355                          |
| Land under roads                                       | 272,229                           | -                                       | 272,229                        | -                                      | -                                       | -                                     | -                               | 83              | -                         | 272,312                            | -  | 272,312                         |
| Infrastructural buildings                              | 12,273                            | (358)                                   | 11,915                         | 7                                      | -                                       | -                                     | (357)                           | -               | -                         | 12,280                             | (715)                                    | 11,565                          |
| Solid waste  | 5,262                             | (3,310)                                 | 1,952                          | -                                      | -                                       | -                                     | (247)                           | -               | -                         | 5,262                              | (3,557)                                  | 1,705                           |
| Capital work in progress - roading                     | 495                               | -                                       | 495                            | 4,672                                  | -                                       | -                                     | -                               | (2,691)         | -                         | 2,476                              | -  | 2,476                           |
| Capital works in progress - water supply               | 1,523                             | -                                       | 1,523                          | 6,764                                  | -                                       | -                                     | -                               | (116)           | -                         | 8,171                              | -  | 8,171                           |
| Capital work in progress - wastewater                  | 473                               | -                                       | 473                            | 2,858                                  | -                                       | -                                     | -                               | (161)           | -                         | 3,170                              | -  | 3,170                           |
| Capital work in progress - stormwater                  | 1                                 | -                                       | 1                              | 307                                    | -                                       | -                                     | -                               | (21)            | -                         | 287                                | -  | 287                             |
| Capital work in progress - solid waste                 | -                                 | -                                       | -                              | 25                                     | -                                       | -                                     | -                               | (25)            | -                         | -                                  | -  | -                               |
| Taupo Airport Runways                                  | 4,874                             | -                                       | 4,874                          | 25                                     | -                                       | -                                     | (175)                           | -               | -                         | 4,899                              | (175)                                    | 4,724                           |
| <b>Total infrastructural assets</b>                    | <b>868,147</b>                    | <b>(20,312)</b>                         | <b>847,835</b>                 | <b>30,808</b>                          | <b>(602)</b>                            | <b>-</b>                              | <b>(15,163)</b>                 | <b>(2,931)</b>  | <b>10,086</b>             | <b>880,471</b>                     | <b>(10,438)</b>                          | <b>870,033</b>                  |
| <b>Restricted assets at cost and valuation</b>         |                                   |   |                                |  |   |                                       |                                 |                 |                           |                                    |  |                                 |
| Reserves   | 126,118                           | -                                       | 126,118                        | 832                                    | -                                       | -                                     | -                               | (15)            | -                         | 126,935                            | -  | 126,935                         |
| Taupo Airport Land                                     | 3,945                             | -                                       | 3,945                          | -                                      | -                                       | -                                     | -                               | 270             | -                         | 4,215                              | -  | 4,215                           |
| <b>Total restricted assets</b>                         | <b>130,063</b>                    | <b>-</b>                                | <b>130,063</b>                 | <b>832</b>                             | <b>-</b>                                | <b>-</b>                              | <b>-</b>                        | <b>255</b>      | <b>-</b>                  | <b>131,150</b>                     | <b>-</b>                                 | <b>131,150</b>                  |
| <b>Total Group</b>                                     | <b>1,148,542</b>                  | <b>(50,595)</b>                         | <b>1,097,947</b>               | <b>44,110</b>                          | <b>(1,929)</b>                          | <b>(699)</b>                          | <b>(22,042)</b>                 | <b>(9,419)</b>  | <b>10,086</b>             | <b>1,164,422</b>                   | <b>(46,368)</b>                          | <b>1,118,054</b>                |

## Heritage assets

Council owns a variety of heritage type assets around the Taupō District that are of cultural or historical significance which are not included in values in the note above.

These assets are made up of mainly carvings and sculptures and Council estimates their value at \$284,000 (2018 \$284,000).

## Restrictions to title and security over property, plant & equipment

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

## Infrastructural assets

Council manages infrastructural assets in accordance with Asset Management Plans. These plans detail the level of service required, the current physical extent, condition and capacity of the network and the timing, extent and cost of work required to maintain and restore the network's defined capacity in future years.

## Computers and fitness equipment

These assets are subject to finance leases (note 24)

## Impairment

No assets have been identified as requiring impairment (2018 \$698,142 Waiora House).

## Insurance on assets

The total book value of all assets covered by insurance contracts is \$129 million (2018 \$129m).

The Council has chosen to insure these assets for \$298 million (2018 \$298m).

The Council has chosen to self-insure Infrastructure assets as outlined in Council's Taupō Recovery Plan December 2013, by "ring fencing" the cash investments of the TEL Fund of \$60m (2018 \$59m) and providing other funding options including undrawn credit lines, other reserve funds and sufficient head room with respect to borrowing limits. The value of the Roding, Water, Wastewater, Stormwater & Solid Waste assets that are self-insured is \$588 million (2018 \$578m).

With the provisions made above, in the event of a loss Council will be eligible for 60% financial support for essential infrastructure recovery from Central Government.



## Infrastructural assets - further disclosures

### Council 2019

| Council 2019                             | Closing book value<br>\$000 | Additions<br>constructed<br>by Council<br>\$000 | Additions - Assets<br>transferred<br>to Council<br>\$000 | Estimated<br>replacement<br>cost<br>\$000 |
|--|-----------------------------|---|--|---|
| <b>Infrastructural assets</b>            |                             |   |  |   |
| Water treatment plants & facilities      | 17,664                      | -   | -  | 37,294                                    |
| Water reticulation assets                | 59,191                      | 6,378   | 1,271  | 118,340                                   |
| Wastewater treatment plants & facilities | 56,222                      | -   | -  | 131,441                                   |
| Wastewater reticulation assets           | 60,199                      | 1,803   | 1,425  | 103,410                                   |
| Stormwater drainage                      | 49,866                      | 514   | 1,354  | 88,948                                    |
| Roads & footpaths                        | 325,942                     | 7,384   | 2,597  | 464,175                                   |
| <b>Total infrastructural assets</b>      | <b>569,084</b>              | <b>16,079</b>                                   | <b>6,647</b>   | <b>943,608</b>                            |

Water, wastewater and stormwater assets latest valuation 30/6/2018.

Roads and footpaths latest valuation 30/6/2017.

### Council 2018

| Council 2018                             | Closing book value<br>\$000 | Additions<br>constructed<br>by Council<br>\$000 | Additions - Assets<br>transferred<br>to Council<br>\$000 | Estimated<br>replacement<br>cost<br>\$000 |
|--|-----------------------------|---|--|---|
| <b>Infrastructural assets</b>            |                             |   |  |   |
| Water treatment plants & facilities      | 19,456                      | -   | -  | 36,998                                    |
| Water reticulation assets                | 53,368                      | 208   | 1,847  | 109,702                                   |
| Wastewater treatment plants & facilities | 59,486                      | -   | -  | 130,169                                   |
| Wastewater reticulation assets           | 58,481                      | 260   | 3,261  | 102,387                                   |
| Stormwater drainage                      | 48,995                      | 85  | 1,756  | 86,389                                    |
| Roads & footpaths                        | 324,068                     | 3,067   | 5,666  | 464,151                                   |
| Taupo Airport runways                    | -                           | -   | -  | -   |
| <b>Total infrastructural assets</b>      | <b>563,854</b>              | <b>3,620</b>                                    | <b>12,530</b>  | <b>929,796</b>                            |

### Group 2019

| Group 2019                               | Closing book value<br>\$000 | Additions<br>constructed<br>by Group<br>\$000 | Additions - Assets<br>transferred<br>to Group<br>\$000 | Estimated<br>replacement<br>cost<br>\$000 |
|--|-----------------------------|---|--|---|
| <b>Infrastructural assets</b>            |                             |   |  |   |
| Water treatment plants & facilities      | 17,664                      | -   | -  | 37,294                                    |
| Water reticulation assets                | 59,191                      | 6,378   | 1,271  | 118,340                                   |
| Wastewater treatment plants & facilities | 56,222                      | -   | -  | 131,441                                   |
| Wastewater reticulation assets           | 60,199                      | 1,803   | 1,425  | 103,410                                   |
| Stormwater drainage                      | 50,211                      | 514   | 1,425  | 89,323                                    |
| Roads & footpaths                        | 327,336                     | 7,384   | 1,354  | 465,599                                   |
| Taupo Airport runways                    | 4,724                       | -   | -  | 4,899                                     |
| <b>Total infrastructural assets</b>      | <b>575,547</b>              | <b>16,079</b>                                 | <b>5,475</b>   | <b>950,306</b>                            |

Water, wastewater and stormwater assets latest valuation 30/6/2018.

Roads and footpaths latest valuation 30/6/2017.



## Group 2018

| Group 2018                               | Closing book value<br>\$000 | Additions<br>constructed<br>by Group<br>\$000 | Additions - Assets<br>transferred<br>to Group<br>\$000 | Estimated<br>replacement<br>cost<br>\$000 |
|--|-----------------------------|---|--|---|
| <b>Infrastructural assets</b>            |                             |   |  |   |
| Water treatment plants & facilities      | 19,456                      | -   | -  | 36,998                                    |
| Water reticulation assets                | 53,368                      | 208   | 1,847  | 109,702                                   |
| Wastewater treatment plants & facilities | 59,486                      | -   | -  | 130,169                                   |
| Wastewater reticulation assets           | 58,481                      | 260   | 3,261  | 102,387                                   |
| Stormwater drainage                      | 49,355                      | 85  | 1,756  | 86,764                                    |
| Roads & footpaths                        | 325,477                     | 3,067   | 5,666  | 465,575                                   |
| Taupo Airport runways                    | 4,724                       | 25  | -  | 4,899                                     |
| <b>Total infrastructural assets</b>      | <b>570,347</b>              | <b>3,645</b>                                  | <b>12,530</b>  | <b>936,494</b>                            |

## Finance leases as lessee

The net carrying amount of property, plant and equipment leased under finance leases is as follows:

|                    | Council                 |                         | Group                   |                         |
|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                    | Actual<br>2018<br>\$000 | Actual<br>2017<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2017<br>\$000 |
| Computer equipment | 31                      | 101                     | 31                      | 101                     |
| Gym equipment      | 105                     | 27                      | 105                     | 27                      |
| <b>Total</b>       | <b>136</b>              | <b>128</b>              | <b>136</b>              | <b>128</b>              |

## Capital commitments

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2018<br>\$000 | Actual<br>2017<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2017<br>\$000 |
| Water system  | 2,965                   | 1,400                   | 2,965                   | 1,400                   |
| Wastewater capex/renewals                             | 1,036                   | 2,298                   | 1,036                   | 2,298                   |
| Stormwater capex/renewals                             | -                       | 161                     | -                       | 161                     |
| District roading capex/renewals                       | 984                     | 2,127                   | 984                     | 2,127                   |
| Council Administration Building                       | 40                      | -                       | 40                      | -                       |
| Velodrome Renewal                                     | 133                     | -                       | 133                     | -                       |
| Alterations to Turangi Information Centre             | 204                     | -                       | 204                     | -                       |
| Turangi Gymnasium Renovation                          | 255                     | -                       | 255                     | -                       |
| AC Baths Hydroslide Replacement                       | 61                      | -                       | 61                      | -                       |
| Tech One ERP Implementation                           | 860                     | -                       | 860                     | -                       |
| Otumuheke cultural and ecological enhancement project | -                       | 452                     | -                       | 452                     |
| Other capex/renewals                                  | -                       | 17                      | -                       | 17                      |
| <b>Total capital commitments</b>                      | <b>6,538</b>            | <b>6,455</b>            | <b>6,538</b>            | <b>6,455</b>            |

## 18 Intangible assets

### Accounting policy

#### Computer software

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

Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

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

Costs directly associated with the development of identifiable and unique software products for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives (not exceeding 8 years).

Staff training costs are recognised as an expense when incurred.

#### Carbon credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

#### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

| Class of intangible asset | Estimated Useful Life | Amortisation rates |
|---------------------------|-----------------------|--------------------|
| Computer software         | 3 - 8 years           | 12.5% - 33.33%     |

For further details, refer to the policy for impairment of property, plant and equipment in note 17. The same approach applies to the impairment of intangible assets.

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

| Cost                                     | Computer software \$000 | Capital work in progress \$000 | Carbon credits \$000 | Total \$000  |
|--|-------------------------|--------------------------------|----------------------|--------------|
| <b>Council 2018</b>                      |                         |                                |                      |              |
| Balances at 1 July 2017                  | 3,118                   | -                              | -                    | 3,118        |
| Additions                                | 17                      | -                              | 308                  | 325          |
| Disposals                                | -                       | -                              | -                    | -            |
| Balance at 30 June 2018                  | 3,135                   | -                              | 308                  | 3,443        |
| <b>Council 2019</b>                      |                         |                                |                      |              |
| Balance at 1 July 2018                   | 3,135                   | -                              | 308                  | 3,443        |
| Additions                                | 11                      | 1,192                          | 378                  | 1,581        |
| Disposals                                | (48)                    | -                              | (308)                | (356)        |
| Transfers to property, plant & equipment | -                       | (63)                           | -                    | (63)         |
| <b>Balance at 30 June 2019</b>           | <b>3,098</b>            | <b>1,129</b>                   | <b>378</b>           | <b>4,605</b> |

| Accumulated Amortisation and impairment | Computer software<br>\$000 | Capital work in<br>progress \$000 | Carbon<br>credits<br>\$000 | Total<br>\$000 |
|---|----------------------------|-----------------------------------|----------------------------|----------------|
| <b>Council 2018</b>                     |                            |                                   |                            |                |
| Balances at 1 July 2017                 | (2,396)                    | -                                 | -                          | (2,396)        |
| Amortisation Charge                     | (308)                      | -                                 | -                          | (308)          |
| Balances as at 30 June 2018             | (2,704)                    | -                                 | -                          | (2,704)        |
| <b>Council 2019</b>                     |                            |                                   |                            |                |
| Balances at 1 July 2018                 | (2,704)                    | -                                 | -                          | (2,704)        |
| Disposals                               | 48                         | -                                 | -                          | 48             |
| Amortisation Charge                     | (211)                      | -                                 | -                          | (211)          |
| <b>Balances as at 30 June 2019</b>      | <b>(2,867)</b>             | <b>-</b>                          | <b>-</b>                   | <b>(2,867)</b> |

| Carrying amounts                 | Computer software<br>\$000 | Capital work in<br>progress \$000 | Carbon<br>credits<br>\$000 | Total<br>\$000 |
|----------------------------------|----------------------------|-----------------------------------|----------------------------|----------------|
| <b>Council</b>                   |                            |                                   |                            |                |
| As at 1 July 2017                | 722                        | -                                 | -                          | 722            |
| As at 30 June 2018 & 1 July 2018 | 431                        | -                                 | 308                        | 739            |
| As at 30 June 2019               | 231                        | 1,129                             | 378                        | 1,738          |

| Cost                                     | Computer software<br>\$000 | Capital work in<br>progress \$000 | Carbon<br>credits<br>\$000 | Total<br>\$000 |
|--|----------------------------|-----------------------------------|----------------------------|----------------|
| <b>Group 2018</b>                        |                            |                                   |                            |                |
| Balances as at 1 July 2017               | 3,124                      | -                                 | -                          | 3,124          |
| Additions                                | 17                         | -                                 | 308                        | 325            |
| Disposals                                | -                          | -                                 | -                          | -              |
| Balance at 30 June 2018                  | 3,141                      | -                                 | 308                        | 3,449          |
| <b>Group 2019</b>                        |                            |                                   |                            |                |
| Balances as at 1 July 2018               | 3,146                      | -                                 | 308                        | 3,454          |
| Additions                                | 155                        | 1,192                             | 378                        | 1,725          |
| Disposals                                | (48)                       | -                                 | (308)                      | (356)          |
| Transfers to property, plant & equipment | -                          | (63)                              | -                          | (63)           |
| <b>Balance at 30 June 2019</b>           | <b>3,253</b>               | <b>1,129</b>                      | <b>378</b>                 | <b>4,760</b>   |

| Accumulated Amortisation and impairment | Computer software<br>\$000 | Capital work in<br>progress \$000 | Carbon<br>credits<br>\$000 | Total<br>\$000 |
|---|----------------------------|-----------------------------------|----------------------------|----------------|
| <b>Group 2018</b>                       |                            |                                   |                            |                |
| Balances as at 1 July 2017              | (2,398)                    | -                                 | -                          | (2,398)        |
| Amortisation Charge                     | (309)                      | -                                 | -                          | (309)          |
| Balances as at 30 June 2018             | (2,707)                    | -                                 | -                          | (2,707)        |
| <b>Group 2019</b>                       |                            |                                   |                            |                |
| Balances as at 1 July 2018              | (2,712)                    | -                                 | -                          | (2,712)        |
| Disposals                               | 48                         | -                                 | -                          | 48             |
| Amortisation Charge                     | (234)                      | -                                 | -                          | (234)          |
| <b>Balances as at 30 June 2019</b>      | <b>(2,898)</b>             | <b>-</b>                          | <b>-</b>                   | <b>(2,898)</b> |

| Carrying amounts                 | Computer software<br>\$000 | Capital work in<br>progress \$000 | Carbon<br>credits<br>\$000 | Total<br>\$000 |
|----------------------------------|----------------------------|-----------------------------------|----------------------------|----------------|
| <b>Group</b>                     |                            |                                   |                            |                |
| As at 1 July 2017                | 726                        | -                                 | -                          | 726            |
| As at 30 June 2018 & 1 July 2018 | 434                        | -                                 | 308                        | 742            |
| As at 30 June 2019               | 355                        | 1,129                             | 378                        | 1,862          |

## Impairment

### Carbon credits

Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

## 19 Depreciation and amortisation expense by group of activity

|   | Council                 |                         |
|---|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Water   | 3,675                   | 3,353                   |
| Community Services  | 204                     | 184                     |
| Transport   | 6,875                   | 5,969                   |
| Community Facilities  | 5,150                   | 4,989                   |
| Solid Waste   | 372                     | 373                     |
| Stormwater  | 927                     | 922                     |
| Wastewater  | 4,799                   | 4,582                   |
| Economic Development  | 18                      | 17                      |
| Democracy & Planning  | 14                      | 13                      |
| Investments   | 212                     | 349                     |
| <b>Total depreciation and amortisation expense by activity</b>            | <b>22,246</b>           | <b>20,751</b>           |
| Depreciation and amortisation not directly related to group of activities | 1,398                   | 1,335                   |
| <b>Total depreciation and amortisation expense</b>                        | <b>23,644</b>           | <b>22,086</b>           |



## 20 Biological assets – Forestry

### Accounting policy

Forestry assets are predominantly standing trees which are managed on a sustainable yield basis.

