



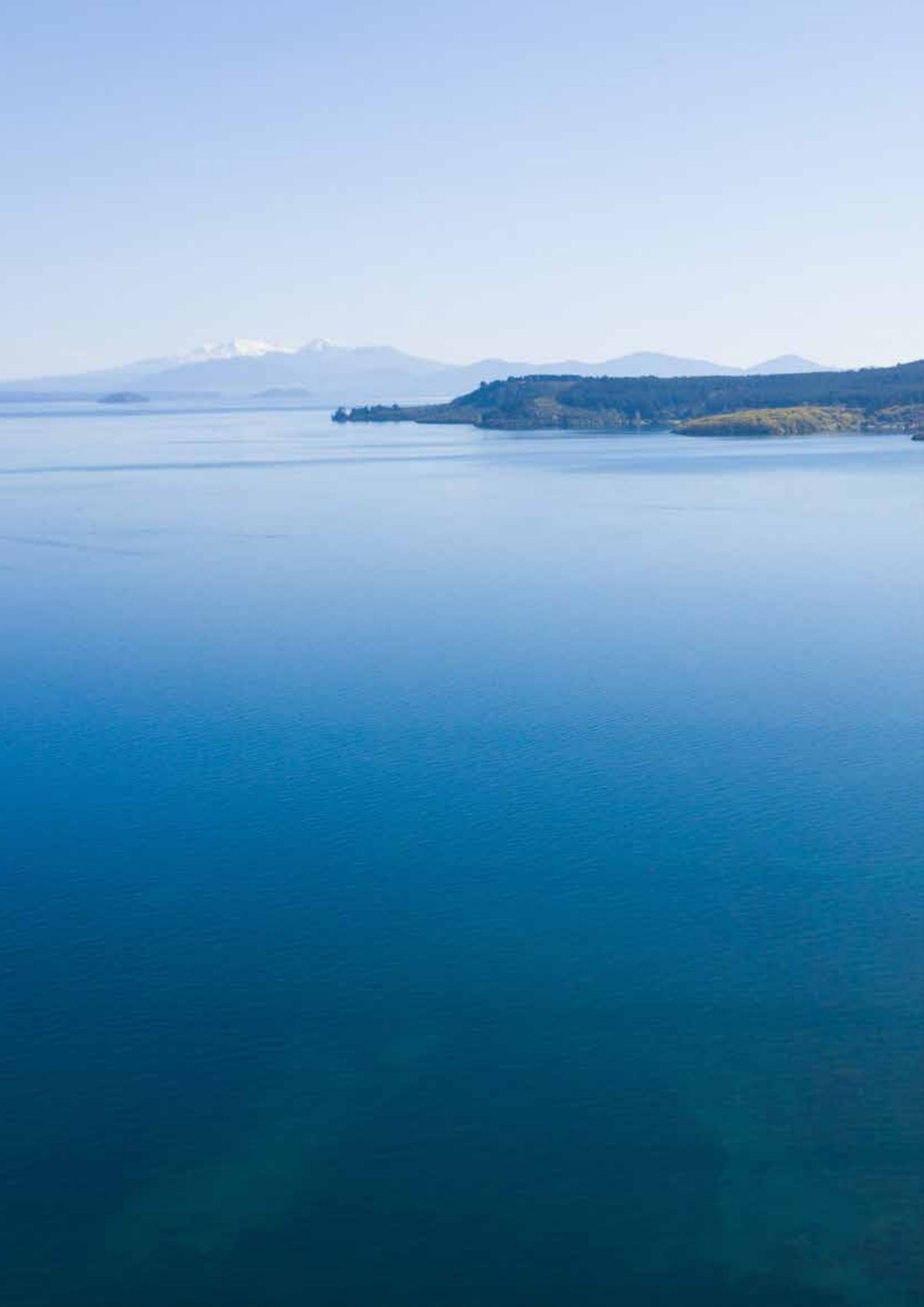
**GREAT LAKE TAUPŌ**  
Taupō District Council



# ANNUAL REPORT

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**2020/2021**







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# A MESSAGE

## FROM YOUR MAYOR AND CHIEF EXECUTIVE

### He aha te mea nui o te ao? He tāngata, he tāngata, he tāngata.

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What is the most important thing in the world?  
It is people, it is people, it is people.

**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.**

The previous year has been an inspiring story of resilience of, and recovery by, our community - a testament to the “can do” nature of the people of the Taupō District. During these trying times, the council has endeavoured to step up to provide the key services to support our people in their difficult circumstances, while also having to cut our financial coat according to our lesser cloth.

While the worldwide COVID-19 pandemic remains a clear and present danger to our nation and our community, in health, well-being, and in economic terms - here in our district we have risen together to the challenge of successfully adjusting to the new normal.

For one, the council made a commitment to the community to reprioritise our annual plan to see zero percent general rates increases for the 2020/21 year. The decision came in the wake of the far-reaching impact the national response to COVID-19 was having on the Taupō District.

We have delayed many projects, such as the council administration building, that are not time critical, reassessed our current levels of service, and made some hard decisions to achieve this. Our local businesses themselves have proved resilient and adaptable in the face of the loss of international visitor spending. This hardiness has also been complemented by a welcome increase in New Zealanders taking the time to holiday here and discover, or rediscover, the beauty of our district.

The district continued its track record of strong growth since 2013. Streamlining council consent processes for buildings and business operations has been a priority for us, and our staffers have done us proud in delivering. At the same time though, this increase in population and activity has put stress on our infrastructure and requires significant continued investment.

A key achievement for the year has been finalising our Long-term Plan, which will guide our activities over the

next decade. The decisions made in consultation with the community we believe will ensure Taupō remains and advances as a great place to live. The plan sets new strategic goals that will not only service our community well today, but also for many years to come.

We have committed to delivering across a range of priorities such as major investment in core infrastructure across the district, improving access to safe drinking water, strengthening our response to climate change and pursuing better outcomes to address housing issues.

Our ongoing “shovel-ready” government-funded COVID-19 recovery \$20.6 million Taupō Town Centre Transformation project has been noted publicly by Prime Minister Jacinda Ardern as an exemplar of infrastructure development under the national scheme. On schedule and budget, it has provided work opportunities for those previously not in employment, pumped money into the local economy and created attractive improvements to our central business district.

The transformation project, which will continue into this new financial year, is already helping to improve traffic flows around town, and the ongoing phases will allow our lakefront around the Roberts St and Tongariro St area become more pedestrian, shopper and diner amenable, while retaining suitable access for vehicles.

The beauty of our Taupō lakefront has also been enhanced by the completion of the Great Lake Pathway, which has created a more user-friendly experience for locals and visitors, accommodating an increase in, and changing use of our lakefront, and enhancing the cultural importance of this outstanding natural area.

At the southern end of the lake, we have also made great strides with our \$6.6 million Turangi Street Revitalisation project that involves renewing kerbs and channels damaged by the roots of 94 old trees. We have consulted



**‘Naku te rourou nau te  
rourou ka ora ai te iwi’  
‘With your basket and my  
basket the people will live’**

carefully with the community to see what tree types they would like planted to replace the ones needed to be removed.

We are also progressing important facilities for the Turangi-Tongariro community, including planning a Turangi Recreation and Activity Centre under our Long-term Plan (P191). A new sports facility at Tūrangitukua Park is also being developed in partnership between landowners Ngāti Tūrangitukua with the facility being included in this year’s annual plan, with a budget of \$1.7 million. A further \$300,000 has been secured from a BayTrust grant that will bring the total budget to \$2 million.

An important step in meeting our treaty obligations in good faith partnership has been the decision to create a Māori Ward for the district. In a separate process we have also been pursuing a comprehensive relationship-based co-governance agreement with Ngāti Tūrangitukua, who are mana whenua for Turangi township and its surrounds. We are also progressing strongly in building our relationships with the wider Ngāti Tūwharetoa iwi, and other iwi with mana whenua in our district.