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

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

The costs to maintain forestry assets are included in the statements of comprehensive income.

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Opening balance                                   | 9,142                   | 7,450                   | 9,142                   | 7,450                   |
| Gains/(losses) arising from changes in fair value | 610                     | 3,026                   | 610                     | 3,026                   |
| Additions   | 139                     | 57                      | 139                     | 57                      |
| Disposals   | (2,043)                 | (1,392)                 | (2,043)                 | (1,392)                 |
| <b>Carrying amount at 30 June</b>                 | <b>7,848</b>            | <b>9,141</b>            | <b>7,848</b>            | <b>9,141</b>            |

The forest estate comprises a number of relatively small forests and two larger forests (Rangitāiki & Tirohanga) in the Taupō basin of radiata pine. The total net stocked area of the estate is estimated to be 985 hectares (2018 1,020 hectares).

Part of the tree crop (136.9 ha) in the Tirohanga forest has been sold under a 'Pay-as-cut' sale. At balance date 53 ha remained to be harvested under this contract. The estimated value of the area remaining under the contract at 30 June 2019, valued at the contracted tonnage rate, is \$1,770,000.

Feasibility, cost and timing of developing final access parts of the Tirohanga forest block are presently unknown. The realisation of the fair value assessed for the Tirohanga block is thus contingent on securing access and an assumption has been made in the valuation as to the timing of securing this access. The securing of access may involve additional costs that are not considered in reaching the assessed fair value presented.

Adam Mills of Woodlands Pacific Consulting Limited, an independent valuer, has valued the remaining forestry assets at \$6,160,000 as at 30 June 2019. The following assumptions have been adopted in determining the fair value of forestry assets (excluding the area currently under contract) :

- a pre tax discount rate of 9% (2018 9%) has been

used in discounting the present value of expected cashflows

- notional land rental costs have been included for freehold land
- forests have been valued on a going concern basis and includes the value of the existing crops on a single rotational basis
- costs and prices are held constant in 2019 NZ dollars i.e. the net impact of inflation is assumed to be zero
- costs are current average costs. No allowance has been made for cost improvements in future operations.
- log prices are based on national export log price indices for the benchmark China A grade.

There are no restrictions over the title of forestry assets, nor is any forestry asset pledged as security for liabilities (2018 Nil).

### Financial risk management strategies

Council is exposed to financial risks arising from changes in timber prices. As Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, it has not taken any measures to manage the risk of a decline in timber prices.

## 21 Investment property

### Accounting policy

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date.

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

Total fair value of investment properties is shown in the table below:

|                           | Council                 |                         | Group                   |                         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                           | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Land                      | 11,294                  | 11,479                  | 11,604                  | 11,479                  |
| Buildings                 | 902                     | 853                     | 902                     | 853                     |
| <b>Balance at 30 June</b> | <b>12,196</b>           | <b>12,332</b>           | <b>12,506</b>           | <b>12,332</b>           |

The movement of investment property is as follows:

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Opening balance</b>                                    | <b>12,332</b>           | <b>14,819</b>           | <b>12,332</b>           | <b>14,819</b>           |
| Fair value gains/(losses) on valuation                    | 1,285                   | 393                     | 1,285                   | 393                     |
| Additions   | 15                      | 10                      | 15                      | 10                      |
| Disposals   | -                       | -                       | -                       | -                       |
| Transfers (to)/ from property plant and equipment         | (2,553)                 | (83)                    | (2,553)                 | (83)                    |
| Transfers (to)/ from inventories and assets held for sale | 1,117                   | (2,807)                 | 1,117                   | (2,807)                 |
| <b>Balance at 30 June</b>                                 | <b>12,196</b>           | <b>12,332</b>           | <b>12,196</b>           | <b>12,332</b>           |

Investment properties are valued annually effective at 30 June to fair value. The valuation was performed by M MacDonald BBS (VPM) GradDipBusStud (Rural valuation) MPINZ, an independent registered valuer of Quotable Value Limited.

Quotable Value Limited is an experienced valuer with extensive market knowledge in the types and location of investment properties owned by the Council.

The valuation methodology and assumptions used were:

- all land has been valued on a fair market, highest and best use basis, each site has been individually considered and valued in accordance with current market conditions;

- all buildings are valued with reference to the market where market evidence exists, highest and best use of the property has been considered when formulating the valuation approach;
- site and other improvements relating to various land assets have been assessed on a fair value market basis, in the absence of conclusive market value evidence, improvements have been valued by the depreciated replacement cost approach; and
- all lessee (non Council) improvements have been excluded from the valuation.

Amounts relating to investment property and recognised in surplus or deficit include:

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Rental revenue from investment property   | 116                     | 120                     | 116                     | 120                     |
| Direct operating expenses related to investment property that generated rental revenue during the period        | 47                      | 27                      | 47                      | 27                      |
| Direct operating expenses related to investment property that did not generate rental revenue during the period | 61                      | 101                     | 61                      | 101                     |
| Contractual obligations for capital expenditure   | -                       | 16                      | -                       | 16                      |

## 22 Trade and other payables

### Accounting policy

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

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Trade payables  | 5,621                   | 4,765                   | 5,745                   | 4,953                   |
| Accrued expenses  | 2,396                   | 908                     | 2,505                   | 1,058                   |
| Councillor fees payable   | 13                      | 13                      | 13                      | 13                      |
| Accrued interest on borrowings  | 441                     | 415                     | 441                     | 415                     |
| Deposits and bonds  | 1,283                   | 831                     | 1,285                   | 839                     |
| Revenue in advance  | 2,943                   | 3,099                   | 3,000                   | 3,146                   |
| <b>Total creditors and other payables</b>   | <b>12,697</b>           | <b>10,031</b>           | <b>12,989</b>           | <b>10,424</b>           |
| Total creditors and other payables from exchange transactions                                 | 8,445                   | 6,091                   | 8,671                   | 6,593                   |
| Total creditors and other payables from non-exchange transactions                             | 4,252                   | 3,940                   | 4,317                   | 3,831                   |
| <b>Total current creditors and other payables from exchange and non-exchange transactions</b> | <b>12,697</b>           | <b>10,031</b>           | <b>12,988</b>           | <b>10,424</b>           |

Trade payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade payables approximates their fair value.



Tūrangi.

## 23 Employee entitlements

### Accounting policy

#### Short-term employee entitlements

Employee benefits due to be settled within 12 months after the end of the period in which the employee provides the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability and an expense are recognised for bonuses where the Council or Group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligations can be made.

#### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and

- the present value of the estimated future cash flows.

#### Presentation of employee entitlements

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

#### Critical accounting estimates and assumptions

##### Estimating retirement and long service leave obligations

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

A discount factor of 1.23% (2018 1.78%) and an inflation factor of 2% (2018 2%) were used.

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Current portion</b>                     |                         |                         |                         |                         |
| Accrued pay                                | 122                     | 79                      | 130                     | 86                      |
| Annual leave                               | 2,212                   | 2,230                   | 2,320                   | 2,387                   |
| Lieu leave                                 | 120                     | 134                     | 127                     | 141                     |
| Retirement gratuities & long service leave | 208                     | 179                     | 208                     | 179                     |
| Sick leave                                 | 55                      | 46                      | 55                      | 46                      |
| <b>Total current portion</b>               | <b>2,717</b>            | <b>2,668</b>            | <b>2,840</b>            | <b>2,839</b>            |
| <b>Non-current portion</b>                 |                         |                         |                         |                         |
| Retirement gratuities & long service leave | 345                     | 395                     | 353                     | 403                     |
| <b>Total non-current portion</b>           | <b>345</b>              | <b>395</b>              | <b>353</b>              | <b>403</b>              |
| <b>Total employee entitlements</b>         | <b>3,062</b>            | <b>3,063</b>            | <b>3,193</b>            | <b>3,242</b>            |



## 24 Borrowings

### Accounting policy

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

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

### Finance leases

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

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

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

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

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Current portion</b>                                       |                         |                         |                         |                         |
| Commercial paper   | 30,000                  | 19,000                  | 30,000                  | 19,000                  |
| Debentures   | -                       | 30,000                  | -                       | 30,000                  |
| Finance lease liabilities                                    | 103                     | 102                     | 103                     | 102                     |
| <b>Total secured current interest bearing borrowings</b>     | <b>30,103</b>           | <b>49,102</b>           | <b>30,103</b>           | <b>49,102</b>           |
| <b>Non-current portion</b>                                   |                         |                         |                         |                         |
| Debentures   | 115,000                 | 95,000                  | 115,000                 | 95,000                  |
| Finance lease liabilities                                    | 35                      | 36                      | 35                      | 36                      |
| <b>Total secured non-current interest bearing borrowings</b> | <b>115,035</b>          | <b>95,036</b>           | <b>115,035</b>          | <b>95,036</b>           |
| <b>Total borrowings</b>                                      | <b>145,138</b>          | <b>144,138</b>          | <b>145,138</b>          | <b>144,138</b>          |

The Treasury Management Policy provides rules to ensure investments are held in accordance with legislative provisions and internal investment risk management strategies. Throughout the financial year ended 30 June 2019, one of these investment policies was in breach - the fixed rate maturity profile limit was exceeded. This breach has occurred since the revision of the Treasury Management policy adopted effective 1 July 2015, when Council adopted a more conservative limit for the fixed rate maturity profile, with the understanding that it will take a number of years to transition Council's existing interest rate hedging instruments to align with the policy.

### Bank Facilities

Council has a total of \$50m (2018 \$50m) committed bank facilities, \$10m expires June 2021 and \$40m expires December 2022. Of the facilities nil (2018 \$nil) was drawn as at balance date.

### Commercial paper, fixed and floating rate notes

Council has issued nil (2018 \$nil) of fixed and floating rate notes at balance date.

Council has commercial paper of \$30m currently on issue (2018 \$19m).

### NZ Local Government Funding Agency

Council has issued \$115m (2018 \$125m) of floating rate debt securities as at balance date and these are entirely covered by interest rate swaps at fixed rates.

### Security

All of Council's secured loans are secured under the terms of the Debenture Trust Deed between the Council and Trustees Executors, as Trustee. Security is by a charge over the Council's ability to levy rates in favour of the Trustee. Pursuant to the Trust Deed Council has issued debenture and security stock certificates of \$120.5 million at 30 June 2019 (2018 \$109.5 million) to secure the various debentures issued, bank loan facilities, guarantees issued on behalf of Council and other general banking facilities.

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

Wakeboarding on  
Lake Taupō.

Photo: Destination Great Lake Taupō



|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Undrawn committed facilities</b>            |                         |                         |                         |                         |
| Payable no later than one year                 | 30,055                  | 49,102                  | 30,055                  | 49,102                  |
| Later than one, not later than two years       | 20,026                  | 33                      | 20,026                  | 33                      |
| Later than two, not later than five years      | 35,057                  | 45,002                  | 35,057                  | 45,002                  |
| Later than five years                          | 60,000                  | 50,000                  | 60,000                  | 50,000                  |
| <b>Total undrawn committed facilities</b>      | <b>145,138</b>          | <b>144,137</b>          | <b>145,138</b>          | <b>144,137</b>          |
| <b>Total minimum lease payments payable</b>    |                         |                         |                         |                         |
| Payable no later than one year                 | 64                      | 106                     | 64                      | 106                     |
| Later than one, not later than two years       | 32                      | 34                      | 32                      | 34                      |
| Later than two, not later than five years      | 62                      | 2                       | 62                      | 2                       |
| <b>Total minimum lease payments</b>            | <b>158</b>              | <b>142</b>              | <b>158</b>              | <b>142</b>              |
| Future finance charges                         | (20)                    | (5)                     | (20)                    | (5)                     |
| <b>Present value of minimum lease payments</b> | <b>138</b>              | <b>137</b>              | <b>138</b>              | <b>137</b>              |
| <b>Represented by:</b>                         |                         |                         |                         |                         |
| Current  | 55                      | 102                     | 55                      | 102                     |
| Non-current                                    | 83                      | 35                      | 83                      | 35                      |
| <b>Total finance leases</b>                    | <b>138</b>              | <b>137</b>              | <b>138</b>              | <b>137</b>              |

At the Council, finance leases are largely related to the leasing of computer equipment. A summary of the net carrying amount of all leased assets is in note 17.

The finance leases can be renewed at the Council and Group's option, with rents set by reference to current

market rates for items of an equivalent age and condition. The Council and Group do have the option to purchase the assets at the end of the lease term.

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



## 25 Derivative financial instruments

### Accounting policy

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

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

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Non-current liability portion</b>       |                         |                         |                         |                         |
| Interest rate swaps                        | 35,672                  | 24,083                  | 35,672                  | 24,083                  |
| <b>Total non-current liability portion</b> | <b>35,672</b>           | <b>24,083</b>           | <b>35,672</b>           | <b>24,083</b>           |

The fair value of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced (Infoscán) market parameters such as interest rate yield curves. The interest rate swaps have been valued by Hedgebook as at 30 June 2019.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2019 were \$209,650,000 (2018 \$205,250,000).

At 30 June 2019, the fixed interest rates of interest rate swaps vary from 3.7% to 6.16% (2018 4.64% to 6.16%).

10 year interest rate swaps have dropped from 3.08% to 1.79% during the reporting period. This increases the projected future cash flows of councils swaps and hence, increases the liability of these contracts.



## 26 Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Non-current portion</b>                          |                         |                         |                         |                         |
| Value landfill - closure and post closure provision | 99                      | 92                      | 99                      | 92                      |
| <b>Movements in provisions</b>                      |                         |                         |                         |                         |
| Opening balance                                     | 92                      | 69                      | 92                      | 69                      |
| Additional provisions made during the year          | 7                       | 23                      | 7                       | 23                      |
| <b>Closing balance</b>                              | <b>99</b>               | <b>92</b>               | <b>99</b>               | <b>92</b>               |

Taupō District Council gained resource consent in September 1998 to operate the Broadlands Road Landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

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

| Closure responsibilities                          | Post-closure responsibilities  |
|---|--|
| Final application and vegetation                  | Treatment and monitoring of leachate   |
| Final application and vegetation                  | Ground water and surface monitoring  |
| Facilities for leachate collection and monitoring | Gas monitoring and recovery  |
| Facilities for water quality monitoring           | Implementation of remedial measures such as needed for cover and control systems |
| Facilities for monitoring and recovery of gas     | On going site maintenance for drainage systems, final cover and vegetation       |

The management of the landfill will influence the timing of recognition of some liabilities, for example, the current landfill consists of a series of new cells being progressively opened as old ones are completed. Each of these requires additional capital expenditure and the recalculation of the landfill aftercare provision.

### Capacity of the Site

The estimated remaining capacity of the site as at 30 June 2019 is approximately 264,828 cubic metres (2018 295,789 cubic metres).

The estimated remaining life as at 30 June 2019 is 8 years (2018 9 years).

Estimates of the remaining capacity and life have been made by Council's engineers based on historical volume information and early results from the Solid Waste Management Strategy.

The cash outflows for landfill post-closure are expected to occur between 2030 and 2035. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.75%.



## 27 Contingencies

### Contingent liabilities

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

Council is one of 30 local authority shareholders and 64 local authority borrowers of the NZLGFA. (In that regard it has uncalled capital of \$100,000). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2019, NZLGFA had borrowings totalling \$9,531m (2018 \$8,272m).

This figure is made up of the face value of the LGFA's bonds on issue of \$8,935m (2018 \$7,719m), accrued interest on bonds on issue of \$68.3m (2018 \$72m), the face value of bills on issue of \$505m (2018 \$475m) and bonds LGFA lent to counterparties under bond repurchase transactions of \$23m (2018 \$6m).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt defaults in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### Other Contingencies

#### Taupō District Council

Scientific advice has been received regarding the Hipaua Geothermal Landslide risk near Waihi at the southern end of Lake Taupō. In the event of a landslide any property damage and/or loss of life could potentially give rise to claim(s) against Council, currently unquantifiable (2018 Same contingency disclosure made).



A land subsidence issue has been identified in the Taupō urban area, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the subsidence. The issue of contingent liability however, currently unquantifiable, is under review (2018 Same contingency disclosure made).

Council controls and has brought to account certain reserve lands throughout the District which will return to Iwi ownership in the event that they are no longer required for reserve purposes. Council does not envisage that this situation will ever eventuate (2018 Same disclosure of this contingency).

Council may be subject to claims relating to weather tightness building defects. Any leaky building claims made against Council after 1 July 2009 are not covered by our insurers. As at the date of this report there are three leaky building claims filed with the High Court to which the Council has been joined as a party, either as the direct respondent or as a third party. The Council is actively defending the claims and will seek to join third parties to share any liability it may have following mediation or trial. The three leaky building claims are:

1. Ministry of Education v Carter Holt Harvey – the leaky schools litigation:

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. The MOE's claim against CHH is for 833 school buildings, 40 of which are located within the Auckland region. In 2016, CHH commenced proceedings against 48 councils, including Taupō District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code of Compliance Certificates.

28 school buildings (three in Taupō) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court. The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

2. Randell & Squire v Taupō District Council – leaky building claim at 9B Krissell Place:

The plaintiffs have filed a claim in the High Court against the Council seeking \$424,000 plus interest and costs. A 10 day trial has been scheduled to commence after 16 April 2020. It is expected mediation will occur to attempt to settle the claim before trial. The Council has joined the developer to the proceedings. At this

stage, it is too early to conclude Council's ultimate liability, but its maximum exposure will be for the sum claimed (plus interest and costs).

3. Paine & Ors v Carter Holt Harvey – leaky home class action

During the last year, a group of homeowners initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadow clad plywood cladding sheets manufactured and distributed by CHH. CHH has joined 19 Councils as co-defendants in this claim.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

In addition to the weather tightness building claims, there are a further 4 unresolved potential legal claims against Council as at 30 June 2019 (2018: 5 claims) In addition, potential claims may arise from the significant wastewater discharge incident on the Taupō lakefront on 2 July 2019 and the Crown Road subsidence event that occurred on 5 July 2019. All matters present some contingent liability risk related to building or resource consents, property damage, or other aspects of Council's operations which may result in claims for loss against the Council or for which the Council may incur statutory liability. It is not presently possible for Council to quantify a maximum financial exposure for these claims, if indeed there is any liability at all.

The potential for erosion and flooding risk has been identified through technical reports around the foreshore of Lake Taupō, with the potential for property damage and therefore raising liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the erosion and flooding. The issue of contingent liability however, currently unquantifiable, is under review (2018 Same contingency disclosure made).

Due to recent earthquakes in Canterbury, Council needs to assess whether there is any risk to buildings in the Taupō District. Council has begun the task of evaluating its own buildings, commencing with the buildings of highest risk to human life, to determine if they may be earthquake prone, the buildings assessed so far comply for the intended use. The issue of contingent liability, if any, is unquantifiable (2018 Same contingency disclosure made).

There are no contingent assets or liabilities relating to the subsidiary entities (2018 nil).

### Contingent assets

There are no contingent assets for the Group as at 30 June 2019.



Kinloch golf course.



Photo: Destination Great Lake Taupō

## 28 Net assets/equity

### Accounting policy

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into the following components:

- accumulated funds;
- Council-created reserves;
- asset revaluation reserves; and
- available-for-sale revaluation reserve.

### Council-created reserves

Reserves are a component of equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Council created reserves are reserves established by Council decision.

The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

### Asset revaluation reserves

These reserves arise from certain asset classes being revalued, with these classes including land, buildings, infrastructural assets and restricted assets.

### Available-for-sale revaluation reserve

These reserves arise from available-for-sale investments being revalued to current fair value.

|                           | Council                 |                         | Group                   |                         |
|---------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                           | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Accumulated funds         | 792,612                 | 798,202                 | 793,943                 | 799,524                 |
| Reserves                  | 411,172                 | 295,766                 | 413,902                 | 298,655                 |
| <b>Balance at 30 June</b> | <b>1,203,784</b>        | <b>1,093,968</b>        | <b>1,207,845</b>        | <b>1,098,179</b>        |

The breakdown of accumulated funds and reserves are disclosed as follows:

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>Accumulated funds</b>                                  |                |                |                |                |
| Balance at 1 July   | 798,205        | 782,836        | 799,526        | 784,179        |
| Transfer from special fund                                | 23,496         | 22,691         | 23,496         | 22,691         |
| Transfer to special fund                                  | (31,125)       | (32,938)       | (31,125)       | (32,938)       |
| Disposal of property, plant and equipment                 | 373            | 1,116          | 373            | 1,116          |
| Surplus/(deficit) for the year                            | 1,663          | 24,497         | 1,673          | 24,476         |
| <b>Balance at 30 June</b>                                 | <b>792,612</b> | <b>798,202</b> | <b>793,943</b> | <b>799,524</b> |
| <b>Reserves includes</b>                                  |                |                |                |                |
| Asset revaluation reserves                                | 280,855        | 173,082        | 283,585        | 175,971        |
| Available-for-sale investments revaluation reserve        | 50             | 43             | 50             | 43             |
| Council created reserves (see analysis below)             | 130,267        | 122,641        | 130,267        | 122,641        |
| <b>Total reserves</b>                                     | <b>411,172</b> | <b>295,766</b> | <b>413,902</b> | <b>298,655</b> |
| <b>Asset revaluation reserves</b>                         |                |                |                |                |
| Balance at 1 July   | 173,082        | 164,111        | 175,971        | 167,000        |
| Revaluation gains/(losses)                                | 108,146        | 10,087         | 108,021        | 10,087         |
| Deferred tax on revaluation                               | -              | -              | (15)           | -              |
| Transfer to accumulated funds                             | (373)          | (1,116)        | (373)          | (1,116)        |
| Less minority interest share in change in asset value     | -              | -              | (19)           | -              |
| <b>Balance at 30 June</b>                                 | <b>280,855</b> | <b>173,082</b> | <b>283,585</b> | <b>175,971</b> |
| <b>Operational assets</b>                                 |                |                |                |                |
| Operational land  | 13,830         | 5,586          | 13,830         | 5,586          |
| Operational buildings                                     | 20,730         | 13,461         | 20,845         | 13,556         |
| Fencing   | -              | -              | 30             | 30             |
| Land improvements   | -              | -              | 65             | 65             |
| Investment properties - land                              | 3,074          | 5,257          | 3,074          | 5,257          |
| <b>Restricted assets</b>                                  |                |                |                |                |
| Reserves  | 30,608         | 6,150          | 31,774         | 7,495          |
| <b>Infrastructure assets</b>                              |                |                |                |                |
| Land under roads  | 75,544         | 5,935          | 75,544         | 5,935          |
| Roading   | 56,132         | 56,560         | 56,317         | 56,745         |
| Wastewater  | 45,856         | 45,897         | 45,856         | 45,897         |
| Water   | 19,382         | 19,401         | 19,382         | 19,401         |
| Stormwater  | 14,725         | 14,761         | 14,821         | 14,857         |
| Runways   | -              | -              | 1,073          | 1,073          |
| Infrastructure buildings                                  | 974            | 74             | 974            | 74             |
| <b>Total asset revaluation reserves</b>                   | <b>280,855</b> | <b>173,082</b> | <b>283,585</b> | <b>175,971</b> |
| <b>Available-for-sale investments revaluation reserve</b> |                |                |                |                |
| Balance at 1 July   | 43             | 136            | 43             | 136            |
| Revaluation of corporate bonds                            | 7              | (93)           | 7              | (93)           |
| <b>Balance at 30 June</b>                                 | <b>50</b>      | <b>43</b>      | <b>50</b>      | <b>43</b>      |



Information about reserve funds held for a specific purpose is provided below:

| Council created reserves                 | Activities to which the funds relate  | Opening balance<br>\$000 | Additions<br>\$000 | Withdrawals<br>\$000 | Closing balance<br>\$000 |
|--|---|--------------------------|--------------------|----------------------|--------------------------|
| <b>2019</b>                              |   |                          |                    |                      |                          |
| <b>Depreciation Reserves</b>             |   |                          |                    |                      |                          |
| Water Taupo                              | Water   | 489                      | 2,024              | (3,526)              | (1,013)                  |
| Water Acacia Bay                         | Water   | 375                      | 106                | (76)                 | 405                      |
| Water Kinloch                            | Water   | 1,811                    | 115                | (25)                 | 1,901                    |
| Water Waitahanui                         | Water   | 22                       | 2,014              | (1,946)              | 90                       |
| Water River Road                         | Water   | 167                      | 23                 | (30)                 | 160                      |
| Water Mapara                             | Water   | 475                      | 46                 | -                    | 521                      |
| Water Whakamoenga                        | Water   | 59                       | 18                 | (1)                  | 76                       |
| Water Bonshaw Park                       | Water   | 46                       | 32                 | (8)                  | 70                       |
| Water Centennial Drive Bores             | Water   | 1                        | -                  | -                    | 1                        |
| Water Centennial Drive                   | Water   | 33                       | 139                | (62)                 | 110                      |
| Water Whakaroa                           | Water   | 304                      | 42                 | (49)                 | 297                      |
| Water Mangakino                          | Water   | 333                      | 132                | (231)                | 234                      |
| Water Waihaha                            | Water   | 531                      | 54                 | (4)                  | 581                      |
| Water Tirohanga                          | Water   | 678                      | 85                 | (75)                 | 688                      |
| Water Atiamuri                           | Water   | 173                      | 22                 | (8)                  | 187                      |
| Water Whakamaru                          | Water   | (180)                    | 31                 | (11)                 | (160)                    |
| Water Motuoapa                           | Water   | 64                       | 63                 | (101)                | 26                       |
| Water Turangi                            | Water   | 1,590                    | 278                | (1,650)              | 218                      |
| Water Omori                              | Water   | 887                      | 108                | (46)                 | 949                      |
| Water Whareroa                           | Water   | 45                       | 25                 | (8)                  | 62                       |
| Water Hatepe                             | Water   | 54                       | 28                 | (22)                 | 60                       |
| Wastewater District                      | Wastewater  | 8,792                    | 4,844              | (5,579)              | 8,057                    |
| Solid Waste District                     | Solid Waste   | 725                      | 334                | 299                  | 1,358                    |
| Transport & Stormwater District          | Transport   | 7,671                    | 9,905              | (6,797)              | 10,779                   |
| Forestry District                        | Investments   | 6,683                    | -                  | -                    | 6,683                    |
| Buildings District                       | Community Facilities, Community Services, Water, Wastewater, Solid Waste, Investments, Economic Development | 2,753                    | 3,932              | (2,585)              | 4,100                    |
| Operational Assets                       | All activities with the exception of Democracy & Planning   | 4,585                    | 3,738              | (4,002)              | 4,321                    |
| <b>Development Contribution Reserves</b> |   |                          |                    |                      |                          |
| Community Infrastructure District        | Community Facilities  | 728                      | 2                  | -                    | 730                      |
| Parks & Reserves Land (Residential)      | Community Facilities  | 2,340                    | 160                | -                    | 2,500                    |
| District Wide Parks                      | Community Facilities  | 195                      | 73                 | -                    | 268                      |
| Water Taupo                              | Water   | 1,020                    | 519                | (385)                | 1,154                    |
| Water Kinloch                            | Water   | 604                      | 609                | -                    | 1,213                    |
| Water River Road                         | Water   | 5                        | -                  | -                    | 5                        |
| Water Mapara                             | Water   | 15                       | -                  | (50)                 | (35)                     |
| Water Turangi                            | Water   | 14                       | -                  | -                    | 14                       |
| Water Omori                              | Water   | 37                       | -                  | -                    | 37                       |
| Wastewater Taupo                         | Wastewater  | 2,332                    | 998                | (165)                | 3,165                    |
| Wastewater Kinloch                       | Wastewater  | 320                      | 349                | -                    | 669                      |
| Wastewater Mangakino                     | Wastewater  | -                        | -                  | -                    | -                        |
| Wastewater Atiamuri                      | Wastewater  | 2                        | -                  | -                    | 2                        |
| Wastewater Turangi                       | Wastewater  | -                        | 70                 | (70)                 | -                        |
| Stormwater Taupo Industrial              | Stormwater  | (17)                     | -                  | -                    | (17)                     |
| Transport District Wide                  | Transport   | 1,301                    | 818                | (565)                | 1,554                    |
| <b>Other Reserves</b>                    |   |                          |                    |                      |                          |
| Disaster Recovery Fund                   | All Activities  | 1,818                    | 100                | (13)                 | 1,905                    |
| District Airport Reserve                 | Taupo Airport (CCTO)  | 67                       | -                  | -                    | 67                       |
| Parking                                  | Community Services  | 69                       | -                  | -                    | 69                       |
| Forestry Silviculture & Tending          | Investments   | (549)                    | -                  | (262)                | (811)                    |
| Strategic Property Purchase - District   | Investments   | 13,190                   | 4,297              | (1,368)              | 16,119                   |
| TEL                                      | Investments   | 59,984                   | 2,596              | (1,681)              | 60,898                   |
| <b>Total reserves at 30 June 2019</b>    |   | <b>122,641</b>           | <b>38,729</b>      | <b>(31,102)</b>      | <b>130,267</b>           |

| Council created reserves                     | Activities to which the funds relate  | Opening balance \$000 | Additions \$000 | Withdrawals \$000 | Closing balance \$000 |
|--|---|-----------------------|-----------------|-------------------|-----------------------|
| <b>2018</b>                                  |   |                       |                 |                   |                       |
| <b>Depreciation Reserves</b>                 |   |                       |                 |                   |                       |
| Water Taupo                                  | Water   | 831                   | 1,957           | (2,299)           | 489                   |
| Water Acacia Bay                             | Water   | 334                   | 101             | (60)              | 375                   |
| Water Kinloch                                | Water   | 1,706                 | 107             | (2)               | 1,811                 |
| Water Waitahanui                             | Water   | (10)                  | 32              | -                 | 22                    |
| Water River Road                             | Water   | 144                   | 23              | -                 | 167                   |
| Water Mapara                                 | Water   | 430                   | 45              | -                 | 475                   |
| Water Whakamoenga                            | Water   | 41                    | 18              | -                 | 59                    |
| Water Bonshaw Park                           | Water   | 20                    | 27              | (1)               | 46                    |
| Water Centennial Drive Bores                 | Water   | 1                     | -               | -                 | 1                     |
| Water Centennial Drive                       | Water   | (70)                  | 133             | (30)              | 33                    |
| Water Whakaroa                               | Water   | 263                   | 41              | -                 | 304                   |
| Water Mangakino                              | Water   | 224                   | 129             | (20)              | 333                   |
| Water Waihaha                                | Water   | 474                   | 52              | 5                 | 531                   |
| Water Tirohanga                              | Water   | 596                   | 82              | -                 | 678                   |
| Water Atiamuri                               | Water   | 151                   | 22              | -                 | 173                   |
| Water Whakamaru                              | Water   | (207)                 | 30              | (3)               | (180)                 |
| Water Motuoapa                               | Water   | 94                    | 53              | (83)              | 64                    |
| Water Turangi                                | Water   | 1,346                 | 267             | (23)              | 1,590                 |
| Water Omori                                  | Water   | 930                   | 105             | (148)             | 887                   |
| Water Whareroa                               | Water   | 22                    | 23              | -                 | 45                    |
| Water Hatepe                                 | Water   | 75                    | 26              | (47)              | 54                    |
| Wastewater District                          | Wastewater  | 7,974                 | 4,522           | (3,704)           | 8,792                 |
| Solid Waste District                         | Solid Waste   | 841                   | 816             | (932)             | 725                   |
| Transport & Stormwater District              | Transport   | 6,449                 | 4,766           | (3,544)           | 7,671                 |
| Forestry District                            | Investments   | 5,106                 | 1,577           | -                 | 6,683                 |
| Buildings District                           | Community Facilities, Community Services, Water, Wastewater, Solid Waste, Investments, Economic Development | 2,231                 | 3,359           | (2,837)           | 2,753                 |
| Operational Assets                           | All activities with the exception of Democracy & Planning   | 5,008                 | 2,539           | (2,962)           | 4,585                 |
| <b>Development Contribution Reserves</b>     |   |                       |                 |                   |                       |
| Community Infrastructure                     | Community Facilities  | 864                   | 1               | (137)             | 728                   |
| District Parks & Reserves Land (Residential) | Community Facilities  | 2,697                 | 265             | (622)             | 2,340                 |
| District Wide Parks                          | Community Facilities  | 359                   | 66              | (230)             | 195                   |
| Water Taupo                                  | Water   | 626                   | 735             | (341)             | 1,020                 |
| Water Kinloch                                | Water   | 250                   | 363             | (9)               | 604                   |
| Water River Road                             | Water   | 5                     | -               | -                 | 5                     |
| Water Mapara                                 | Water   | 10                    | 5               | -                 | 15                    |
| Water Turangi                                | Water   | 14                    | -               | -                 | 14                    |
| Water Omori                                  | Water   | 37                    | -               | -                 | 37                    |
| Wastewater Taupo                             | Wastewater  | 1,325                 | 1,983           | (976)             | 2,332                 |
| Wastewater Kinloch                           | Wastewater  | 156                   | 164             | -                 | 320                   |
| Wastewater Mangakino                         | Wastewater  | -                     | -               | -                 | -                     |
| Wastewater Atiamuri                          | Wastewater  | 2                     | -               | -                 | 2                     |
| Wastewater Turangi                           | Wastewater  | -                     | -               | -                 | -                     |
| Stormwater Taupo Industrial                  | Stormwater  | (17)                  | -               | -                 | (17)                  |
| Transport District Wide                      | Transport   | 300                   | 991             | 10                | 1,301                 |
| <b>Other Reserves</b>                        |   |                       |                 |                   |                       |
| Disaster Recovery Fund                       | All Activities  | 1,724                 | 100             | (6)               | 1,818                 |
| District Airport Reserve                     | Taupo Airport (CCTO)  | 67                    | -               | -                 | 67                    |
| Parking                                      | Community Services  | 69                    | -               | -                 | 69                    |
| Forestry Silviculture & Tending              | Investments   | (492)                 | -               | (57)              | (549)                 |
| Strategic Property Purchase - District       | Investments   | 12,003                | 4,020           | (2,833)           | 13,190                |
| TEL  | Investments   | 57,388                | 2,578           | 18                | 59,984                |
| <b>Total reserves at 30 June 2018</b>        |   | <b>112,391</b>        | <b>32,123</b>   | <b>(21,873)</b>   | <b>122,641</b>        |

## Nature and purpose of reserves

### (i) Depreciation Reserves

These reserves are utilised to fund for renewals, capital expenditure, loan repayments and interest for the assets tagged to each reserve.