Work on providing important community facilities around other parts of the district proceeds. Solid progress towards completing the new Mangakino Sports Hub is one example.

Water, in its three forms: drinking; wastewater; and stormwater, has become an issue of national significance, and in the Taupō district we have not been standing still.

We have been working hard on water infrastructure. As examples, the Five Mile Bay community has now been connected to the Taupō water supply and we have undertaken major water pipeline renewals. These include the following approximate lengths: 5km of pipelines in Turangi; 8km of pipelines in Taupō; 1km in Acacia Bay and Mapara, and half a kilometre in Mangakino.

We have also completed design, tendering, and three-quarters of construction for connecting Acacia Bay to the Taupō water supply. Tenders have been released to the market for the upgrade of six of our smaller treatment plants to include UV disinfection, and for the design and construction of five new membrane water treatment plants across the district.

Relining of sewers in Mangakino and Taupō industrial areas has been successfully achieved. Our Kinloch wastewater irrigation system project has been completed and that community’s wastewater treatment plant upgrade has also begun.

This introduction is, of course, just a thumbnail sketch of the many challenges and achievements of the past 12 months. The following report more fully documents our progress during this time. Over the coming year and beyond, much more mahi remains to consolidate the headway we are making. Our overriding commitment continues to be to ensure the Taupō District is one of the best places in the country to live and thrive in. Arohanui to all our residents and ratepayers.

Ngā mihi nui,

**David Trewavas**  
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 2021 fairly reflect the financial position and operations of Taupō District Council.



**David Trewavas (JP)**  
**Mayor**  
24 November 2021



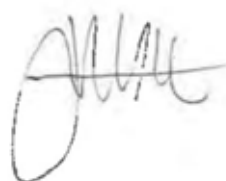
**Gareth Green**  
**Chief Executive Officer**  
24 November 2021



**Julie Gardyne**  
**Deputy Chief Executive Officer**  
24 November 2021



**Andrew Peckham**  
**General Manager Corporate**  
24 November 2021



**John Ridd**  
**General Manager Policy & Strategy**  
24 November 2021



**Kevin Strongman**  
**General Manager Operations & Delivery**  
24 November 2021





## Independent Auditor's Report

### To the readers of Taupō District Council's annual report for the year ended 30 June 2021

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, Leon Pieterse, 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 14 December 2021. This is the date on which we give our report.

### Opinion on the audited information

#### ***Unmodified opinion on the audited information, excluding the statement of service performance reporting***

In our opinion:

- the financial statements on pages 106 to 190:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2021; and
    - the results of the operations and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;

- the funding impact statement on page 104, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s annual plan;
- the statement about capital expenditure for each group of activities on pages 34 to 103, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s annual plan; and
- the funding impact statement for each group of activities on pages 40 to 102, 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.

***Qualified opinion on the statement of service performance reporting***

In our opinion, except for the possible effects of the matters described in the “Basis for our opinion” section of our report, the statement of service performance reporting on pages 38 to 101:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
  - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
  - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

**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 17 to 21, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

## **Basis for our opinion on the audited information**

### ***Our work was limited in relation to verifying the fault attendance and resolution times in respect of the water supply and wastewater systems***

The District Council is required to report against the performance measures set out in the Non-Financial Performance Measure Rules 2013 (the Rules) made by the Secretary for Local Government. These mandatory performance measures include the attendance times and resolution times to call-outs relating to faults or unplanned interruptions to its water supply system and to sewerage overflows resulting from a blockage or other fault in its wastewater system.

As explained on pages 49 and 73, the District Council was unable to support the reported performance against these measures due to issues with the data recording system. As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance that the reported results for these measures are materially correct in the current year and the comparative year to 30 June 2020.

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.

## **Emphasis of matter - the Government's three waters reform programme announcement**

Without further modifying our opinion, we draw attention to note 31 on page 174, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

## **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

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

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



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

## **Responsibilities of the auditor for the audited information**

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service 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 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 1 to 9, 22 to 29 and 192 to 218 but does not include the audited information and the disclosure requirements.

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

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

## **Independence**

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, assurance engagements in relation to the new headquarters building and the Quantum project, and audited the District Council's long-term plan. These engagements 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.

A handwritten signature in blue ink, appearing to read 'L. Pieterse', is positioned above the printed name.

Leon Pieterse  
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

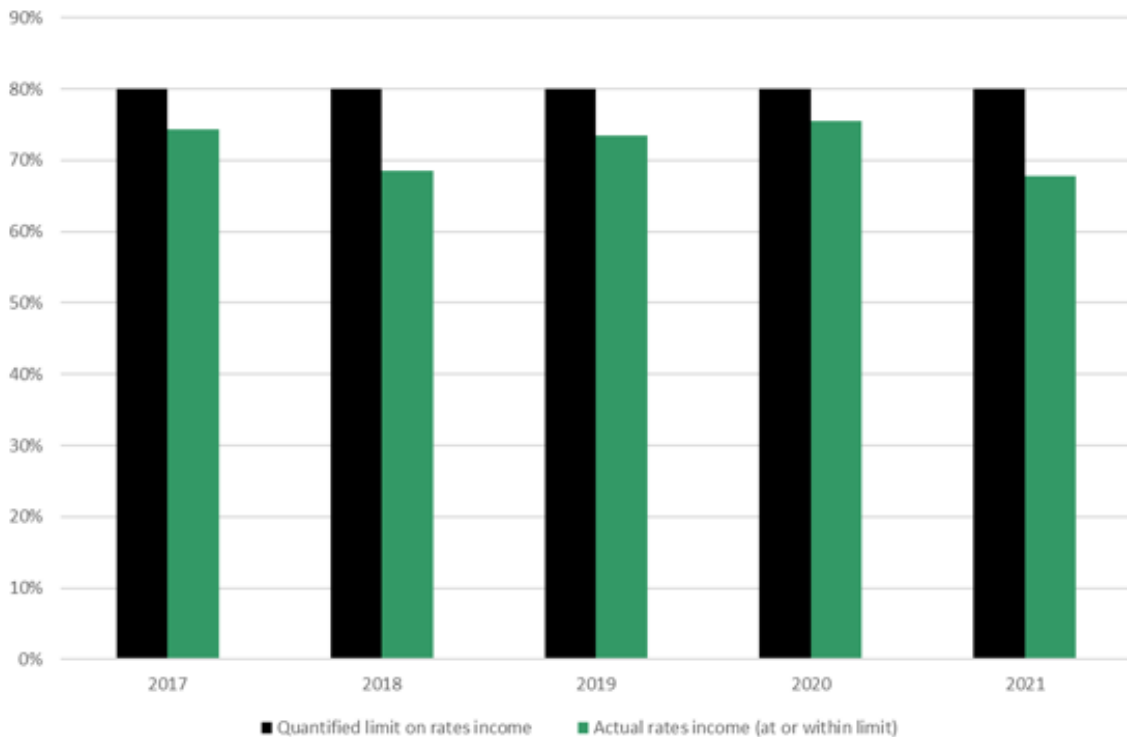
this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

## 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.

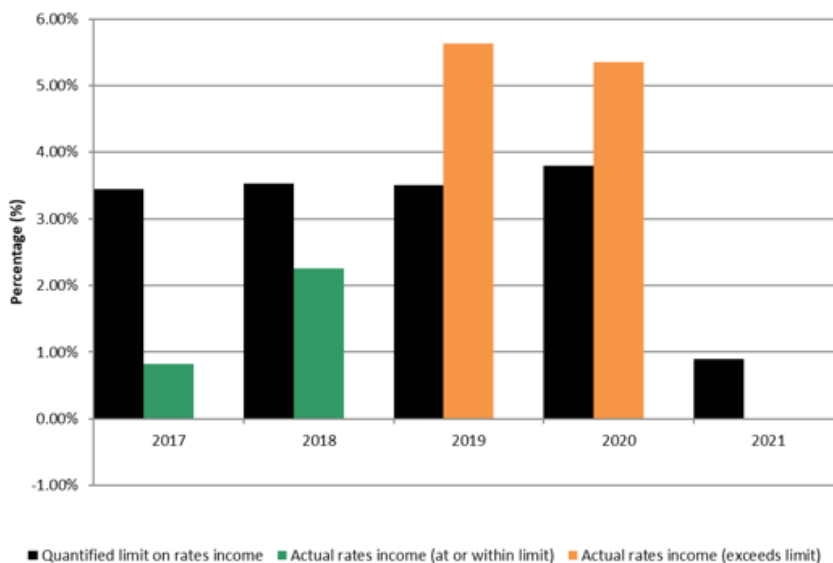
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's Long-term Plan. The quantified limit is that total rates revenue must not exceed 80% of operating revenues.