### (ii) Development Contribution Reserves

These reserves are utilised to fund for development contribution capital expenditure, loan repayments and interest for the assets tagged to each reserve.

### (iii) Disaster Recovery Fund

To provide \$100,000 annually to assist with readily available funds in the case of a significant natural disaster.

### (iv) District Airport Reserve

To provide for heavy periodic maintenance charges on assets such as buildings, roads etc. and for future capital works of this nature.

### (v) Parking

For the purchase or development of parking.

### (vi) Forestry

To be used in the establishment, maintenance and operating of Council's forestry blocks.

### (vii) Strategic Property Purchase - District

To fund specific strategically based property purchases and associated projects- District.

### (viii) TEL

To provide revenue to meet the level of District rate subsidy set by Council without diminishing the value of the fund.

## Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets while not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations.

Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

Taupō District Council has the following Council created reserves:

- Depreciation reserves
- Development contributions
- TEL Fund
- Disaster recovery
- Other special purpose

Depreciation reserves reflect the value of depreciation expense charged in the financial statements and funded from rates.

These reserves are utilised to fund the replacement and renewal of the assets that are being depreciated.

Development contribution reserves reflect development contributions invoiced and received, these are used to fund capital expenditure, loan repayments and loan interest on growth-related asset purchases or construction.

The TEL Fund was established in September 1995 when Taupō District Council sold its investments in Taupō Electricity Limited and Taupō Generation Limited. The fund is utilised to reduce the rating requirement of the District.

The disaster recovery reserve is set aside to assist with readily available funds in the case of a significant natural disaster.

The other special purpose reserves are an accumulation of a number of other designated reserves, funded and held for a variety of purposes. Among the more significant balances are the strategic property reserve, land subdivision reserves, and the forestry reserve.

## 29 Minority interest

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Balance at the beginning of the year               | -                       | -                       | 3,315                   | 3,385                   |
| Share of revaluation reserve change in asset value | -                       | -                       | 19                      | -                       |
| Share of surplus/(deficit)                         | -                       | -                       | (110)                   | (70)                    |
| <b>Balance at the end of the year</b>              | <b>-</b>                | <b>-</b>                | <b>3,224</b>            | <b>3,315</b>            |

## 30 Related party transactions

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

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

### Key management personnel compensation

|  | Council                 |                         |
|--|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Council members</b>                                       |                         |                         |
| Remuneration (Council Elected Members)                       | 503                     | 474                     |
| Full-time equivalent members                                 | 11                      | 11                      |
| <b>Senior Leadership Team, including the Chief Executive</b> |                         |                         |
| Remuneration (CEO & SLT)                                     | 1,770                   | 1,722                   |
| Full-time equivalent members*                                | 8                       | 9                       |
| <b>Total key management personnel compensation</b>           | <b>2,273</b>            | <b>2,196</b>            |
| <b>Total full-time equivalent personnel</b>                  | <b>19</b>               | <b>20</b>               |

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

It should be noted that the definition of key management personnel for this disclosure includes the Mayor, Councillors, the Chief Executive and members of the Senior Leadership Team. Details of remuneration paid to Councillors and Community Board members are provided in note 9.

\* note as at the 30 June 2018 there were eight actual members of the Senior Leadership Team

## 31 Events after balance date

There was a significant water and waste water breakage that occurred post balance date. Cost of remediation of this event is estimated at \$5m.

On 7 August the reserve bank of New Zealand reduced the OCR from 1.5% to 1.0% and long term interest expectations have dropped significantly. As a result councils interest rate swap liability has increased \$6.8m, from \$35.7m to \$42.5m based on a mark to market obtained on 10 September 2019.

## 32 Financial instruments

Council is risk averse and seeks to minimise risk exposure associated with financial instruments and treasury activity.

Council has risk management policies and processes in place particularly with regard to risk exposures relating to interest rates and the concentration of credit risk.

Council has established a Treasury Management Policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature.



(a) Financial instrument categories

| Assets - Council            | Held for trading<br>\$000 | Assets at fair value through surplus or deficit<br>\$000 | Loans and receivables<br>\$000 | Available for sale<br>\$000 | Total<br>\$000 |
|-----------------------------|---------------------------|--|--------------------------------|-----------------------------|----------------|
| <b>30 June 2019</b>         |                           |  |                                |                             |                |
| Cash and cash equivalent    | -                         | -  | 8,242                          | -                           | 8,242          |
| Receivables and prepayments | -                         | -  | 4,877                          | -                           | 4,877          |
| Other financial assets:     |                           |  |                                |                             |                |
| Bonds                       | -                         | -  | -                              | 134                         | 134            |
| Term deposits               | -                         | -  | 108,468                        | -                           | 108,468        |
| Borrowers notes             | -                         | -  | 1,994                          | -                           | 1,994          |
| Community loans             | -                         | -  | 757                            | -                           | 757            |
| Other Loans                 | -                         | -  | 1,000                          | -                           | 1,000          |
| Listed shares               | -                         | 10,889   | -                              | -                           | 10,889         |
| Unlisted shares             | -                         | -  | -                              | 243                         | 243            |
| <b>Total assets</b>         | -                         | 10,889   | 125,338                        | 377                         | 136,604        |
| <b>30 June 2018</b>         |                           |  |                                |                             |                |
| Cash and cash equivalent    | -                         | -  | 12,761                         | -                           | 12,761         |
| Receivables and prepayments | -                         | -  | 6,033                          | -                           | 6,033          |
| Other financial assets:     |                           |  |                                |                             |                |
| Bonds                       | -                         | -  | -                              | 4,048                       | 4,048          |
| Term deposits               | -                         | -  | 92,482                         | -                           | 92,482         |
| Borrowers notes             | -                         | -  | 2,208                          | -                           | 2,208          |
| Community loans             | -                         | -  | 821                            | -                           | 821            |
| Other Loans                 | -                         | -  | -                              | -                           | -              |
| Listed shares               | -                         | 9,082  | -                              | -                           | 9,082          |
| Unlisted shares             | -                         | -  | -                              | 236                         | 236            |
| <b>Total assets</b>         | -                         | 9,082  | 114,305                        | 4,284                       | 127,671        |

| Assets - Group              | Held for trading<br>\$000 | Assets at fair value through surplus or deficit<br>\$000 | Loans and receivables<br>\$000 | Available for sale<br>\$000 | Total<br>\$000 |
|-----------------------------|---------------------------|--|--------------------------------|-----------------------------|----------------|
| <b>30 June 2019</b>         |                           |  |                                |                             |                |
| Cash and cash equivalents   | -                         | -  | 8,485                          | -                           | 8,485          |
| Receivables and prepayments | -                         | -  | 4,951                          | -                           | 4,951          |
| Other financial assets:     |                           |  |                                |                             |                |
| Bonds                       | -                         | -  | -                              | 134                         | 134            |
| Notes                       | -                         | -  | 108,468                        | -                           | 108,468        |
| Borrower notes              | -                         | -  | 1,994                          | -                           | 1,994          |
| Community loans             | -                         | -  | 757                            | -                           | 757            |
| Other Loans                 | -                         | -  | 1,000                          | -                           | 1,000          |
| Listed shares               | -                         | 10,889   | -                              | -                           | 10,889         |
| Unlisted shares             | -                         | -  | -                              | 243                         | 243            |
| <b>Total assets</b>         | -                         | 10,889   | 125,655                        | 377                         | 136,921        |
| <b>30 June 2018</b>         |                           |  |                                |                             |                |
| Cash and cash equivalent    | -                         | -  | 13,329                         | -                           | 13,329         |
| Receivables and prepayments | -                         | -  | 5,954                          | -                           | 5,954          |
| Other financial assets:     |                           |  |                                |                             |                |
| Bonds                       | -                         | -  | -                              | 4,048                       | 4,048          |
| Term deposits               | -                         | -  | 92,732                         | -                           | 92,732         |
| Borrowers notes             | -                         | -  | 2,208                          | -                           | 2,208          |
| Community loans             | -                         | -  | 821                            | -                           | 821            |
| Other Loans                 | -                         | -  | -                              | -                           | -              |
| Listed shares               | -                         | 9,082  | -                              | -                           | 9,082          |
| Unlisted shares             | -                         | -  | -                              | 236                         | 236            |
| <b>Total assets</b>         | -                         | 9,082  | 115,044                        | 4,284                       | 128,410        |

| Liabilities - Council            | Held for trading<br>\$000 | Measured at<br>amortised cost<br>\$000 | Total<br>\$000 |
|----------------------------------|---------------------------|--|----------------|
| <b>30 June 2019</b>              |                           |  |                |
| Borrowings                       |                           |  |                |
| Derivative financial instruments | 35,672                    | -                                      | 35,672         |
| Debentures & commercial paper    | -                         | 145,000                                | 145,000        |
| Payables and accruals            |                           | 9,433                                  | 9,433          |
| <b>Total liabilities</b>         | <b>35,672</b>             | <b>154,433</b>                         | <b>190,105</b> |
| <b>30 June 2018</b>              |                           |  |                |
| Borrowings                       |                           |  |                |
| Derivative financial instruments | 24,083                    | -                                      | 24,083         |
| Debentures & commercial paper    | -                         | 144,000                                | 144,000        |
| Payables and accruals            | -                         | 6,641                                  | 6,641          |
| <b>Total liabilities</b>         | <b>24,083</b>             | <b>150,641</b>                         | <b>174,724</b> |

| Liabilities - Group              | Held for trading<br>\$000 | Measured at<br>amortised cost<br>\$000 | Total<br>\$000 |
|----------------------------------|---------------------------|--|----------------|
| <b>30 June 2019</b>              |                           |  |                |
| Borrowings                       |                           |  |                |
| Derivative financial instruments | 35,672                    | -                                      | 35,672         |
| Debentures & commercial paper    | -                         | 145,000                                | 145,000        |
| Payables and accruals            | -                         | 9,638                                  | 9,638          |
| <b>Total liabilities</b>         | <b>35,672</b>             | <b>154,638</b>                         | <b>190,310</b> |
| <b>30 June 2018</b>              |                           |  |                |
| Borrowings                       |                           |  |                |
| Derivative financial instruments | 24,083                    | -                                      | 24,083         |
| Debentures & commercial paper    | -                         | 144,000                                | 144,000        |
| Payables and accruals            | -                         | 6,969                                  | 6,969          |
| <b>Total liabilities</b>         | <b>24,083</b>             | <b>150,969</b>                         | <b>175,052</b> |

## (b) Market risk

### Price Risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. Council is exposed to price risk through its equity securities, which are classified as financial assets held at fair value through the surplus or deficit. This price risk arises due to market movements in the value of listed securities. This price risk is managed by the diversification of Council's investment portfolio and is managed by Council's Treasury Management Group and external Fund Advisors in accordance with Council's Investment Policy.

### Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Taupō District Council has no significant exposure to currency risk.

### Interest rate risk

The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. Mechanisms used include matching the interest rate profile of the Council and group's

financial investments and financial liabilities and, where appropriate, fixing rates through fixed rate borrowings and the use of interest rate derivatives.

### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could impact on the cost of borrowing or the return from an investment.

Council's Liability Management Policy sets minimum and maximum levels of fixed rate exposure for borrowings, across various time windows.

Council's Investment Policy provides for interest rate risk on investments to be managed by Council as part of its overall investment strategy.

### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Taupō District Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps.

These interest rate swaps have the economic effect of converting floating rate borrowings into fixed rates that are generally lower than those available if Taupō District Council borrowed at fixed rates directly.

Under the interest rate swaps, Taupō District Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Disclosure of the value of Council's interest rate swap instruments is made in note 25.

### Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on Taupō District Council's financial instrument exposures at balance date. These tables represent both the Council & Group position as there are no financial instruments requiring analysis for controlled entities.

| Interest Rate Risk                             | 2019            |                          |                 |                          | 2018            |                          |                 |                          |
|--|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|
|  | -100bps         |                          | +100bps         |                          | -100bps         |                          | +100bps         |                          |
|  | Profit<br>\$000 | Other<br>equity<br>\$000 | Profit<br>\$000 | Other<br>equity<br>\$000 | Profit<br>\$000 | Other<br>equity<br>\$000 | Profit<br>\$000 | Other<br>equity<br>\$000 |
| <b>Financial assets</b>                        |                 |                          |                 |                          |                 |                          |                 |                          |
| Cash and cash equivalents (1)                  | -               | -                        | -               | -                        | -               | -                        | -               | -                        |
| Term deposits (2)                              | -               | -                        | -               | -                        | -               | -                        | -               | -                        |
| Community loans (3)                            | -               | -                        | -               | -                        | -               | -                        | -               | -                        |
| Local authority stock (4)                      | -               | -                        | -               | -                        | -               | -                        | -               | -                        |
| Bonds (4)                                      | -               | -                        | -               | -                        | -               | 14                       | -               | (14)                     |
| <b>Financial liabilities</b>                   |                 |                          |                 |                          |                 |                          |                 |                          |
| Borrowings (5)                                 | -               | -                        | -               | -                        | -               | -                        | -               | -                        |
| Interest rate derivatives (6)                  | (12,786)        | -                        | 11,470          | -                        | (11,642)        | -                        | 10,430          | -                        |
| <b>Total sensitivity to interest rate risk</b> | <b>(12,786)</b> | <b>-</b>                 | <b>11,470</b>   | <b>-</b>                 | <b>(11,642)</b> | <b>14</b>                | <b>10,430</b>   | <b>(14)</b>              |

| Foreign Exchange Risk                             | 2019            |                          |                 |                          | 2018            |                          |                 |                          |
|---|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|-----------------|--------------------------|
|   | -5%             |                          | +5%             |                          | -5%             |                          | +5%             |                          |
|   | Profit<br>\$000 | Other<br>equity<br>\$000 | Profit<br>\$000 | Other<br>equity<br>\$000 | Profit<br>\$000 | Other<br>equity<br>\$000 | Profit<br>\$000 | Other<br>equity<br>\$000 |
| <b>Financial assets</b>                           |                 |                          |                 |                          |                 |                          |                 |                          |
| Quoted share investments (7a)                     | 551             | -                        | (372)           | -                        | 348             | -                        | (315)           | -                        |
| <b>Total sensitivity to foreign exchange risk</b> | <b>551</b>      | <b>-</b>                 | <b>(372)</b>    | <b>-</b>                 | <b>348</b>      | <b>-</b>                 | <b>(315)</b>    | <b>-</b>                 |
| <b>Financial liabilities</b>                      |                 |                          |                 |                          |                 |                          |                 |                          |
| Quoted share investments (7b)                     | (544)           | -                        | 544             | -                        | (454)           | -                        | 454             | -                        |
| <b>Total sensitivity to equity price risk</b>     | <b>(544)</b>    | <b>-</b>                 | <b>544</b>      | <b>-</b>                 | <b>(454)</b>    | <b>-</b>                 | <b>454</b>      | <b>-</b>                 |

### Explanation of sensitivity analysis - Council & Group

#### 1 - Cash and Cash Equivalents

Cash and cash equivalents include deposits at call of \$4,231,663 (2018 \$5,069,817), which are at an interest rate close to the Official Cash Rate and term deposits of less than three months from acquisition date of \$4,010,494 (2018 \$8,257,592). As the likelihood of this rate moving on balance date is unlikely no sensitivity analysis has been applied.

#### 2 - Term Deposits

Term deposits are valued at principal plus accrued interest \$108,467,880 (2018 \$92,731,184). A movement of plus or minus 1% in the interest rate has nil effect on the profit and loss (2018 \$Nil).

#### 3 - Community Loans

Taupō District Council has lent the Southern Lakes Taupō Health Trust \$300,000 for a period of 25 years at 2% pa, this loan was valued at fair value of \$145,531 (2018 \$137,768) at balance date. Taupō District Council has lent TMP Properties Ltd \$611,601 (2018 \$681,285) on normal commercial terms for a period of 15 years at BNZ commercial rate.

Changes in interest rates at balance date will not affect the valuation of these loans.

#### 4 - Other Loans

Taupō District Council has subscribed to an Investment Bond issued by Ruapehu Alpine Lifts for the Gondola development at a fair value of \$1,000,000 (2018

\$Nil). Interest receivable on the bond is a provisional 3%pa payable quarterly, with a potential performance adjustment to interest payable if the Gondola usage exceeds specified targets. Changes in interest rates at balance date will not affect the value of this asset.

#### 5 - Local Authority Stock and Corporate Bonds

Corporate Bonds have a fair value of \$Nil (2018 \$4,048,456). A movement of plus or minus 1% in the interest rate has an effect on other equity of (\$Nil)/\$Nil (2018 (\$13,771)/\$13,884).

#### 6 - Borrowings

Taupō District Council's bank facilities were nil at balance date, a movement of plus or minus 1% in the interest rate would have no effect. The fixed and floating rate notes are held to maturity therefore no sensitivity analysis has been completed.

#### 7 - Interest Rate Derivatives

Derivative financial instruments liabilities include interest rate swaps with a fair value totalling \$35,672,481 (2018 \$24,082,678). A movement in interest rate of plus/minus 1% has an effect on the unrealised value of the derivatives of \$11,470,290 / (\$12,786,785) (2018 \$10,429,780/ (\$11,641,763)).

#### 8 - Quoted Share Investments

a) Taupō District Council holds listed equity instruments in Tesco Ltd, Unilever, Buzl, Adelaide Brighton Concrete, AGL Energy, ANZ, Brambles, Costa Group, Estia Health, James Hardie, Lendlease, Link Administration Holdings, Pact Group, Ramsay Healthcare, Scentre Group, Sydney Airport Holdings, Syrah Resources and Transurban which are publicly traded and included in the LSE or ASX equity indices. If there was a movement of plus or minus 5% in the British pound and Australian dollar the

effect has an impact of (\$551,645)/\$372,448 in the fair value through profit. (2018 (\$314,794)/\$347,930)

b) For these same shares and the NZ shareholdings in Auckland International Airport, Freightways, Gentrack and Tourism Holdings if the share price moved plus or minus 5% the effect has an impact of \$544,460/ (\$544,460) in the fair value through profit, (2018 \$454,087/ (\$454,087))

#### (c) Credit risk

Credit risk is the risk that a third party will default on its obligation to Council, causing the Council to incur a loss.

Financial instruments which potentially subject the Council to credit risk principally consist of bank balances, accounts receivable, all investments, and sports club and other guarantees.

Council's Investment Policy limits the amount of credit exposure on investment instruments to any one institution or organisation. There are also minimum credit rating limits in place.

The Council is exposed to credit risk as a guarantor of all of LGFA's borrowings. Information about this exposure is explained in note 27.

There are no significant concentrations of credit risk with accounts receivable balances as Council has a large number of credit customers, mainly ratepayers, and there are appropriate debt management practices in place. Council has significant powers under the Local Government (Rating) Act 2002 to recover outstanding amounts from ratepayers.

#### Maximum exposure to credit risk

Taupō District Council's maximum credit exposure (including accrued interest at balance date) for each class of financial instrument is as follows:

|   | Council                 |                         | Group                   |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| Cash at bank and term deposits              | 116,710                 | 105,243                 | 117,203                 | 106,061                 |
| Debtors and other receivables               | 4,877                   | 6,033                   | 4,951                   | 5,954                   |
| Community & other loans                     | 1,757                   | 821                     | 1,757                   | 821                     |
| Local authority & government stock (NZLGFA) | 1,994                   | 2,208                   | 1,994                   | 2,208                   |
| Corporate stock                             | -                       | 4,048                   | -                       | 4,048                   |
| <b>Total credit risk</b>                    | <b>125,338</b>          | <b>118,353</b>          | <b>125,905</b>          | <b>119,092</b>          |



## Credit quality of financial assets

The credit quality of financial assets, at carrying value, that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:

|  | Council                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 | Actual<br>2019<br>\$000 | Actual<br>2018<br>\$000 |
| <b>Counterparties with credit ratings</b>        |                         |                         |                         |                         |
| <b>Cash at bank and term bank deposits</b>       |                         |                         |                         |                         |
| AA-  | 98,878                  | 90,766                  | 99,371                  | 91,584                  |
| A  | 13,600                  | 14,477                  | 13,600                  | 14,477                  |
| <b>Total cash at bank and term bank deposits</b> | <b>112,478</b>          | <b>105,243</b>          | <b>112,971</b>          | <b>106,061</b>          |
| <b>Corporate stock</b>                           |                         |                         |                         |                         |
| AA-  | -                       | 4,048                   | -                       | 4,048                   |
| BBB+   | -                       | -                       | -                       | -                       |
| <b>Total corporate stock</b>                     | <b>-</b>                | <b>4,048</b>            | <b>-</b>                | <b>4,048</b>            |
| <b>Counterparties without credit ratings</b>     |                         |                         |                         |                         |
| Community & other loans                          | 1,757                   | 821                     | 1,757                   | 821                     |
| <b>Total community &amp; related party loans</b> | <b>1,757</b>            | <b>821</b>              | <b>1,757</b>            | <b>821</b>              |

Debtors and other receivables mainly arise from Taupō District Council's statutory functions, therefore 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. Taupō District Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Taupō District Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

### (d) Liquidity risk

Liquidity risk is the risk that Council will encounter difficulty in raising sufficient funds to meet financial commitments as they fall due.

Liquidity risk management ensures that there is sufficient cash available to meet obligations in an orderly manner as they fall due. As part of liquidity risk management Council, at 30 June 2019, had \$50m of un-drawn committed bank facilities (2018: \$50m). Councils' Treasury Management

Policy also requires spreading of debt maturities across financial periods to avoid concentration of risk.

Council also holds cash and cash equivalents to manage short-term liquidity risk.

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 27.

### Contractual maturity analysis of financial assets and liabilities

The table below analyses Taupō District Council's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt and interest rate derivatives are based on the relevant interest rate at balance date. The amounts disclosed are the contractual undiscounted cash flows.

| <b>Council 2019</b>                | Less than<br>1 year<br>\$000 | Between 1<br>and 2 years<br>\$000 | Between 2<br>and 5 years<br>\$000 | Over 5 years<br>\$000 | Total<br>contractual<br>cash flows<br>\$000 | Carrying<br>amount<br>(assets)/<br>liabilities<br>\$000 |
|------------------------------------|------------------------------|-----------------------------------|-----------------------------------|-----------------------|---|---|
| <b>Financial assets</b>            |                              |                                   |                                   |                       |   |   |
| Cash and cash equivalents          | 8,242                        | -                                 | -                                 | -                     | 8,242                                       | 8,242   |
| Debtors and other receivables      | 4,872                        | 5                                 | -                                 | -                     | 4,877                                       | 4,877   |
| Term deposits                      | 108,468                      | -                                 | -                                 | -                     | 108,468                                     | 108,468   |
| Community and other loans          | 145                          | 145                               | 437                               | 1,707                 | 2,434                                       | 1,757   |
| Local authority stock (NZLGFA)     | 365                          | -                                 | 662                               | 1,019                 | 2,046                                       | 1,994   |
| Bonds                              | -                            | -                                 | -                                 | -                     | -   | -   |
| <b>Total financial assets</b>      | <b>122,092</b>               | <b>150</b>                        | <b>1,099</b>                      | <b>2,726</b>          | <b>126,067</b>                              | <b>125,338</b>  |
| <b>Financial liabilities</b>       |                              |                                   |                                   |                       |   |   |
| Creditors and other payables       | 9,433                        | -                                 | -                                 | -                     | 9,433                                       | 9,433   |
| Net settled derivative liabilities | 5,074                        | 4,955                             | 14,320                            | 16,400                | 40,749                                      | 35,672  |
| Secured loans                      | 68                           | 68                                | 60                                | -                     | 196   | -   |
| Debentures & commercial papers     | 32,634                       | 22,634                            | 40,608                            | 64,054                | 159,930                                     | 145,000   |
| Finance leases                     | 64                           | 32                                | 62                                | -                     | 158   | 138   |
| <b>Total financial liabilities</b> | <b>47,273</b>                | <b>27,689</b>                     | <b>55,050</b>                     | <b>80,454</b>         | <b>210,466</b>                              | <b>190,243</b>  |

| <b>Council 2018</b>                | Less than<br>1 year<br>\$000 | Between 1<br>and 2 years<br>\$000 | Between 2<br>and 5 years<br>\$000 | Over 5 years<br>\$000 | Total<br>contractual<br>cash flows<br>\$000 | Carrying<br>amount<br>(assets)/<br>liabilities<br>\$000 |
|------------------------------------|------------------------------|-----------------------------------|-----------------------------------|-----------------------|---|---|
| <b>Financial assets</b>            |                              |                                   |                                   |                       |   |   |
| Cash and cash equivalents          | 12,760                       | -                                 | -                                 | -                     | 12,760                                      | 12,760  |
| Debtors and other receivables      | 6,033                        | -                                 | -                                 | -                     | 6,033                                       | 6,033   |
| Term deposits                      | 83,843                       | 10,494                            | -                                 | -                     | 94,337                                      | 92,482  |
| Community and other loans          | 115                          | 115                               | 347                               | 688                   | 1,265                                       | 821   |
| Local authority stock (NZLGFA)     | 584                          | -                                 | 860                               | 1,019                 | 2,463                                       | 2,208   |
| Bonds                              | 4,146                        | -                                 | -                                 | -                     | 4,146                                       | 4,048   |
| <b>Total financial assets</b>      | <b>107,481</b>               | <b>10,609</b>                     | <b>1,207</b>                      | <b>1,707</b>          | <b>121,004</b>                              | <b>118,352</b>  |
| <b>Financial liabilities</b>       |                              |                                   |                                   |                       |   |   |
| Creditors and other payables       | 6,641                        | -                                 | -                                 | -                     | 6,641                                       | 6,641   |
| Net settled derivative liabilities | 4,767                        | 4,780                             | 12,903                            | 17,069                | 39,519                                      | 24,083  |
| Secured loans                      | 68                           | 68                                | 48                                | -                     | 184   | -   |
| Debentures & commercial papers     | 28,358                       | 33,084                            | 51,724                            | 55,298                | 168,464                                     | 144,000   |
| Finance leases                     | 106                          | 34                                | 2                                 | -                     | 142   | 137   |
| <b>Total financial liabilities</b> | <b>39,940</b>                | <b>37,966</b>                     | <b>64,677</b>                     | <b>72,367</b>         | <b>214,950</b>                              | <b>174,861</b>  |

| Council 2019                       | Less than 1 year<br>\$000 | Between 1 and 2 years<br>\$000 | Between 2 and 5 years<br>\$000 | Over 5 years<br>\$000 | Total contractual cash flows<br>\$000 | Carrying amount (assets)/ liabilities<br>\$000 |
|------------------------------------|---------------------------|--------------------------------|--------------------------------|-----------------------|---------------------------------------|--|
| <b>Financial assets</b>            |                           |                                |                                |                       |                                       |  |
| Cash and cash equivalents          | 8,485                     | -                              | -                              | -                     | 8,485                                 | 8,485  |
| Debtors and other receivables      | 4,946                     | 5                              | -                              | -                     | 4,951                                 | 4,951  |
| Term deposits                      | 108,468                   | -                              | -                              | -                     | 108,468                               | 108,468  |
| Community and other loans          | 145                       | 145                            | 437                            | 1,707                 | 2,434                                 | 1,757  |
| Local authority stock (NZLGFA)     | 584                       | -                              | 860                            | 1,019                 | 2,463                                 | 1,994  |
| Bonds                              | -                         | -                              | -                              | -                     | -                                     | -  |
| <b>Total financial assets</b>      | <b>122,628</b>            | <b>150</b>                     | <b>1,297</b>                   | <b>2,726</b>          | <b>126,801</b>                        | <b>125,655</b>                                 |
| <b>Financial liabilities</b>       |                           |                                |                                |                       |                                       |  |
| Creditors and other payables       | 9,638                     | -                              | -                              | -                     | 9,638                                 | 9,638  |
| Net settled derivative liabilities | 5,074                     | 4,955                          | 14,320                         | 16,400                | 40,749                                | 35,672   |
| Secured loans                      | 68                        | 68                             | 60                             | -                     | 196                                   | -  |
| Debentures & commercial papers     | 32,634                    | 22,634                         | 40,608                         | 64,054                | 159,930                               | 145,000  |
| Finance leases                     | 64                        | 32                             | 62                             | -                     | 158                                   | 138  |
| <b>Total financial liabilities</b> | <b>47,478</b>             | <b>27,689</b>                  | <b>55,050</b>                  | <b>80,454</b>         | <b>210,671</b>                        | <b>190,448</b>                                 |

| Council 2018                       | Less than 1 year<br>\$000 | Between 1 and 2 years<br>\$000 | Between 2 and 5 years<br>\$000 | Over 5 years<br>\$000 | Total contractual cash flows<br>\$000 | Carrying amount (assets)/ liabilities<br>\$000 |
|------------------------------------|---------------------------|--------------------------------|--------------------------------|-----------------------|---------------------------------------|--|
| <b>Financial assets</b>            |                           |                                |                                |                       |                                       |  |
| Cash and cash equivalents          | 13,329                    | -                              | -                              | -                     | 13,329                                | 13,329   |
| Debtors and other receivables      | 5,954                     | -                              | -                              | -                     | 5,954                                 | 5,954  |
| Term deposits                      | 84,093                    | 10,494                         | -                              | -                     | 94,587                                | 92,732   |
| Community and other loans          | 115                       | 115                            | 347                            | 688                   | 1,265                                 | 821  |
| Local authority stock (NZLGFA)     | 584                       | -                              | 860                            | 1,019                 | 2,463                                 | 2,208  |
| Bonds                              | 4,146                     | -                              | -                              | -                     | 4,146                                 | 4,048  |
| <b>Total financial assets</b>      | <b>108,221</b>            | <b>10,609</b>                  | <b>1,207</b>                   | <b>1,707</b>          | <b>121,744</b>                        | <b>119,092</b>                                 |
| <b>Financial liabilities</b>       |                           |                                |                                |                       |                                       |  |
| Creditors and other payables       | 6,969                     | -                              | -                              | -                     | 6,969                                 | 6,969  |
| Net settled derivative liabilities | 4,767                     | 4,780                          | 12,903                         | 17,069                | 39,519                                | 24,083   |
| Secured loans                      | 68                        | 68                             | 48                             | -                     | 184                                   | -  |
| Debentures & commercial papers     | 28,358                    | 33,084                         | 51,724                         | 55,298                | 168,464                               | 144,000  |
| Finance leases                     | 106                       | 34                             | 2                              | -                     | 142                                   | 137  |
| <b>Total financial liabilities</b> | <b>40,268</b>             | <b>37,966</b>                  | <b>64,677</b>                  | <b>72,367</b>         | <b>215,278</b>                        | <b>175,189</b>                                 |

### (e) Fair value estimation

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

- Quoted market price (level 1)- Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets

and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non-observable inputs (level 3)- Financial instruments valued using models where one or more significant inputs are not observable.

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

|                                      | Total<br>\$000 | Level 1<br>\$000 | Level 2<br>\$000 | Level 3<br>\$000 |
|--------------------------------------|----------------|------------------|------------------|------------------|
| <b>Council 2019</b>                  |                |                  |                  |                  |
| <b>Financial assets</b>              |                |                  |                  |                  |
| Local government and corporate bonds | 134            | 134              | -                | -                |
| Other Loans                          | 1,000          | -                | -                | 1,000            |
| Listed shares                        | 10,889         | 10,889           | -                | -                |
| Unlisted shares                      | 343            | 100              | 243              | -                |
| <b>Total financial assets</b>        | <b>12,366</b>  | <b>11,123</b>    | <b>243</b>       | <b>1,000</b>     |
| <b>Financial liabilities</b>         |                |                  |                  |                  |
| Derivative financial instruments     | 35,672         | 35,672           | -                | -                |
| <b>Total financial liabilities</b>   | <b>35,672</b>  | <b>35,672</b>    | <b>-</b>         | <b>-</b>         |
| <b>Council 2018</b>                  |                |                  |                  |                  |
| <b>Financial assets</b>              |                |                  |                  |                  |
| Local government and corporate bonds | 4,175          | 127              | 4,048            | -                |
| Other Loans                          | -              | -                | -                | -                |
| Listed shares                        | 9,082          | 9,082            | -                | -                |
| Unlisted shares                      | 237            | -                | 237              | -                |
| <b>Total financial assets</b>        | <b>13,494</b>  | <b>9,209</b>     | <b>4,285</b>     | <b>-</b>         |
| <b>Financial liabilities</b>         |                |                  |                  |                  |
| Derivative financial instruments     | 24,083         | 24,083           | -                | -                |
| <b>Total financial liabilities</b>   | <b>24,083</b>  | <b>24,083</b>    | <b>-</b>         | <b>-</b>         |
| <b>Group 2019</b>                    |                |                  |                  |                  |
| <b>Financial assets</b>              |                |                  |                  |                  |
| Local government and corporate bonds | 134            | 134              | -                | -                |
| Other Loans                          | 1,000          | -                | -                | 1,000            |
| Listed shares                        | 10,889         | 10,889           | -                | -                |
| Unlisted shares                      | 343            | 100              | 243              | -                |
| <b>Total financial assets</b>        | <b>12,366</b>  | <b>11,123</b>    | <b>243</b>       | <b>1,000</b>     |
| <b>Financial liabilities</b>         |                |                  |                  |                  |
| Derivatives financial instruments    | 35,672         | 35,672           | -                | -                |
| <b>Total financial liabilities</b>   | <b>35,672</b>  | <b>35,672</b>    | <b>-</b>         | <b>-</b>         |
| <b>Group 2018</b>                    |                |                  |                  |                  |
| <b>Financial assets</b>              |                |                  |                  |                  |
| Local government and corporate bonds | 4,175          | 127              | 4,048            | -                |
| Other Loans                          | 9,082          | 9,082            | -                | -                |
| Listed shares                        | -              | -                | -                | -                |
| Unlisted shares                      | 237            | -                | 237              | -                |
| <b>Total financial assets</b>        | <b>13,494</b>  | <b>9,209</b>     | <b>4,285</b>     | <b>-</b>         |
| <b>Financial liabilities</b>         |                |                  |                  |                  |
| Derivatives financial instruments    | 24,083         | 24,083           | -                | -                |
| <b>Total financial liabilities</b>   | <b>24,083</b>  | <b>24,083</b>    | <b>-</b>         | <b>-</b>         |