## 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

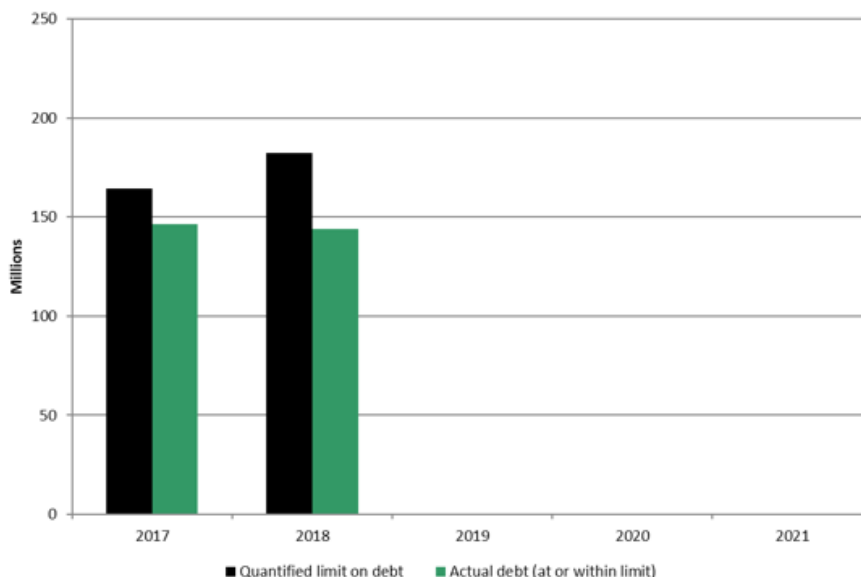
in the 2018-28 LTP is that rate increases may not exceed LGCI + 1.5%. The 2019 & 2020 results exceed the limit due to a larger than normal growth in rateable properties which have contributed more rates revenue for 2019 & 2020. In 2021 a zero percent rates increase was targeted as a measure to alleviate COVID-19 hardship.



## DEBT AFFORDABILITY BENCHMARK

The following graph compares the Council's actual borrowing for 2016-2018 with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit in the 2015-25 LTP was that gross external borrowing may not

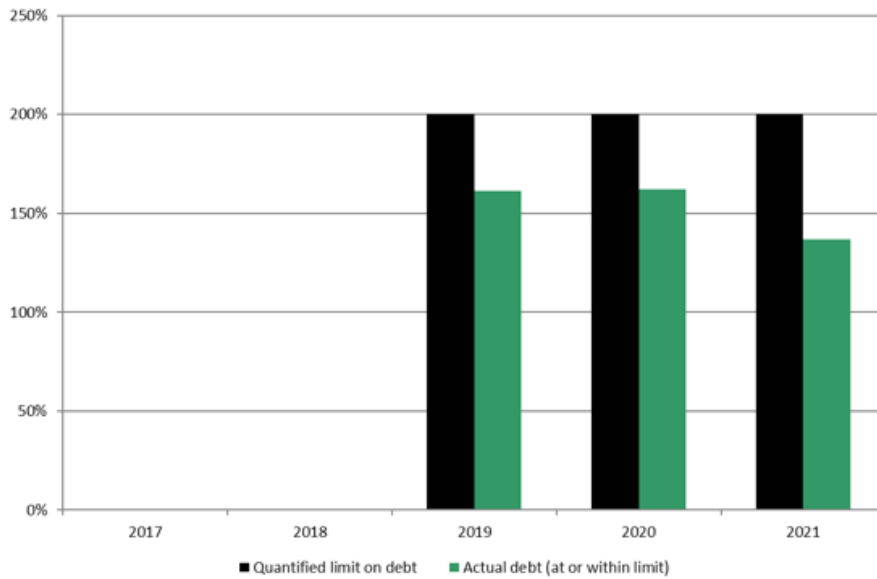
be more than 200% of annual operating income. The unit of measure used in the 2015-25 LTP was dollars - this was changed to be a percentage measure in the 2018-28 LTP's. Therefore the measurement against benchmark for 2019, 2020 and 2021 is shown separately in a second graph.



## DEBT AFFORDABILITY BENCHMARK CONT.

The following graph compares the Council's actual borrowing 2019, 2020 and 2021 with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-term Plan. The quantified limit in the

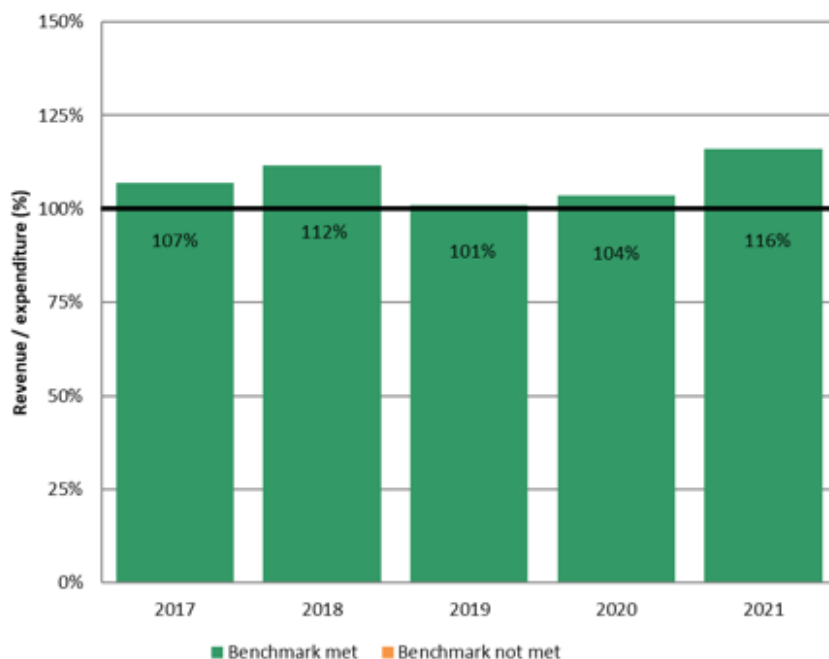
2018-28 LTP was that gross external borrowing may not be more than 200% of annual operating income. The unit of measure used in the 2018-28 LTP was percentage as opposed to dollars in prior LTP's.



## 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

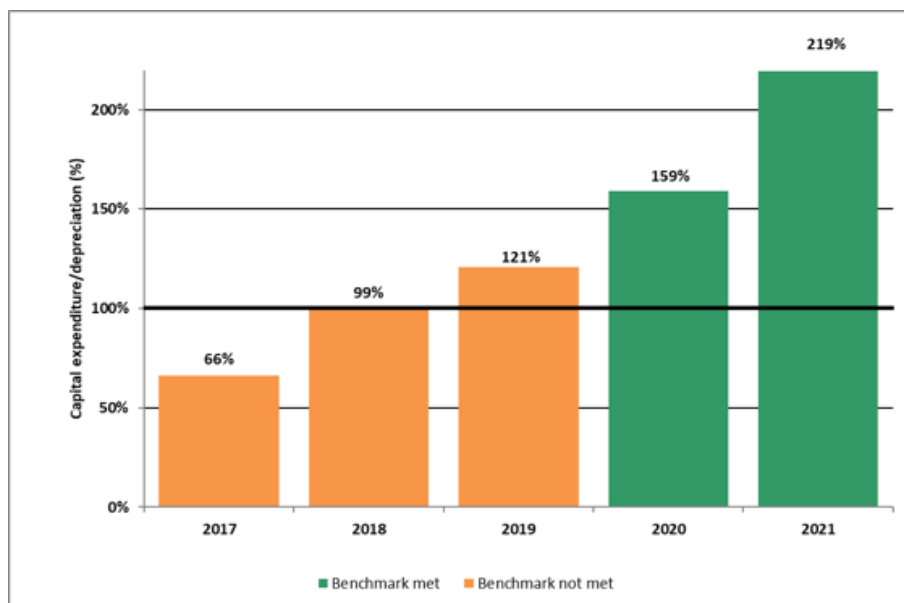
(excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



## 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

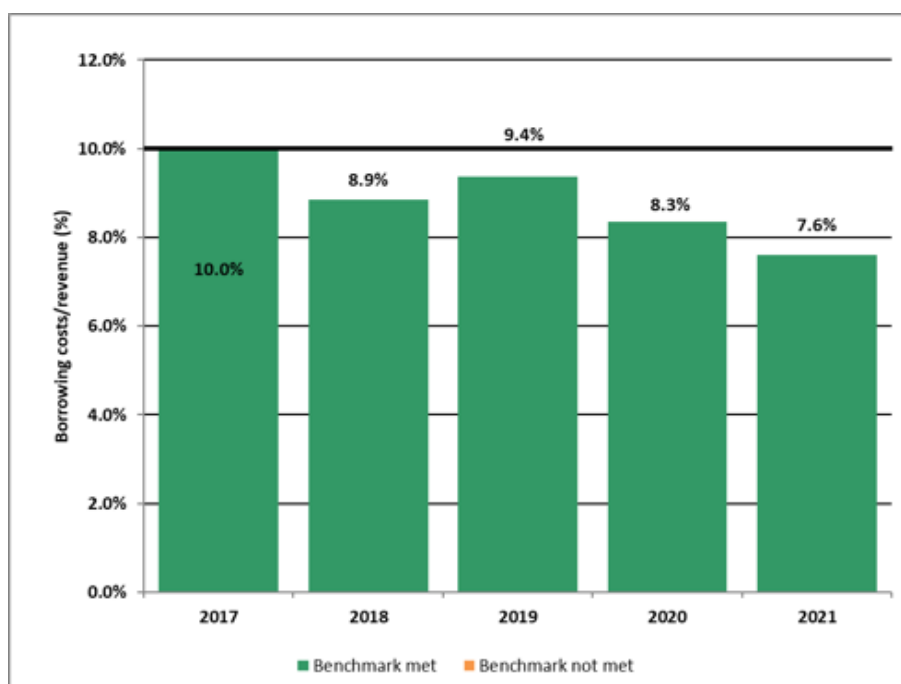
benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



## 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

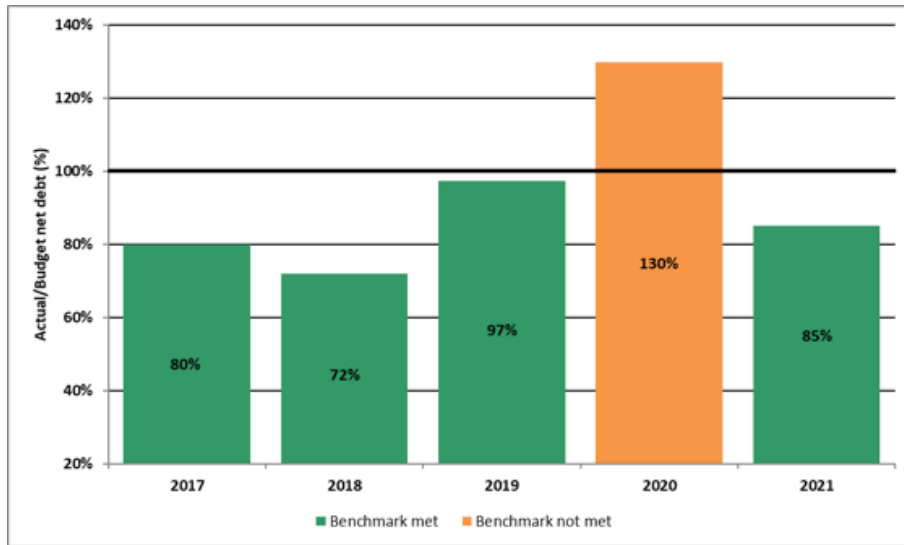
national population growth rate, therefore it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## 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. The reason that the level was above the benchmark in 2020 is that the measurement of net debt changed in 2020 to

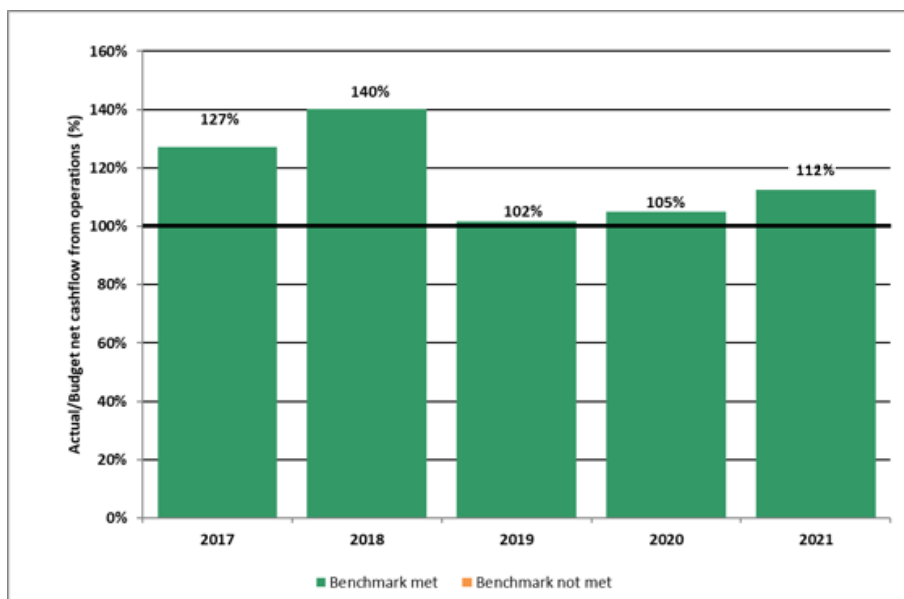
include all financial liabilities and financial assets including derivatives. This has raised the level of net debt reported in this benchmark, and increases the volatility of the measure due to the inclusion of market revaluations of derivatives which are not planned for in the Council's 2018 Long-term Plan. All comparative years have been restated to the new measurement basis.