### 33 Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in the 2018/19 Annual Plan to 30 June 2019 actual are as follows:

| Statement of comprehensive revenue and expense  | Council       |
|---|---------------|
|   | 2019<br>\$000 |
| <b>Budget - surplus before tax</b>  | <b>10,505</b> |
| <i>Unbudgeted gains/(losses) of:</i>  |               |
| - First time recognition of assets  | 657           |
| - Realised & unrealised gains & losses on shares and bonds  | 351           |
| - Gain on valuation of investment properties and non-current assets held for sale                                   | 1,595         |
| - Dividends   | 414           |
| - Gain/(loss) on revaluation of interest rate derivatives   | (11,590)      |
| - Loss on disposal/impairment of assets   | (1,919)       |
| - Grants and subsidies  | 703           |
| - Revenue from Developer Agreements   | 1,515         |
| Rates revenue higher than plan  | 456           |
| Subsidies and grants ahead of plan due to timing delays on capital projects   | 591           |
| Development and financial contributions ahead of plan due to several new subdivisions being completed in the period | 201           |
| Fees and charges ahead of plan  | 1,080         |
| Land section sales ahead of plan  | (398)         |
| Finance revenue ahead of plan   | 486           |
| Other budgeted revenue  |               |
| - Gain on sale of property, plant and equipment   | 348           |
| - Vested assets ahead of plan due to completed subdivisions   | 3,078         |
| - Forestry valuation behind plan  | (174)         |
| - Other revenue ahead of plan   | 167           |
| - Gain on non-current assets intended for sale lower than plan  | (1,002)       |
| Employee benefit expenses higher than plan  | (1,002)       |
| Depreciation higher than plan   | (739)         |
| Finance costs higher than plan  | (340)         |
| Operational costs   |               |
| - Demolition of Waiora House  | (938)         |
| - Increased maintenance costs   | (835)         |
| - Increased professional/legal fees   | (634)         |
| - Increased insurance costs   | (289)         |
| - Other operational costs   | (624)         |
| <b>Actual - surplus before tax</b>  | <b>1,663</b>  |



| Statement of financial position                           | Council          |
|---|------------------|
|   | 2019<br>\$000    |
| <b>Budget - total net assets</b>                          | <b>1,114,902</b> |
| Property, plant & equipment revaluations higher than plan | 81,364           |
| Movement in derivative financial instruments              | (13,229)         |
| Inventory lower than plan                                 | (767)            |
| Cash and investments higher than budget                   | 21,053           |
| Other movements   | 461              |
| <b>Actual - total net assets</b>                          | <b>1,203,784</b> |



Mountain bikes aboard the Bay2Bay water taxi, leaving Kotukutuku Landing on the Great Lake Trail.

## Council Controlled Organisations

Taupō District Council has a controlling interest in two council-controlled organisations (CCOs). These are:

- Taupō Airport Authority (TAA)
- Destination (Great) Lake Taupō Trust (DGLT)

Taupō District Council has an interest in four other council-controlled organisations. These are:

- The Lake Taupō Protection Trust – the settlers of this trust are Taupō District Council, Waikato Regional Council and the Ministry for the Environment.
- Waikato Local Authority Shared Services Limited (Waikato Local Authority Shared Services Ltd) – Council has a shareholding interest in this company together with other local authorities in the Waikato Region.
- Bay of Plenty Local Authority Shared Services Ltd (BOP

Local Authority Shared Services Ltd) – Council has a shareholding interest in this company together with other local authorities in the Bay of Plenty Region.

- New Zealand Local Government Funding Agency (NZLGFA) – Council has a shareholding interest in this company together with other local authorities in New Zealand.

Taupō District Council also has a controlling interest in two organisations exempted under section 7 of the Local Government Act 2002 from the definition of ‘council-controlled organisation’. These are:

- Data Capture Systems Limited.
- Destination Lake Taupō Limited.

This section of the Annual Report describes the performance of these entities in the 2018/19 financial year.





## Taupō Airport Authority (TAA)

### Background

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority (TAA) equally. The Taupō Airport Authority is a council-controlled organisation as defined by the Local Government Act 2002.

Taupō District Council, under agreement with the Crown, manages the Taupō Airport Authority. The governance of the airport operations is provided by a Committee of Council. The committee consists of Council and business representatives.

Auditors- Audit New Zealand  
Bankers- Bank of New Zealand  
Solicitors- Le Pine and Co, Taupō

### Significant Policies and Objectives

The objective of the Taupō Airport Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō District.

The authority provided for the safe, appropriate and efficient air transport needs of the Taupō District during the year. In meeting this objective the authority operated at a loss.

### Nature and Scope of Activities

The Taupō Airport Authority is to provide an airport infrastructure to meet the needs of the Taupō District, together with leasehold land for airport-related development. The nature and scope of the activities undertaken by the authority during the year were consistent with this intention.





## Performance

### Taupō Airport

#### Objective:

To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.

| Performance targets  | Results       | Achievement   |
|--|---------------|---|
| To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.   | Achieved.     | No diversions or cancellations due to facility maintenance (2018: Achieved).  |
| The airport will be operated in such a way as to continue to hold CAA Part 139 certification.  | Achieved.     | The Airport is CAA Part 139 certified (2018: Achieved).   |
| The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors. | Achieved.     | Rule Part 139 Compliant.<br>Rule Part 100 Compliant.<br>This is a new measure in 2018/19. TAA worked towards certification during the year and this certification was gained on 25 June 2019. |
| The TAA will be self-funding in terms of its own cash flow.  | Not Achieved. | Operating cash flow for the year is -\$67k (June 2018: \$73k).  |

| Financial performance for the year ended 30 June 2019 | Actual 2019 \$ | Budget 2019 \$ |
|---|----------------|----------------|
| Total revenue   | 520,487        | 521,331        |
| Total expenditure                                     | 827,645        | 667,510        |
| Net surplus (deficit) before taxation                 | (306,910)      | (145,779)      |



Photo: Destination Great Lake Taupō

Fly fishing on Lake Taupō.

## Destination (Great) Lake Taupō Trust (DGLT)

Destination Lake Taupō Trust was established by Taupō District Council to promote tourism in the Taupō District for the benefit of the people in the communities in the Taupō District. The Trust was formed on 6th September 2010 and commenced financial operation on 1st November 2010.

The six trustees of the Board are appointed by Council after an interview process. The trustees are appointed on the basis that they have identified skills, knowledge and/or experience based on attributes outlined within the Trust Deed.

The Trust has chosen to align itself with the Great Lake Taupō brand and operates under the brand name Destination Great Lake Taupō (DGLT).

Bankers Bank of New Zealand  
 Auditors Audit New Zealand

### Significant Policies and Objectives

The Destination Lake Taupō Trust is a CCO for the purposes of the Local Government Act 2002. It is a charitable trust and the trustees have specific and general powers delegated to them through the Trust Deed.

### Nature and Scope of Activities

The principle objective of the trust is to ensure we have a destination that remains relevant for visitors and reflects the values of its people and environment for years to come.

### Performance Measures

Below is a table outlining the full year measures against performance targets set for year-end 30 June 2019 (based on the 2016-19 Statement of Intent).



| KPI  | Annual measure  | How we did   |
|--|---|--|
| <b>Establish the Taupō region as 'THE North Island holiday destination'.</b> | Growth in tourism expenditure<br>Monthly Regional Tourism Estimates.                                      | ACHIEVED – total direct tourism expenditure of \$684 million, up 7% (YE June 2019) \$465 million domestic spend, \$219 million international spend.  |
|  | Direct tourism expenditure increased by 4.8% per annum.<br>Quarterly Marketview Report .                  | (2018 ACHIEVED- \$639 million direct tourism expenditure).<br>(2017 ACHIEVED- \$596 million direct tourism expenditure).   |
|  | <b>Visits to i-SITES</b><br>240,000 visits to Taupō and Tūrangi i-SITES, as measured by door counters.    | NOT ACHIEVED – 198,565 visits to Taupō and Tūrangi i-SITES.<br>2018 NOT ACHIEVED – 216,613 visits to Taupō and Tūrangi i-SITES.<br>(2017 NOT ACHIEVED – 271,731 visits to Taupō and Tūrangi i-SITES).<br>The Statement of Intent set a performance target of 260,000 visits to the i-SITES benchmarked off reducing results from the 2015/16 and 2016/17 actual data, on the basis that i-SITES nationally are struggling to maintain visitation and profitability.<br>Door counters at each of the i-SITES measure total patronage/visitation. The year-end total visitation for each i-SITE is as follows:<br>Taupō i-SITE: 135,186 visits (relative to 147,267 visits in 2017/18).<br>Tūrangi i-SITE: 63,376 visits (relative to 69,346 visits in 2017/18). |
|  | <b>Annual Visitor Survey</b><br>Domestic Net Promoter Score of 46, as per the AA Domestic Travel Monitor. | ACHIEVED – net promoter score of 52.<br>(2018 NOT ACHIEVED – net promoter score of 48).<br>(2017 ACHIEVED – net promoter score of 49).<br>The Statement of Intent sets measures around overall visitor satisfaction, assessed annually by using the domestic net promoter score for the region, as compiled by the AA Domestic Travel Survey.  |



| KPI   | Annual measure   | How we did   |
|---|--|--|
| Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.   | <b>Support for DGLT Collateral</b>   | 2019 NOT ACHIEVED- 586 listings on www.loveTaupō.com).<br>(2018 ACHIEVED- 1438 listings on www.GreatLakeTaupō.com).<br>(2017 NEW MEASURE – 1411 listings on www.GreatLakeTaupō.com).<br>586 total business listings for shops, accommodation and activity operators on www.loveTaupō.com.<br>The decline in listings is due to the change over to the loveTaupō platform. Many retail/food and beverage operator listings have not yet been loaded we require updated listings from over 500+ Town Centre Taupō members. |
|   | Number of operators advertising on www.loveTaupō.com is maintained or growing.   | NOT ACHIEVED- 193 local operators stocking brochures in Taupō and Tūrangi i-SITES.<br>(2018 ACHIEVED- 221 local operators stocking brochures in Taupō and Tūrangi i-SITES).<br>(2017 NEW MEASURE – 212 local operators stocking brochures in Taupō and Tūrangi i-SITES).   |
|   | <b>Free of charge or in-kind support.</b><br>\$70,000 free of charge or in-kind support for marketing activity.  | ACHIEVED- \$97,200 of free of charge or in-kind support, against a target of \$70,000.<br>(2018 ACHIEVED – Recorded as \$92,200, against a target of \$60,000).<br>(2017 ACHIEVED – Recorded as \$85,995).<br>This support is tracked in a DGLT log. It includes free of charge product offered for famils, as well as discounted product.   |
| <b>Annual Visitor Industry Survey.</b><br>80-85% Industry stakeholders are satisfied with DGLT performance as measured by Annual Visitor Industry Survey.<br>Maintaining consistency is listed as the primary performance target. | NOT ACHIEVED – The average score is 67%.<br>(2018 ACHIEVED – The average score is 94.6%).<br>(2017 ACHIEVED – The average score was 82.6%).<br>56 respondents completed the entire survey with a larger number of responses coming from Tūrangi voicing their extreme dissatisfaction with TDC issues. |  |

| Financial performance for the year ended 30 June 2019 | Actual 2019 \$ | Budget 2019 \$ |
|---|----------------|----------------|
| Total revenue   | 2,579,194      | 2,674,465      |
| Total expenditure                                     | 2,459,991      | 2,674,465      |
| Net surplus (deficit) before taxation                 | 119,203        | 0              |





Photo: Destination Great Lake Taupō

Kuratau dawn, Lake Taupō.

## The Lake Taupō Protection Trust (LTPT)

### Background

The Lake Taupō Protection Trust (LTPT) was established on 9 February 2007 to administer public funds to achieve an improvement in the water quality of Lake Taupō. The Trust is charged with developing a programme of work that will reduce the amount of manageable nitrogen leaching into the lake by 20%.

The Taupō District Council (TDC), Waikato Regional Council (WRC) and the Crown agreed to provide funding on an annual incremental basis to the Trust for this work to be undertaken.

Auditors - Audit New Zealand

### Significant Policies and Objectives

The Trust completed the final nitrogen agreement on 29 June 2015 to achieve the project’s overall target of 170,300 kgs. While the Trust has confidence that the nitrogen reductions will occur there is a need to maintain

an operational and governance component until 30 June 2021 when both payments and nitrogen reductions complete.

### Nature and Scope of Activities

The Trust’s Treasury Policy (incorporating Liability Management and Investment Policies) guides the Trust investments and financial transactions and was reviewed and approved by the Trust in April 2017.

The Trust has in place a projected cash flow analysis which indicates projected income, operating costs, and potential call on funds until 30 June 2019. This document allows Trustees to both measure progress but also to support their financial management governance role.

### Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2018/19 financial year:

| Action  | Performance Measures   | Performance Against Targets   |
|---|--|---|
| Oversee the financial position of the Trust to meet and maintain a positive projected Cash Flow budget until 2019.  | Cash Flow Projection in place and being operated to achieve outcome in 2019.   | Achieved<br>The cash flow projection was extended out to match the project 'term' extension up to 30 June 2021 or whenever the Trust winds up, whichever comes first.   |
| Ensure that all LTPT nitrogen reduction contracts are being complied with to achieve the overall Nitrogen reduction target of 170,300 kgs and where relevant in conjunction with Waikato Regional Council   | Nitrogen reduction contracts are being met and any contractual failure is addressed to achieve repatriation of any loss of nitrogen reduction. | Achieved<br>Two contractual breaches requiring partial remedial planting were reported on as to status. One party commenced remedial planting in June 2019; the other party has remedial planting agreements in place and communication with this party is ongoing.<br><br>Both breach parties are compliant with their 'total annual nitrogen discharge' caps as monitored and confirmed by Waikato Regional Council on an annual basis. |
| Monitor/track that compliance monitoring results are received on an ongoing basis for LTPT nitrogen reduction deals.  | Monitoring compliance results received in accordance with monitoring plan timelines; Audit NZ notified.  | Achieved  |
| Report on compliance monitoring results for LTPT nitrogen reduction purchases.  | Trustees up to date with compliance monitoring results.  | Achieved  |
| Manage Trust funded research projects that have been previously approved by the Trust.  | Research outcomes reported on.   | Achieved  |
| Participation and assistance in the annual audit of the Trust.  | Positive audit result.   | Achieved  |
| Carry out Trust responsibilities identified in the Taupō Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties which includes the Trusts support of the Lake Taupō Protection Projects Communication Plan. | Trust actions completed and monitoring plan supported on an ongoing basis.   | Achieved; ongoing   |
| Provide ongoing support as required in the operation of the Lake Taupō Catchment Compliance Framework.  | Support provided as requested to achieve the aims of the Taupō Catchment Compliance Framework.   | Achieved  |
| Undertake any Trust actions arising from the Joint Committees consideration of the draft project partners as required on any other related matters where Trust assistance or input is required.   | Project review report (as approved by the Joint Committee are achieved)  | Achieved through involvement and discussions in the project transition planning process throughout the year.  |



## Waikato Local Authority Shared Services Limited (WLASS)

### Background

Local Authority Shared Services Limited was incorporated under the Companies Act 1993 on the 13th day of December 2005, and changed its name to Waikato Local Authority Shared Services Limited (WLASS) on the 4th day of April 2016. WLASS is owned by the 12 Waikato local authorities, with each shareholder owning an equal number of shares and having an equal say in its development. WLASS provides a legal entity, representative of all the shareholding councils, which can enter into contracts and agreements with external suppliers and provide value to the shareholders by reducing costs. WLASS contracts are available to be joined by any shareholder that so chooses.

Much of the work of WLASS is undertaken by Working Parties or Advisory Groups made up of staff representatives from the shareholding councils, with expertise and interest in particular services. The WLASS CEO provides facilitation and co-ordination of the Working Parties, and is an ex officio member of the Advisory Groups.

As part of providing a mechanism for supporting shared services and collaborative opportunities within the region, WLASS also provides support to the Waikato Mayoral Forum and its work streams.

Auditors – Audit New Zealand

### Significant Policies and Objectives




The objectives of WLASS are to:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government’s confidence in the Waikato region and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers’ experiences.