## 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.





# 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.

## 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.

## AUTHENTIC

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

## 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.

## 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.

## 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.

## 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 \$1.45 billion in assets, including land, infrastructure and buildings as at 30 June 2021. These include:

2018/19	2019/20	2020/21	DESCRIPTION
97,708m <sup>2</sup>	98,758m <sup>2</sup>	99,059m <sup>2</sup>	Parking (equal to about 14 rugby fields)
3,068 poles 4,434 lights	3,187 poles 4,429 lights	3,168 poles 4,448 lights	Streetlights
795km	796.4km	800km	Roads (sealed and unsealed)
752km	771km	778km	Pipes - supplying drinking water (includes service connections)
299	299	299	Reserves - including six sports grounds, three cemeteries and 57 playgrounds
420	454	414	Street Litter / Recycling Bins
494km	504.6km	532km	Pipes - for wastewater (Includes service connections)
329.7km	343km	356km	Footpaths
264.4km	264km	265km	Pipes for stormwater
28	29	29	Pump Stations - for water supply boosting
125	125	123	Pump Stations - for wastewater reticulation (includes 64 septic tank effluent pump stations)
57	57	58	Social Housing Units - mainly occupied by elderly people
56	56	57	Public Toilets
38km	38km	41km	Cycleways and Shared Pathways
39km	39.7km	43km	Culverts
25	25	25	Bridges
20	19	19	Water Treatment Plants (includes Taupō South - Rainbow Point WTP which is isolated)
12	12	11	Community Halls
11	10	11	Wastewater Treatment Plants
5	5	5	Transfer Stations
3	3	3	Libraries
3	3	3	Swimming Pools
2	2	2	Fitness Centres and One Gymnasium
1	1	1	Landfill
1	1	1	Museum
1	1	1	Events Centre
1	1	1	Entertainment Centre (the Great Lake Centre)
1	1	1	Airport



# 2021-2031

## NEW AMBITIOUS LONG TERM PLAN



ALL STAFF NOW  
**PAID AT LEAST  
THE LIVING WAGE**



BUILDING CONSENTS TEAM  
**ACHIEVED  
ACCREDITATION**



**RECORD** NUMBER OF  
BUILDING CONSENTS

**0%**

RATES INCREASE  
DUE TO COVID-19

**47%**

OF PEOPLE IN TDC  
ANNUAL SURVEY  
**SATISFIED WITH  
VALUE FOR RATES**  
UP FROM 44%



**79%**

OF PEOPLE IN TDC  
ANNUAL SURVEY

**REPORT POSITIVE  
QUALITY OF LIFE**

**SIGNIFICANT PROGRESS**



ON COLLABORATION  
& ENGAGEMENT  
**WITH IWI/HAPŪ**

I-SITES MERGED WITH TDC  
**CUSTOMER SERVICE CENTRES**

TAUPŌ TOWN &  
GREAT LAKE PATHWAY  
ARE BOTH FINALISTS IN THE

**KEEP NEW ZEALAND  
BEAUTIFUL AWARDS**

**76%**

**OF CAPITAL  
WORKS**  
PROJECTS ON  
SCHEDULE  
AS AT APRIL 2021

NEW PROCUREMENT  
POLICY PROVIDES UP TO

**15% ADDITIONAL  
LOCAL WEIGHTING**





\$20.6m

GOVERNMENT FUNDING FOR



TAUPŌ TOWN CENTRE  
TRANSFORMATION

## MANGAKINO STAGE TWO

SEWER RELINING  
PROJECT COMPLETED



ORGANISATIONAL  
REALIGNMENT  
COMPLETED



140 LOCAL JOBS  
CREATED IN FOUR  
MAJOR PROJECTS

SIGNIFICANT  
SATISFACTION  
INCREASE

AMONG MĀORI  
RESPONDENTS FOR  
INVOLVING PUBLIC IN  
DECISION-MAKING

3 KEY PROJECTS BEGUN  
IN TURANGI

STREET REVITALISATION,  
MANA WHAKAHONO,  
& RECREATION  
ACTIVITY CENTRE

ONE OF THE  
FIRST COUNCILS  
TO CREATE A



COVID COMMUNITY  
RECOVERY PLAN

HOO  
TAKI  
KIMIOCHI

## DRINKING WATER

STANDARDS UPGRADE PROJECT PROGRESSED

## WASTEWATER TREATMENT

PLANT UPGRADE UNDERWAY

## IRRIGATION SYSTEM

COMPLETE

We are proud to present this Annual  
Report and of the hard work council staff  
have put in this financial year.



GREAT LAKE TAUPŌ  
Taupō District Council

# NEW PROJECTS

## THIS YEAR, NOT INCLUDED IN THE LTP

- Council received central government funding of \$20.6 million for the Taupō Town Centre Transformation project as part of the Government COVID-19 stimulus package. This project is taking place in four phases, over two years.
- Council received central government funding of \$8.3 million as part of the Government's Three Waters Reform Programme. This funding has been used to bring forward necessary works to our drinking water and wastewater infrastructure.
- Council received central government funding of \$6.5 million for street revitalisation works in Turangi as part of the Government COVID-19 stimulus package.
- Council received central government funding of \$4.0 million for paving a shared pathway alongside the East Taupō Arterial (ETA) route (over two years), and extending the Mapara Road footpath in Taupō. This funding was received as part of the Government COVID-19 stimulus package.
- Mangakino pipe intake replacement has been brought forward to address leak concerns.
- Emergency repairs were made to the indoor pool at the AC Baths.

## SURVEYS

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 and is undertaken regularly. It is conducted by Versus Research and measures how satisfied residents and non-resident ratepayers are with Council services. The last survey was undertaken in June/July 2021.

## 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.







# GROUPS OF ACTIVITIES

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

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. 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 48 of its 80 performance measures in the Long-term Plan 2018-28, which it reports against monthly and annually (Council achieved 40 of 80 in 2019/20). The performance measures address factors such as quantity of service provided (or volume), quality of service, and customer satisfaction.

## COUNCIL'S 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

For each activity, we are required to report any effects that the group towards the four well-beings:

- Social
- Economic
- Environmental
- Cultural

This assessment has been made under the relevant activity.











# COMMUNITY SERVICES AND ENGAGEMENT

## WHAT WE DO

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

## COUNCIL'S 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. This is done via a partnership agreement or through independent distributing agencies including the Turangi-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

- Strategic planning and governance workshops for community groups (with Inspiring Communities and Exult) to facilitate community-led change.
- Taupō Tokelau Trust Community plan. Included redeveloping constitution as a legal entity. Secured government funding to renovate Tokelau community hall.
- Three community funding workshops in partnership with BayTrust, Pelorus Trust and Generosity New Zealand.
- Continued with Smokefree 2025 action plan.
- Safe Communities, annual report survey, and Safe Turangi support. Safe Community engagement with Taupō communities in partnership with New Zealand Police and Oranga Tamariki.
- Crime prevention through environmental design assessment request at two Taupō and one Turangi site.
- Access Taupō hui and actions.
- Taupō Youth Network participation.
- Taupō Council of Social Service Network participation.
- Community and Partnership Grants, including Turangi-Tongariro, Mangakino-Pouākani, Creative Communities, Rural Travel Fund. Supported distribution agencies, social service, sport and arts sectors.
- Facilitated and supported community groups with various community events, including Love Week in Tauhara, Pihanga and Brice Street Our Neighbourhood events, Christmas in the Park, Children's Day, White Ribbon, Youth Week, Suicide Prevention Day, Mental Health Week, Conservation Week, Taupō, Turangi and Mangakino Christmas Parades, Te Reo Māori language week, Tūwharetoa Taiopenga Kapa Haka.
- Supported various place-based neighbourhood requests for events in Acacia Bay, Kinloch and Waipahihi Botanical Reserve.
- Worked with Taupō Council of Social Services to co-facilitate COVID-19 impacts on community groups and NGOs regarding opportunities and challenges wananga (hosted by Kate Frykberg)
- Partnered with Taupō Council of Social Services to develop a community directory both online and booklet resource.
- Facilitated community supports including volunteer mobilisation, planning, process, resources, programme delivery.
- Co-facilitated presentations/workshops - including planning, engagement, facilitation, delivery, resources Age-Friendly District.
- Continued CBD Ambassadors programme.
- Initiated CBD Beggars resources. Rough sleepers/homeless count.
- Facilitated forum support of regional presentations/workshop, Civil Defence Welfare, Collective Impact, Church & Government/Local Government, Police/Church community relationships.
- Partnered with Blue Light Taupō to develop Taupō Youth Services resource.
- Bay of Plenty Engagers Network. Taupō District Council hosted October 2020.
- Recreation Aotearoa Network. Taupō District Council hosted May 2021.
- Council Long-term Plan engagement and submission process with interest groups, partners and representative groups.
- Engagement Transport Strategy interest groups and representative groups.
- Grants and Partnership audit actions
- Grants and Partnership policy review

# COMMUNITY SERVICES

## 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.

YEAR	2020/21	2019/20	2018/19	2017/18	
<b>Issued</b>	1,116	1,270	1,308	1,355	Building consents
	1,194	956	1,042	1,109	Code of compliance certificates
	325	321	300	325	Resource consents
	6,593	8,797	15,251	18,949	Parking infringement notices
<b>Dealt with</b>	1,053	1,165	1,121	1,305	Noise complaints
	1,110	1,206	1,149	1,177	Animal control complaints
<b>Audited</b>	317	535	591	302	BWOF inspections/audits
<b>Made</b>	603	636	590	472	Food/Health inspections
	163	160	155	159	Liquor outlet inspections



# COMMUNITY SERVICES

## 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 Operations 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 Turangi in the event of an emergency.
- Providing support and recovery with our Response Team (NZ-RT6).