### Performance





The following performance measures were incorporated into the Statement of Intent for the 2018/19 financial year:









| Target   | Method Measure  | Outcome  |   |
|--|---|--|---|
| <b>Procurement</b>   |   |  |   |
| Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.  | <p>The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p> | <p><b>Achieved:</b> The regional procurement framework and toolkit were completed, with training provided to participating councils across three workshops held in March 2019.</p> <p><i>[New measure]</i></p>   |    |
| <p><b>Method</b></p> <p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>  |   | <p><b>Achieved:</b> The professional services panel was retendered during the year (contracts take effect from 1 August 2019).</p> <p>Any new suppliers are procured in line with the company's procurement policy.</p> <p><i>[2018: Achieved]</i></p> <p>In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply. 24 supplier contracts were entered into (five relating to joint procurement).</p>  |    |
| <b>Collaborative Projects</b>  |   |  |   |
| <p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p> <p><b>Method</b></p> <p>The focus is on shared services which will benefit all councils.</p> | <p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>  | <p><b>Achieved:</b> Projects identified and progressed through the year were:</p> <ul style="list-style-type: none"> <li>- LiDAR: A project to establish regional LiDAR supported by PGF funding. Business case approved in principle</li> <li>- Professional Services Panel: A project to remarket and establish a panel of consultants across eight disciplines under an agreed framework to streamline procurement of their services</li> <li>- Energy &amp; Carbon Management: A programme to support councils in energy and carbon management. Business case approved</li> <li>- A regional Health and Safety Management Framework and best practice documents were implemented</li> <li>- Regional reporting indicators for safety performance were approved</li> </ul> <p>Business cases were prepared where Board approval and council funding was required.</p> <p>The customer interface group was established to provide council staff engaging with customers with a forum to collaborate and consider opportunities to use digital technology to improve the customer experience.</p> <p>In addition, nine collaborative opportunities are at various stages of development.</p> <p><i>[2018: Achieved]</i></p> |  |











| Target  | Method | Measure   | Outcome  |
|---|--------|---|--|
| <b>Existing WLASS Contracts</b>   |        |   |  |
| Existing contracts are managed and renegotiated as required.  |        | The WLASS Contracts Register is maintained and managed.   | <b>Achieved:</b> Contracts risk register is maintained. <br>[2018: Achieved]  |
| <b>Method</b><br>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders                    |        | Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.          | <b>Achieved:</b> Any new suppliers are procured in line with the company's procurement policy. <br><br>In consultation with workstream managers, contracts with existing suppliers that are due for renewal are assessed as to whether they continue to offer best value, service or continuity of supply and if so, renegotiated. 24 supplier contracts were entered into.<br><br>[2018: Achieved] |
| <b>Cashflow</b>   |        |   |  |
| The company shall maintain a positive cashflow position.  |        | The WLASS Board reviews the financial statements at least quarterly.  | <b>Achieved:</b> Management accounts were presented to each of the six board meetings held during the year. The company remains in a strong cash position (funds on hand at 30 June 2019 are \$1.46m [2018: \$1.57m]). It is currently actively seeking to manage down cash reserves that have arisen from revenue received in advance. <br><br>[2018: Achieved]                                    |
| <b>Method</b><br>The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly. |        |   |  |
| <b>Cost Control</b>   |        |   |  |
| Administration expenditure shall be managed and monitored.  |        | Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.                             | <b>Achieved:</b> Actual spend (\$440k) exceeded budget (\$300k) but was less than the reforecasted spend of \$446k approved by the Board (and shareholding councils). The additional spend was to support the transformation of the company and was met by prior year cash reserves and additional shareholder contributions. <br><br>[2018: Achieved]  |
| <b>Method</b><br>The Financial Accountant and Chief Executive review expenditure monthly  |        |   |  |
| <b>Reporting</b>  |        |   |  |
| Six monthly reports provided to Shareholders.   |        | The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.         | <b>Achieved:</b> Half-yearly report and annual report delivered to shareholders within required timelines. <br><br>[2018: Achieved]   |
| <b>Method</b><br>The Chief Executive prepares a written report for the WLASS Board every meeting.                                   |        |   |  |
| One 6-monthly and one Annual Report are prepared for shareholders.  |        | Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to. | <b>Achieved:</b> Completed as set out in this annual report. <br><br>[2018: Achieved]   |





| Target   | Method | Measure   | Outcome  |   |
|--|--------|---|--|---|
| <b>Waikato Mayoral Forum</b>   |        |   |  |   |
| The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.   |        | Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.   | <b>Achieved</b><br>[2018: Achieved]  |    |
| <b>Method</b><br>Mayoral Forum projects shall be managed financially through the WLASS.  |        |   |  |   |
| <b>Shared Valuation Data Services (SVDS)</b>   |        |   |  |   |
| The SVDS is reliable, well maintained and available to all users.  |        | The SVDS is available to users at least 99% of normal working hours.  | <b>Achieved:</b> the SVDS has been available 100% for users during normal business hours.<br>[2018: Achieved]  |    |
| <b>Method</b><br>A Contract Manager is appointed for SVDS.<br><br>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group. |        | The SVDS Advisory Group meets at least 6-monthly.   | <b>Achieved:</b> Four meetings held in August, November, March and May.<br>[2018: Achieved]  |    |
| Risks associated with the SVDS are well managed.   |        | The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan. | <b>Achieved</b><br>[New measure]   |  |
| The long-term provision of SVDS services is achieved.  |        | The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.  | <b>Not achieved:</b> The project has begun. However, data load issues and complexities has caused project delays of approx. six months. There is no increase in total project cost, but the delay has meant that the existing SVDS support is needed longer than anticipated, with associated cost increases. The revised end date is now March 2020.<br><br>[New measure] |   |



| Target  | Method | Measure   | Outcome  |
|---|--------|---|--|
| <b>Insurance</b>  |        |   |  |
| Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.   |        | Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils. | <b>Achieved:</b> Of the 11 council who responded, 3 were partially satisfied, 7 satisfied and 1 very satisfied.<br><i>[2018: Achieved]</i>                     |
| <b>Method</b><br>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.                             |        | The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.                                | <b>Achieved:</b> Of the 11 council who responded, 1 was dissatisfied, 3 were partially satisfied, 6 satisfied and 1 very satisfied.<br><i>[2018: Achieved]</i> |
| <b>RATA</b>   |        |   |  |
| Deliver better data for decision making across the Waikato Region, enabling more consistent best practice   |        | Reports are presented to stakeholders in October/ January/April and July each year.   | <b>Achieved:</b> All four reports provided on time.<br><i>[New measure]</i>  |
| <b>Method</b><br>Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.                                  |        | Reports on progress presented to WLASS Board as at 30 December and 30 June.   | <b>Achieved:</b> Both reports provided with the required timeframe.<br><i>[2018: Achieved]</i>   |
| Data supplied by contractors is of good quality and meets all of the participating councils' requirements.  |        | All data are reviewed for compliance and all good practice requirements are met.  | <b>Achieved:</b> All data supplied met compliance requirements<br><i>[New measure]</i>   |
| <b>Method</b><br>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management. |        | Procurement of services complies with WLASS and NZTA's procurement requirements.  | <b>Achieved:</b> All procurement was completed in accordance with policy requirements<br><i>[New measure]</i>  |
| Leadership: Lead engagement and increase capability within the sector.  |        | Present to a national conference on RATA innovations at least once per year.  | <b>Achieved:</b> Papers presented at IPWEA conference and Sydney Road Maintenance Conference<br><i>[New measure]</i>   |
|   |        | At least two RATA guidance documents detailing good practice are produced each year.  | <b>Achieved:</b> RATA benchmarking report and Regional MIS report delivered<br><i>[New measure]</i>  |
|   |        | RATA Forums are held 2-monthly to share learnings and experience.   | <b>Achieved:</b> All RATA Forum presented and well attended by RCA's<br><i>[New measure]</i>   |

| Target  | Method | Measure  | Outcome   |
|---|--------|--|---|
| <b>Waikato Regional Transportation Model (WRTM)</b>   |        |  |   |
| <p>The WRTM is reliable, well maintained and available to all users.</p> <p><b>Method</b></p> <p>RATA manages the WRTM on behalf of the participating councils and monitors the performance of the model supplier (currently Stantec)</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p> |        | All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.  | <p><b>Achieved:</b> All reports received and shared with WRTM User Group</p> <p><i>[2018: Achieved]</i></p>    |
|   |        | A report from RATA on any new developments and on the status of the model is provided to the WCLASS Board at least every six months.   | <p><b>Achieved:</b> Bi-annual reports provided to WCLASS Board</p> <p><i>[2018: Achieved]</i></p>    |
|   |        | The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.  | <p><b>Achieved:</b> Model endorsed by NZTA. Peer review recommendations being progressed (scenario testing of medium land use)</p> <p><i>[2018: Achieved]</i></p>    |
| <b>Waikato Building Consent Group</b>   |        |  |   |
| <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p> <p><b>Method</b></p> <p>Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.</p>   |        | <p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> <li>Digital experience and technology: a common online customer experience.</li> </ul> <p>Success is defined as user friendly, convenient, quick, end-to-end management and communication, measured by customer surveys and systems comparisons.</p> | <p><b>Achieved:</b> On track with both TCDC and Waipa having successfully implemented the preferred online Alpha One System.</p> <p>Waitomo DC is committed to implementing in the 2019/20 year and MPDC and HDC are finalising their procurement process with Alpha One in the mix. ODC is also committed to implementing Alpha One and this will probably be in 2020/21 financial year. Well on track with achieving a common processing system.</p> <p>Works is programmed for 2019/20 to revitalise our web site to enhance the digital experience.</p> <p><i>[New measure]</i></p>  |
|   |        | <ul style="list-style-type: none"> <li>People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11.</li> </ul>   | <p><b>Partially achieved:</b> we have scoped a programme of work to approach secondary schools and tertiary students before the end of the 2019/20 year looking at a cadet type scheme</p> <p><i>[New measure]</i></p>   |
|   |        | <ul style="list-style-type: none"> <li>Quality assurance.</li> </ul> <p>Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys.</p>  | <p><b>Achieved:</b> On track with successful IANZ audits for both WDC and MPDC with good feedback on the cluster QA overall. A review of our QA offering will be undertaken in 19/20.</p> <p><i>[New measure]</i></p>    |
|   |        |  |   |



| Target   | Method Measure   | Outcome  |   |
|--|--|--|---|
| Fulfil the roles and responsibilities set out in clause 9 of the WBCG's Memorandum of Understanding, 2016. | <ul style="list-style-type: none"> <li>Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection.</li> </ul> | <p><b>Partially achieved:</b> Work has been scoped for a programme to engage industry in the 2019/20 year.</p> <p>The Tech Committee will be continuing to work on consistency across councils on RFI's to enhance a consistent customer experience.</p> <p><i>[New measure]</i></p> |    |
|  | <ul style="list-style-type: none"> <li>Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.</li> </ul>   | <p><b>Achieved:</b> Cluster submission to Building Reform Act was delivered – was very similar to that put together by LGNZ.</p> <p><i>[New measure]</i></p>   |    |
|  | There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:   |  |   |
|  | i. Full participation in WBCG projects and programmes  | <p><b>Partially achieved:</b> Good participation in the projects when required but could improve.</p> <p><i>[New measure]</i></p>  |   |
|  | ii. Audits demonstrating implementation and compliance with the agreed QA systems  | <p><b>Achieved</b></p> <p><i>[New measure]</i></p>   |  |
|  | iii. Consistency in service delivery, measured by customer surveys.  | <p><b>Not achieved:</b> No customer survey this year – customer experience will be a key focus for 2019/20.</p> <p><i>[New measure]</i></p>  |  |
|  | Risk management is visible through regular reviews of the Risk Register.   | <p><b>Not achieved:</b> Lack of awareness of risk register – will be in the programme of work for the new Strategic Manager.</p> <p><i>[New measure]</i></p>   |  |
|  | All funding requirements are met by each of the participating councils   | <p><b>Achieved:</b> Requested funding received in a timely manner by participating councils</p> <p><i>[New measure]</i></p>  |  |
|  | Minimum of two reports presented to the WLASS Board on the Group's activities.   | <p><b>Achieved:</b> Activity reported to the Board in September and December 2018 and February 2019.</p> <p>[2018: Achieved]</p>   |  |

| Target  | Method | Measure  | Outcome   |
|---|--------|--|---|
| <b>Future Proof</b>   |        |  |   |
| <p>Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p><b>Method</b></p> <p>Joint preparation and input into Phase 2 of the Strategy update.</p>  |        | <p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.</p>   | <p><b>Not achieved:</b> The draft Future Proof Strategy (phase 2) was reported to the Future Proof Implementation Committee and submitted to MfE in December 2018. However, work has been deferred due to other processes currently underway, namely the Hamilton to Auckland Corridor Plan, review of NPS on Urban Development Capacity, Waikato Proposed District Plan, and subregional industrial land study.</p> <p>The phase 2 Strategy is expected to be completed in 2020.</p> <p><i>[New measure]</i></p>  |
| <p>The Future Proof budget is well managed and monitored.</p> <p><b>Method</b></p> <p>Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WLASS Board.</p>   |        | <p>The overall Future Proof work programme is delivered within the approved budget</p>   | <p><b>Not achieved:</b> The Future Proof work programme to the end of 2018/19 ran slightly over budget. However, this was as a result of an approved increase in scope associated with the Hamilton to Auckland Corridor Plan.</p> <p>The deficit is covered by the cash reserves from the previous year.</p> <p><i>[New measure]</i></p>    |
| <p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p> <p><b>Method</b></p> <p>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p> |        | <p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p> | <p><b>Achieved:</b> Future Proof made a submission on the Proposed Waikato District Plan in 2018 and has been working closely with Waikato District on their District Plan and supporting strategic planning documents. Future Proof has also been working with the Waikato Regional Council on upcoming changes to the Regional Policy Statement.</p> <p><i>[New measure]</i></p>   |
| <p>Aligned Resource Consent Planning Project</p> <p>Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.</p> <p><b>Method</b></p> <p>Progress on implementation of common forms and other initiatives is reported to shareholders on a regular basis.</p>  |        | <p>Common forms are in place for all Councils involved by December.</p>  | <p><b>Achieved:</b> The suite of initial forms has been completed and is live.</p> <p>The forum continues to meet on a 3-monthly basis to discuss planning issues. Two additional forms are being prepared and the group is considering next steps in the implementation and action plan.</p> <p><i>[New measure]</i></p>    |

| Target  | Method | Measure  | Outcome   |
|---|--------|--|---|
| <b>Shareholder survey</b>   |        |  |   |
| Shareholders are satisfied with the performance of WLASS.   |        | A survey of shareholders is undertaken each year, and the results are reported to all shareholders.  | <b>Achieved:</b> The survey was undertaken in the second half of the year with response received from all shareholders [2018: five respondents – 42%]. Results<br><i>[2018: Achieved]</i> |
| <b>Method</b><br>An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.                                       |        |  |    |
| <b>Review of benefits</b>   |        |  |   |
| Shareholders are informed of the benefits being provided to shareholding councils by WLASS.   |        | Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders. | Achieved: Benefits and achievements have been reported in the half-yearly report, this annual report and the statement of intent published in June 2019.<br><i>[2018: Achieved]</i>       |
| <b>Method</b><br>The benefits of WLASS (including financial and nonfinancial achievements) are regularly analysed and reported to shareholders. |        | The WLASS website is regularly maintained and updated.   | Achieved: Relevant information and publications are included on the website.<br><i>[New measure]</i>  |
|   |        |  |    |

# Bay of Plenty Local Authority Shared Services Limited (BOPLASS)

## Background

The councils that operate within the boundaries of the Bay of Plenty region have formed a council-controlled organisation to investigate, develop and deliver shared back office services and communications where and when that can be done more effectively for any combinations of some or all of the councils. Taupō District Council has a one-ninth ordinary shareholding in Bay of Plenty Local Authority Shared Services Limited (BOPLASS).

Auditors- Audit New Zealand

## Significant Policies and Objectives

The company was set up to provide Bay of Plenty Region councils with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Such services will be initiated under the umbrella of this company where a business case shows that they provide benefit to the (voluntary) council users by either improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

## Performance

The following is a report of performance against targets set in the Statement of Intent for 2018/21:

| Target 2018/19  | Result   | Narration   |
|---|----------|---|
| <p><b>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</b></p> <p><b>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</b></p> <p><b>A minimum of four new procurement initiatives investigated.</b></p> <p><b>Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</b></p> | Achieved | <p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p><b>Infrastructure Insurance</b> – BOPLASS represented a collective group of councils in negotiations for placement of councils’ infrastructure insurance into the London markets. Although faced with a hardening insurance market BOPLASS councils were able to achieve particularly good outcomes as a result of our existing underwriter relationships and an established history within the London insurance markets. This was supported by accurate loss modelling information, asset valuations, and risk quantification data, all of which have become essential information in securing appropriate and competitively priced insurance. A new contract was established with a mix of Lloyds’ syndicates.</p> <p><b>Eagle Training</b> – Eagle Technology was engaged by BOPLASS to provide collaborative training on migrating ArcMap to ArcGIS Pro for BOPLASS councils GIS staff. This collective approach provided significant cost savings and improved inter-council information sharing.</p> <p><b>Aerial Imagery and LiDAR* 2018/19</b> – The tender for BOPLASS councils’ specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. An additional financial saving of approximately \$100,000 was achieved (beyond the benefits of a collective tender) through a unique flying and capture process being utilised.</p> <p><i>*LiDAR (Light Detection and Ranging) data, or height data, is precise laser measurements of the Earth’s surface that is used for creating highly accurate 3D maps of the land. LiDAR is particularly useful for flood modelling purposes because it provides accurate terrain and surface models of the land. LiDAR allows us to better understand where water will flow, what protection may be needed and where the areas at greatest risk from flooding are.</i></p> <p><b>Provincial Growth Fund Application for LiDAR Capture</b> – BOPLASS successfully managed a coordinated regional approach to a Provincial Growth Fund application for co-funding for LiDAR capture for the entire Bay of Plenty region. Co-funding was made available to assist councils to invest in an expansion of 3D mapping to assist with supporting major development projects and improve land use management in our region. The successful application for co-funding will result in significant savings for BOPLASS councils’ LiDAR and 3D mapping programmes.</p> |



| Target 2018/19 | Result | Narration |
|----------------|--------|-----------|
|----------------|--------|-----------|

**Antenno** – Is a local government communications app that allows councils to push notifications to their communities. It also provides facilities for people to lodge service requests with their council directly through the app. BOPLASS negotiated a discount rate with Datacom for all BOPLASS councils.