### WHAT WE DID THIS YEAR

- Continuing marae preparedness training in conjunction with FENZ and Waihereora Ltd.
- Attended community neighbourhood events promoting Civil Defence.
- Staff training continues for welfare and foundational and intermediate course.
- Undertook school and early childhood centre visits to increase knowledge of the district's hazards, and how to get ready in case of an emergency.
- Participated in Caldera Advisory Group, Central Plateau Volcanic Advisory Group, and ECLIPSE meetings.
- Maintained preparedness for COVID-19 resurgence and associated planning.

# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET	
<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.	
<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.	100%	
<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.	100%	
	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.	100%	
<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).	100%	
	Percentage of Building Warrants of Fitness audited yearly to ensure the information is correct.	At least 20%	
<b>We register and enforce regulatory functions for animal control</b>	Percentage of known dogs that are registered each year.	At least 99%	
<b>We respond efficiently to requests for service</b>	Percentage of noise complaints that are responded to within two hours.	At least 99%	
	Food safety - Percentage of food complaints responded to within two working days.	At least 80%	
	Dog control - percentage of initial response within 24 hours for dog control complaints.	100%	
<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.	100%	
	Percentage of food premises that are registered and inspected/audited as required to ensure they meet minimum legislative standards.	100%	
	Percentage of liquor premises that are registered and inspected annually to ensure they meet the legislative minimum standards.	100%	
<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. Measured by the percentage of actions completed within the specified timeframe.	100%	

RESULTS	EXPLANATION
2019/20 - Achieved (19 community led events)  2020/21 - Not achieved (10 community led events)	2019/20 and 2020/21 COVID-19 level 3 and 4 restrictions resulted in event cancellations and/or event down scaled.
2019/20 - Achieved (100 percent)  2020/21 - Achieved (100 percent)	All agencies reported to Council.
2019/20 - Not achieved (98.1 percent)  2020/21 - Achieved (100 percent)	In 2020/21 we processed 325 resource consent applications. All were processed in time.
2019/20 - Achieved (100 percent)  2020/21 - Achieved (100 percent)	All resource consents were monitored or are scheduled to be monitored depending on project timeframes.
2019/20 - Not achieved (96 percent)  2020/21 - Not achieved (95%)	We processed 1,116 building consents in 2020/2021. There were 60 building consents that went over processing timeframes. Where consents took longer than 20 working days to process it was because we had fewer staff able to process building consents in 2020/2021.
2019/20 - Achieved (50 percent)  2020/21 - Achieved (50 percent)	There were 317 inspections completed out of 630 buildings.
2019/20 - Achieved (99.2 percent)  2020/21 - Achieved (99.6 percent)	7,510 dogs were registered from a total of 7537 known dogs in the district.
2019/20 - Achieved (100 percent)  2020/21 - Achieved (100 percent)	1,053 noise complaints responded to within two hours.
2019/20 - Achieved (100 percent)  2020/21 - Achieved (100 percent)	We received 22 food complaints in 2020/21. 100 percent of these were responded to within two days.
2019/20 - Not achieved (97 percent)  2020/21 - Achieved (100 percent)	1,110 animal control requests responded to within 24 hours.
2019/20 - Not achieved (55 percent)  2020/21 - Achieved (100 percent)	100 percent of hairdressers, campgrounds, offensive trades and funeral directors were inspected. In addition, the prior 2019/20 COVID-19 related backlog was also addressed with some premises being inspected twice. We inspected: <ul style="list-style-type: none"> <li>• 22 campgrounds</li> <li>• 77 hairdressers</li> <li>• 4 offensive trades (4 in total)</li> <li>• 1 funeral director</li> </ul>
2019/20 - Achieved (100 percent)  2020/21 - Achieved (100 percent)	There were 349 food premises that were scheduled for their required verification this year by their Food Control Plan or National Programme. All were verified for a total of 499 visits and revisits.
2019/20 - Not achieved (61 percent)  2020/21 - Achieved (100 percent)	All licenced premises were inspected during this calendar year for a total of 163 inspections consisting of: <ul style="list-style-type: none"> <li>• 12 club inspections</li> <li>• 39 off licences</li> <li>• 102 on licence inspections</li> <li>• 4 temporary authorities</li> <li>• 6 special licences</li> </ul>
2019/20 - Achieved (100 percent)  2020/21 - Achieved (100 percent)	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.

# FUNDING IMPACT STATEMENT

## FOR COMMUNITY SERVICES

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	4,836	5,034	4,457
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	13	6
Fees and charges	2,323	2,371	3,593
Internal charges and overheads recovered	-	-	11
Local authorities fuel tax, fines, infringement fees, and other receipts	449	458	360
<b>Total operating funding (A)</b>	<b>7,608</b>	<b>7,876</b>	<b>8,427</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,384	7,653	7,882
Finance costs	47	42	42
Internal charges and overheads applied	-	-	1
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,431</b>	<b>7,695</b>	<b>7,925</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>177</b>	<b>181</b>	<b>502</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(88)	(68)	(31)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(88)</b>	<b>(68)</b>	<b>(31)</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	20	-	45
• to replace existing assets	160	105	40
Increase (decrease) in reserves	(91)	8	386
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>89</b>	<b>113</b>	<b>471</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(177)</b>	<b>(181)</b>	<b>(502)</b>



# COMMUNITY SERVICES

## SCHEDULE OF CAPITAL EXPENDITURE

ACTIVITY/ SCHEME	PROJECT	REASON FOR ACQUISITION	PROJECT STATUS (REFER KEY)	ACTUAL (\$000)	BUDGET (\$000)	VARIANCE (\$000)
<b>Community Services</b>	Burglar alarm for Civil Defence Depot at OD Park	ILOS	A	7	9	1
<b>Community Services</b>	Generator inverter	ILOS	A	-	5	5
<b>Community Services</b>	New cameras to coincide with police 10 year district plan	ILOS	A	15	20	5
<b>Community Services - District</b>	Renewals	Renewal	A	38	81	43
<b>TOTAL COMMUNITY SERVICES</b>				<b>60</b>	<b>114</b>	<b>54</b>

### KEY

<b>A</b>	Achieved
<b>M</b>	Deliberate move into future years
<b>MY</b>	Multi-year project
<b>S</b>	Slippage
<b>X</b>	Not achieved - major slippage (project will not be complete by 30 September 2020) or project will no longer be carried out
<b>ILOS</b>	Increased Level of Service

Response  
Centre







# WATER

## WHAT WE DO AND HOW WE DO IT

**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.**

Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Turangi, Mangakino and 15 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.

Please note that we are operating under our Turangi resource consent for water take and Motouapa consent for backwash water discharge which have technically expired. Application for new resource consents have been made, however the new consents have not yet been granted. This is provided for under Section 124 of the Resource Management Act 1991 (RMA) and we are still complying with our obligations under the resource consents and the RMA.