**Lone Worker Field Solutions** – The BOPLASS Health and Safety group have engaged with vendors to review communication and technology solutions to assist with protecting and connecting with lone or remote workers. Still under action.

**Robotic Process Automation** – RPA provides an opportunity for the automation of repeatable processes that can run without intervention. BOPLASS has facilitated workshops with vendors and also with Auckland Council as they have developed a mature process for developing solutions based upon various business units' requirements. This project is ongoing.

**Accounts Payable Automation Software**- BOPLASS led a project to identify collaborative opportunities for the automation of accounts payable processes through niche software or collective development of a shared solution. Negotiations are underway with a shortlisted provider. Still under action.

**PMCA NZME Premium Content** - BOPLASS holds a collective PMCA licence on behalf of our constituent councils. BOPLASS identified that our licenced organisations cannot legally access premium media content without holding a corporate paywall premium subscription. BOPLASS investigated a project to establish a single corporate licence on behalf of our councils. It was determined that the service was not required by all councils and individual agreements would be pursued.

**Insurance Valuations** – International underwriters for BOPLASS councils' insurances had requested we demonstrate a common standard of asset reporting aligned to a consistent standard for valuations reporting. Having this consistent data would assist them in better understanding the risk they are writing and, ultimately, would be reflected in their pricing. BOPLASS negotiated an agreement with Aon to review councils' valuation processes and establish consistent standards for valuation of assets. Discounted pricing and savings for all councils was achieved through a collective agreement.

**Contractor online inductions** – The BOPLASS Health and Safety advisory group have investigated and shortlisted suppliers to deliver a collective solution for online inductions of contractors for all BOPLASS councils. Still under action.

**Eastern BOP Electricity Tender** – At the request of Eastern Bay councils BOPLASS explored options for other BOPLASS councils to participate in a collective tender. After investigating with other councils it was determined that it was more beneficial for Eastern Bay councils to proceed with a separate tender.

**Health and Safety Management Software** – A BOPLASS preferred supplier agreement has been established with Vault with preferential pricing applied to all participating Waikato and BOPLASS councils. The agreement provided significant savings for all councils and migration to the latest Vault version at no cost to participating councils.

| Target 2018/19   | Result          | Narration   |
|--|-----------------|---|
| <p><b>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</b></p> <p><b>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</b></p> <p><b>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</b></p> | <p>Achieved</p> | <p>0.45 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p><b>Radio Telephony (RT) strategy</b> – Push Wireless have been appointed as preferred supplier to coordinate region-wide Radio Telephone services and technologies. Standardisation of services and networks also provides the potential for further alignment in civil defence strategies.</p> <p><b>Bulk loading As Built Data questionnaire</b> – Investigated aligning BOPLASS councils to common As Built data standards. Survey circulated to all GIS teams to benchmark current standards. Still under action.</p> <p><b>Solid Waste Management</b> – Scoping for two of the three solid waste services that are being coordinated by BOPLASS has been completed, with significant opportunities for cross-regional collaboration identified:</p> <ul style="list-style-type: none"> <li>• A regional or cross-regional approach to licensing and data collection for waste operators</li> <li>• Diverting putrescible wastes from landfill</li> </ul> <p>The Regional Facilities Strategy project is awaiting commitment from Waikato councils before completing the initial scoping.</p> <p><b>Insurance Forum</b> – BOPLASS hosted an insurance forum covering Waikato and BOP councils. BOPLASS arranged sponsorship and the forum was provided at no cost to the councils. Qualified speakers covered a number of critical insurance and risk topics. Councils benefitted from access to this important information through this forum.</p> <p><b>Health and Safety Inter-Council Audits</b> – A framework has been developed to enable BOPLASS councils to request a peer review from other councils in the BOPLASS group with the objective of sharing knowledge and improving areas within Health and Safety.</p> <p><b>Asbestos protocol</b> – Researched and shared best practice and protocols across councils and within BOPLASS Health and Safety Advisory group. Organised WorkSafe presentation. Ongoing sharing of information between councils.</p> <p><b>Sustainable Public Procurement</b> – BOPLASS supported Toi-Ohomai Institute of Technology in a research report on Sustainable Public Procurement in the Bay of Plenty. BOPLASS has worked with CoBOP and The Sustainable Business Network to progress the opportunities identified in the report. BOPLASS councils’ procurement managers have undertaken a project to collaborate in the development of sustainability procurement practices and policies.</p> <p><b>Health and Safety Benchmarking</b> – The BOPLASS and Waikato LASS Health and Safety groups have established measures and systems for implementing a shared local authority health and safety benchmarking system.</p> <p><b>Support of Video Conferencing services for councils</b> – Ongoing support for councils’ in-house and external video conferencing services. Central management of virtual meeting rooms and directories. Investigation of updated services. Added Zoom services to councils’ video conferencing services.</p> <p><b>Ōpōtiki District Council Library and cloud services</b> – BOPLASS IT Manager assisted in reconfiguration of network and led project to investigate options to move Ōpōtiki District Council into the Cloud.</p> <p><b>Inter-Council Network (ICN) review, redesign and renegotiation of suppliers and services</b> – The ICN is a shared service high capacity fibre network connecting the majority of BOPLASS councils. ICN design was reviewed and an evaluation of ICN contracts undertaken to deliver further cost reductions.</p> |

| Target 2018/19  | Result          | Narration  |
|---|-----------------|--|
|   |                 | <p><b>Debt Collections</b> – After investigating options for establishing a local shared service, BOPLASS engaged with MWLASS to develop an opportunity for BOPLASS councils to participate in the MWLASS debt management service – Debt Management Central (DMC) – as a shared service. An interLASS agreement has been agreed, with BOPLASS councils entering into individual contracts with DMC.</p> <p><b>Capital Construction and Civil Works Projects</b> – A regional-wide marketing approach to civil projects is being reviewed. The focus of this approach is to market the project plans of the region as a whole to the construction sector and to help avoid the complex issue of regional versus local prioritisation for delivery of projects. The anticipated benefit of this approach is to attract a better response from contractors for councils across the region. Ongoing.</p> <p><b>Inter-LASS collaboration</b> – BOPLASS continues to encourage collaboration between all LASSes and has established quarterly meetings for LASS leaders to share information and identify opportunities for collective partnering.</p> <p><b>Collaborative Training</b> – Cross-council training has continued to be arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainers are prepared to travel to region for a larger group), opportunity to network with peers from other councils, and development of tailored material.</p> <p><b>BOPLASS Reviews</b> – Undertaken during all advisory group meetings – at least quarterly.</p> |
| <p><b>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</b></p> <p><b>Increase usage of the Collaboration Portal by providing support and training material for new and existing users.</b></p> <p><b>Proactively market the benefits to councils.</b></p> <p><b>Number of listed projects to increase by 20% per year.</b></p> <p><b>Number of Team Sites to increase by 20% per year.</b></p> | <p>Achieved</p> | <p>Project completed relaunching the Collaboration Portal with a more user friendly platform under Microsoft Teams to enable and encourage a higher level of sharing from councils and the Local Government community. User survey feedback implemented along with a review of best practice methodologies.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in more than ten additional councils or Local Government related organisations outside of the LASS group signing up to and using the Collaboration Portal, there are 24 councils or local government related organisations outside of the LASS group registered on the Portal.</p> <p>On-boarding, training material and training provided to councils to maximise usage and ensure increased uptake. Demonstrations of the Portal given to BOPLASS Advisory Groups and to councils’ executive leadership teams.</p> <p>Number of projects has increased by 11 over the last year, there are now 39 lodged projects.</p> <p>The number of Collaboration Portal Team Sites have increased by 32 over the last year with 58 team sites now registered.</p>   |

| Target 2018/19   | Result          | Narration  |
|--|-----------------|--|
| <p>Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.</p>  |                 |  |
| <p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p> | <p>Achieved</p> | <p>Contracts negotiated and/or renewed for:</p> <p>Video Conferencing Services – New video conference services have been established using Canon and Zoom to deliver desktop and meeting room services to participating councils.</p> <ul style="list-style-type: none"> <li>• GIS software and services –</li> <li>• Geocortex Essentials</li> <li>• Geocortex Optimizer</li> <li>• X-Tools</li> <li>• NZ Archaeological Association</li> </ul> <p>Contracts renegotiated and renewed – no alternative suppliers.</p> <p><b>Print Media Copyright Agency (PMCA)</b> – Contract and requirements reviewed. Contract renewed with PMCA – sole NZ provider.</p> <p><b>ESRI Enterprise Licensing Agreement</b> – BOPLASS Enterprise Agreement renegotiated and renewed for a further three year term with no increases in cost to councils. No alternative provider in NZ.</p> <p><b>Media Monitoring services</b> – Competitive procurement process managed by BOPLASS with presentations received from two vendors. Contract with iSentia renewed.</p> <p><b>Inter-Council Network</b> – Existing contracts renegotiated with some of the ICN suppliers, resulting in improved levels of service and \$56,048 annual savings in 2018/19 for this foundation service:</p> <ul style="list-style-type: none"> <li>- Spark Fortigate Firewall Services – renegotiated contract resulting in reduced ongoing costs for this service saving \$12,611 per year.</li> </ul> <p>Spark GWS Service in Ōpōtiki replaced with Evolution Networks Wireless WAN. Planning work begun in 2018 and completed in early 2019 year. Further improvements to the wireless service undertaken in February 2019. The decommission of the Spark service will result in a saving of \$20,000 per year.</p> |



| Target 2018/19  | Result   | Narration   |
|---|----------|---|
| <p><b>Review governance performance and structure to ensure it supports BOPLASS' strategic direction.</b></p> <p><b>Perform review of BOPLASS governance.</b></p> <p><b>Affirmative feedback received from shareholding councils at least annually.</b></p>                     | Achieved | <p>Following direct engagement with shareholders and feedback received a decision was made not to proceed with an independent governance review. The majority of councils advised they were comfortable with the current Board composition and the cost of carrying out an independent governance review would be prohibitive relative to the return in value.</p> <p>Discussions around strategy and governance are held on a continuous basis by the Board.</p> <p>Feedback from councils is received through the Statement of Intent submission process.</p> |
| <p><b>Communicate with each shareholding council at appropriate levels.</b></p> <p><b>Meeting with each Executive Leadership Team.</b></p> <p><b>At least one meeting per year.</b></p>   | Achieved | <p>BOPLASS continues to regularly engage with our constituent councils, senior management and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.</p> <p>Meetings were held with each council's Executive Leadership Team.</p> <p>A further four Operations Committee meetings were held during the year with Executive Leadership Team representation and input provided by all shareholding councils.</p>   |
| <p><b>Ensure current funding model is appropriate.</b></p> <p><b>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</b></p> <p><b>Performance against budgets reviewed quarterly. Company remains financially viable.</b></p> | Achieved | <p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2019: \$5,322 profit.</p>   |

# New Zealand Local Government Funding Agency (LGFA)

## Background

The LGFA is a significant initiative by the Local Government sector to provide the sector with long term access to debt funding at attractive and stable margins. The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation for the purposes of the Local Government Act 2002.

On 30 August 2011 Council resolved to participate in the LGFA as a Principal Shareholding Local Authority.

The LGFA is a limited liability company incorporated in December 2011 and has a current credit rating from Standard & Poor's of AA+. As at the 30 June 2019 there were 31 shareholders made up of 30 local and regional authorities and the Crown.

Council has 100,000 shares at \$1 per share and has \$100,000 of uncalled capital. Council committed to borrowing from the LGFA \$50 million on or prior to 31 March 2012 and retaining that borrowing in the LGFA for the commitment period of three years. As at 30 June 2018 Council has \$125 million of borrowings from the LGFA.

A Shareholders' Council has been established. The role of the Shareholders' Council comprises the following:

- Review and report performance of the LGFA and board;
- Recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors;
- Recommendations to Shareholders as to any changes to policies, or the Statement of Intent (SOI), requiring their approval;
- Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions.

Auditors KPMG on behalf of the Auditor General

## Nature and Scope of Activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

## Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in the SOI;
- be a good employer;
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- conduct its affairs in accordance with sound business practice.

## Primary objective

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

## Performance

Four performance targets are specified for the LGFA in their 2018-19 SOI. Progress against each of these targets is discussed below, including an explanation of any material variances.

| Current performance targets |   | Target   | Result   | Outcome   |
|-----------------------------|---|--|--|---|
| 1                           | The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period | <= 0.10%   | 0.101%<br>(0.10% for long-term and 0.106% for short-term)                | Not achieved Due to increase in short-term lending where margin includes LGFA cost of borrowing.  |
|                             | LGFA's annual issuance and operating expenses (excluding ALL) for the period  | <=\$5.67 million   | \$5.85 million   | Not Achieved<br>Due to NZX listing and legal fees associated with larger than forecast bond issuance and council lending.   |
|                             | Total lending to Participating Local Authorities  | >= \$8,105 million   | \$9.262 billion  | Achieved  |
|                             | LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing.                 | Improvement since prior year end relative to borrowing by councils directly.<br>Council borrowing spreads as at June 2018:<br>2019 maturity 11 bps<br>2021 maturity 19 bps<br>2025 maturity 10 bps | 2019:<br>2019 maturity n/a<br>2021 maturity 9 bps<br>2025 maturity 7 bps | Not Achieved<br>Due to a lack of single name issuance by councils and record issuance of LGFA bonds, these factors have created a supplydemand imbalance and reduced savings to councils. |

## Data Capture Systems Limited (DCSL)

### Background

Taupō District Council is the 100 per cent owner of Data Capture Systems Limited (DCSL).

Data Capture Systems Limited was a council-controlled organisation (CCO) as defined by the Local Government Act 2002. In February 2006 the directors of Data Capture Systems Limited resolved that it would cease operations. In June 2006, resolutions were passed to wind down the company during the course of the 2006/07 year. The company is now exempt, under section 7 of the Local Government Act 2002, from definition as a council-controlled organisation.

## Destination Lake Taupō Limited (DLTL)

### Background

Taupō District Council is the 100 per cent owner of Destination Lake Taupō Limited (DLTL).

Destination Lake Taupō Limited is a non-trading company that is held only for name-protection purposes. It has no revenue or expenditure, assets or liabilities. Council has passed a resolution, under section 7 of the Local Government Act 2002, making Destination Lake Taupō Limited exempt from definition as a council-controlled organisation.

# Elected Members

as at 30 June 2019



David Trewavas  
**Mayor**  
dtrewavas@Taupo.govt.nz  
027 570 7918



Rosie Harvey  
**Deputy Mayor**  
rharvey@Taupo.govt.nz  
021 924 606



John Boddy  
**Taupō-Kaingaroa Ward Councillor**  
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021 128 7704



Barry Hickling  
**Taupō-Kaingaroa Ward Councillor**  
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Rosanne Jollands  
**Taupō-Kaingaroa Ward Councillor**  
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Anna Park  
**Taupō-Kaingaroa Ward Councillor**  
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Christine Rankin  
**Taupō-Kaingaroa Ward Councillor**  
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027 582 4804



John Williamson  
**Taupō-Kaingaroa Ward Councillor**  
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027 310 8013



Tangonui Kingi  
**Tūrangi-Tongariro Ward Councillor**  
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021 253 3343



Kirsty Trueman  
**Mangakino-Pouakani Ward Councillor**  
ktrueman@Taupo.govt.nz  
027 335 5267



Maggie Stewart  
**Tūrangi-Tongariro Ward Councillor**  
mstewart@Taupo.govt.nz  
021 036 8035



# Tūrangi-Tongariro Community Board Members

as at 30 June 2019



Te Takinga New  
**Chair**  
tnew@Taupo.govt.nz  
021 0291 4186



Pauline Jenkins-Lyons  
**Deputy Chair**  
info@Turangimarine.co.nz  
021 082 50622



Karen Donlon  
Turangidairy@hotmail.com  
027 432 2335



Sharlyn Holt  
sharlyn.holt@tongariro.school.nz  
021 0293 8138



Tangonui Kingi  
**Councillor**  
tkingi@Taupo.govt.nz  
021 253 3343



Maggie Stewart  
**Councillor**  
mstewart@Taupo.govt.nz  
021 036 8035



Wally van der Aa  
alarmsandaerials@yahoo.co.nz  
021 980 373

# Council Directory

## Taupō District Council

46 Horomatangi Street  
Private Bag 2005  
Taupō 3352  
New Zealand

Tel 0800 ASK TDC  
0800 275 832  
07 376 0899  
Fax 07 378 0118

## Service Centres:

### Tūrangi

Tūrangi Town Centre  
Tūrangi 3334  
Tel 07 386 7017  
Fax 07 386 8449

### Mangakino

Civic Centre, Rangatira Drive  
Mangakino 3421  
Tel 07 882 8191  
Fax 07 882 8330

## Bankers and Funding:

Bank of New Zealand  
ANZ Bank New Zealand Limited  
Westpac Banking Corporation  
ASB Bank Limited

## Auditor:

Audit New Zealand, on behalf of the Auditor-General

## Insurance Broker:

Aon New Zealand Limited

Photo: Destination Great Lake Taupō  
Ōrakei Kōrako.











**GREAT LAKE TAUPŌ**  
Taupō District Council