## 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

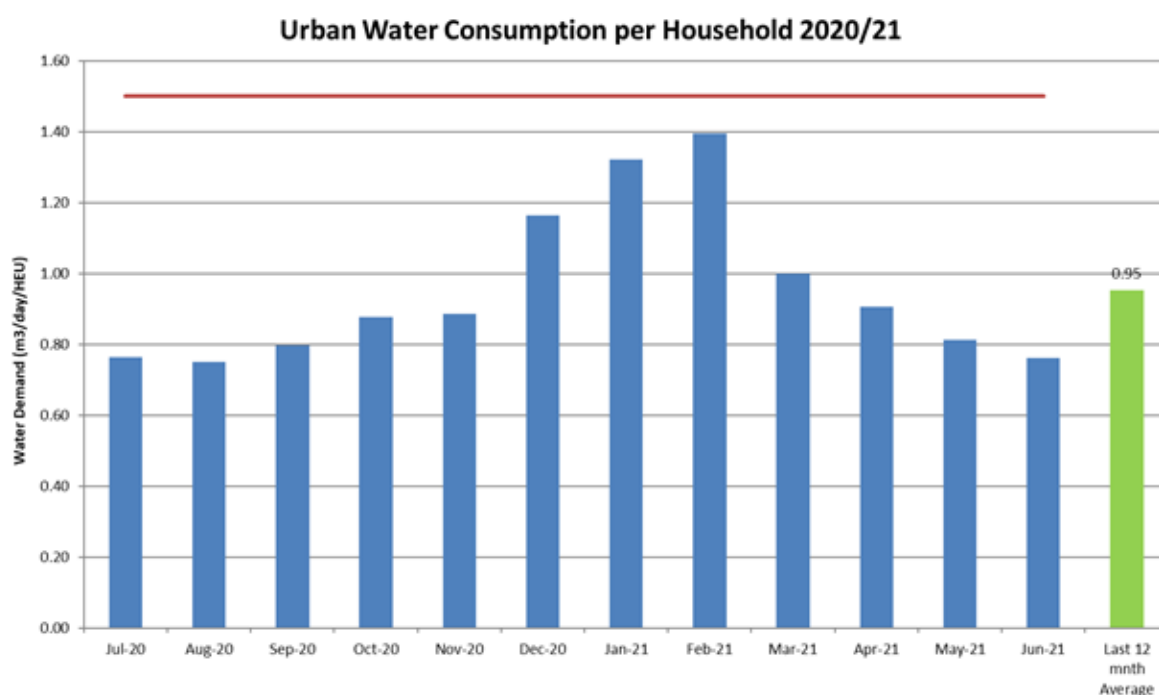
The water activity contributes to the social, economic and environmental well-beings. The provision of safe drinking water helps residents and business to achieve their social and economic aspirations. We aim to protect our environment by using our water responsibly.

## WHAT WE DID THIS YEAR

- Connected the Five Mile Bay community to the Taupō water supply.
- Installed a major new water main to service development areas in Wharewaka, and in future the airport.
- Repair of a leaking rising main up a 50m vertical cliff face in Mangakino. This included installation of a new temporary rising main, decommissioning of the leaking pipe, and design work for the permanent rising main. Installation of the permanent solution is planned in the coming year.
- Released a tender to the market for the design and construction of five new membrane water treatment plants across the district.
- Installed new soakholes to control stormwater at the Mangakino reservoir site.
- A new pressure reducing valve was installed at Kinloch to improve security of supply.



- Control and communication upgrades were completed at Kinloch and Whakamoenga Point.
- A major radio system upgrade was completed across the district to improve data quality for water compliance.
- Released a tender to the market for the upgrade of six of our smaller treatment plants to include UV disinfection.
- Purchased a future reservoir site in the Brentwood area of Taupō.
- Completed Asset Management Planning for the 2021 to 2031 Long-term Plan.
- Completed design, tendering, and 75 percent of the construction for the connection of Acacia Bay to the Taupō water supply.
- Submitted a revised Water Safety Plan under the new framework for the Taupō water supply.
- Amalgamated five of our water take consents into one combined water take consent.
- Applied for new water take consents for our Tirohanga, Motutere, Acacia Bay and Hatepe schemes.
- Undertook water pipeline renewals including the following approximate quantities:
  - 5km of pipelines in Turangi
  - 8km of pipelines in Taupō
  - 1km in Acacia Bay and Mapara
  - 0.5km in Mangakino.









# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET	
<b>Safety of Drinking water</b>  <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.	
	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, Turangi, and Mangakino schemes are compliant with Part 5 of DWSNZ.	
	The extent to which Council's drinking water supply complies with: Part 8 of the Drinking-water Standards for New Zealand (chemical compliance criteria). <ul style="list-style-type: none"> <li>All schemes.</li> </ul>	Taupō, Turangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru are compliant with Part 8 of the DWSNZ.	
<b>Maintenance of the reticulation network</b>	Percentage of real water loss from the Council's networks reticulation system. Methodology in line with Water NZ "Water Loss guidelines".	Targets set in the TDC Water Supply Strategy as follows:  Urban Schemes - Target Current Annual Real Loss = 160 l/ connection/day  Rural Schemes - Target Current Annual Real Loss = 4.2 m <sup>3</sup> /km watermain/day	
<b>Fault response times</b>	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.	Less than 1 hour.	
	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.	Less than 6 days.	
<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.	
	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.	



RESULTS	EXPLANATION
2019/20 - Not achieved (12 of 18 supplies passed) 2020/21 - Not achieved (15 of 17 supplies passed)	Final result is that compliance achieved at all sites excluding: <ul style="list-style-type: none"> <li>Centennial due to turbidity spikes in 4 out of 12 months. This will be resolved following the treatment plant upgrade.</li> <li>Kinloch due to turbidity spikes in 4 out of 12 months. This will be resolved following the treatment plant upgrade.</li> </ul>
2019/20 - Not achieved. These results were provisionally published in the 2019/20 annual report as 'Not achieved (noting Turangi and Mangakino did not achieve the target), however the final result as per the Drinking Water Assessor has now been published showing Taupō also did not achieve the target. 2020/21 - Not Achieved (Taupō and Mangakino did not achieve the target)	The compliance reporting system upgrade has exposed control limitations that have impacted compliance reporting results. A number of control issues were encountered through the year at Taupō Mangakino and Turangi sites that have affected compliance. In all cases changes have been implemented to prevent further non-compliance. Protozoa compliance was achieved at 5 sites, namely Turangi, Atiamuri, Bonshaw Park, Waihaha and Whakamoenga Point.
2019/20 - Achieved 2020/21 - Partially Achieved	The final result is that all sites listed except Waihaha have achieved chemical compliance for 2020/21. Waihaha failed due to a chlorine spike above the maximum acceptable value. Note: Compliance is not achieved at Kinloch, Acacia Bay, Hatepe, Motuoapa, Centennial, Motutere and Omori due to lack of arsenic removal. Although we have not achieved compliance for these schemes, we are using Water Safety Plans to manage any risk.
2019/20 - Not achieved. <ul style="list-style-type: none"> <li>Taupō: 206 l/connection/day</li> <li>Turangi: 677 l/connection/day</li> <li>Average of Other Urban Networks: 147 l/connection/day</li> <li>Average of Rural Networks: 6.5 m<sup>3</sup>/km watermain/day</li> </ul> 2020/21 - Not achieved. <ul style="list-style-type: none"> <li>Taupō: 202 l/connection/day</li> <li>Turangi: 707 l/connection/day</li> <li>Average of Other Urban Networks: 143 l/connection/day</li> <li>Average of Rural Networks: Not Calculated</li> </ul>	Water loss analysis is carried out by an independent external consultant. Water meter reading results are used in the analysis noting that only 12% of our customers have water meters. Unmetered water use is assessed via the following two industry accepted approaches: <ul style="list-style-type: none"> <li>analysing daily water use during winter months (when outdoor and irrigation use is at a minimum),</li> <li>and analysing minimum night flows.</li> </ul> Use of these two approaches allows the level of water loss to be determined with some degree of certainty.
2019/20 - Not Achieved (0.33 hours) 2020/21 - Not Achieved (0.78 hours)	Although the reported resolution time is under 1 hour, issues with the data recording system mean we are unable to verify all fault resolution times.
2019/20 - Not Achieved (0.96 days) 2020/21 - Not Achieved (1.1 days)	Although the reported resolution time is under 6 days, issues with the data recording system mean we are unable to verify all fault resolution times.
2019/20 - Not Achieved (2.88 hours) 2020/21 - Not Achieved (4.48 hours)	Due to some issues with the data recording system we are unable to verify all fault response times.
2019/20 - Not Achieved (1.98 days) 2020/21 - Not Achieved (2.0 days)	Although the reported resolution time is under 7 days, issues with the data recording system mean we are unable to verify all fault resolution times.

# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET
<b>Customer satisfaction</b>	<p>The number of complaints received by Council on:</p> <ul style="list-style-type: none"> <li>• Drinking water clarity.</li> <li>• Drinking water taste.</li> <li>• Drinking water odour.</li> <li>• Drinking water pressure or flow.</li> <li>• Continuity of supply.</li> <li>• Council response to these issues.</li> </ul> <p>The number of complaints is expressed per 1000 connections to Council networked reticulation.</p>	Less than 8 complaints per 1000 connections.
<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.
<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 percent.

RESULTS	EXPLANATION
2019/20 - Not achieved (10.5 complaints per 1000 connections)  2020/21 - Not achieved (13.9 complaints per 1000 connections)	We received 280 complaints for the 2020/21 year. As at Nov 2020, there were 20,158 connections to our water supply network.
2019/20 - Achieved (1.04m <sup>3</sup> /day/HEU) 2020/21 - Achieved (0.95m <sup>3</sup> /day/HEU)	The average consumption of drinking water per day per resident was 0.95m <sup>3</sup> /day/HEU.
2019/20 - Achieved (5.2 percent) 2020/21 - Not Achieved (3.9 percent)	We completed 82 hydrant tests during the 2020/21 year. There are 2088 fire hydrants in our network. Unfortunately, an administration error resulted in an insufficient number of hydrants being tested in 2020/21.

# FUNDING IMPACT STATEMENT

## FOR WATER SUPPLY

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	9,946	10,622	10,712
Subsidies and grants for operating purposes	-	-	-
Fees and charges	114	116	170
Internal charges and overheads recovered	277	283	244
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	43
<b>Total operating funding (A)</b>	<b>10,337</b>	<b>11,021</b>	<b>11,169</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,407	4,600	4,598
Finance costs	2,040	2,319	2,095
Internal charges and overheads applied	55	56	58
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,502</b>	<b>6,975</b>	<b>6,751</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>3,835</b>	<b>4,046</b>	<b>4,418</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	2,851
Development and financial contributions	733	771	1,476
Increase (decrease) in debt	1,433	8,737	7,875
Gross proceeds from sale of assets	-	-	14
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,166</b>	<b>9,508</b>	<b>12,216</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	670
• to improve the level of service	2,914	9,113	6,670
• to replace existing assets	3,452	3,290	3,815
Increase (decrease) in reserves	(365)	1,151	5,479
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,001</b>	<b>13,554</b>	<b>16,634</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(3,835)</b>	<b>(4,046)</b>	<b>(4,418)</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
<b>Water Supply Acacia Bay</b>	Acacia Bay DWSNZ upgrade	ILOS	MY	-	2,100	2,100	1
<b>Water Supply Taupō</b>	Airport Pump Station Water Safety and Continuity Improvements	ILOS	X	1	35	34	
<b>Water Supply Taupō</b>	Brentwood Reservoir - land purchase	Growth	A	605	500	(105)	2
<b>Water Supply Kinloch</b>	Kinloch DWSNZ upgrade	ILOS	MY	318	3,800	3,482	3
<b>Water Supply Mangakino</b>	Mangakino Reservoir soakage pit	ILOS	A	21	25	4	
<b>Water Supply Taupō</b>	Taupō reticulation of Five Mile Bay	ILOS	S	419	480	61	4
<b>Water Supply Taupō</b>	Tauhara Ridge falling main to Wharewaka East	ILOS	S	819	700	(119)	5
<b>Water - District</b>	Renewals	Renewal	S	3,478	3,136	(342)	6
<b>TOTAL WATER</b>				<b>5,662</b>	<b>10,776</b>	<b>5,114</b>	

### KEY

<b>A</b>	Achieved
<b>M</b>	Deliberate move into future years
<b>MY</b>	Multi-year project
<b>S</b>	Slippage
<b>X</b>	Not achieved - major slippage (project will not be complete by 30 September 2020) or project will no longer be carried out
<b>ILOS</b>	Increased Level of Service

### EXPLANATION OF MAJOR VARIANCES AGAINST 2020/21 ANNUAL PLAN

- Multi-year project. Delays with tendering - project now in construction and due for completion December 2021.
- Land purchase included earthworks, access, water supply and utility infrastructure resulting in higher than expected cost.
- Multi-year project. Design and tender process has taken longer than anticipated. Tender due to be awarded November with expected completion mid 2023.
- Construction delays with only final claim to come. Due for completion September 2021.
- Project awarded additional funding of \$150k via Council resolution TDC202008/10 25/08/20.
- Multi-year pipe renewals slightly ahead of schedule. Overspend to be deducted from 2022 year budget.

# TRANSPORT

## WHAT WE DO AND HOW 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 Waka Kotahi, 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 Waka Kotahi.

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 Waka Kotahi and Council and administered by Waikato Regional Council. We currently fund two bus services, one which covers Wharewaka to Wairakei Village and the Mangakino to Tokoroa/Taupō 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

- Continued with the seal extension programme.
- Began design on Kiddle Drive, Napier Road and Arrowsmith Avenue Safe Intersection Treatment.
- Completed the conversion of streetlights to LED.
- Completed construction of Acacia Bay/Wily Terrace retaining wall.
- Completed construction of Mapara Road footpath.
- Continued with road safety campaigns.
- Adopted a transport strategy in December 2020.

# 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.	2019/20 - Achieved (4 deaths, 11 serious crashes) 2020/21 - Not Achieved (2 deaths and 14 serious crashes)	Partially achieved as we had a reduction in fatal crashes but a slight increase in serious crashes.
<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 Waka Kotahi Smooth Travel Exposure (STE) Index for sealed roads.	At least 90 percent.	2019/20 - Achieved (91 percent) 2020/21 - Achieved (91 percent)	The inputs for this Waka Kotahi report are based on road roughness and traffic counts.  The roughness inspection was complete late 2020.  The traffic counts inspection was last undertaken in June 2019. It was not performed in the current year due to resourcing limitations.  Subsequent to balance date, Council's contractor completed a portion of the traffic count, this has no effect on the contents of the 2020/21 Annual Report.
	The percentage of the sealed local road network that is resurfaced (measured in m2).	At least 3 percent.	2019/20 - Achieved (4.4 percent) 2020/21 - Achieved (4.1 percent)	In 2020/21, 239,322m2 of the local road network was resurfaced.
<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 Turangi and other urban areas).	80 percent.	2019/20 - Achieved (91 percent) 2020/21 - Achieved (91 percent)	
<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.	At least 90 percent.	2019/20 - Achieved (92 percent) 2020/2021 - Achieved (92 percent)	In 2020/21 we received 1,347 customer service requests relating to roads and footpaths.







# FUNDING IMPACT STATEMENT

## FOR TRANSPORT

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	7,057	7,461	7,282
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,115	2,178	2,087
Fees and charges	145	148	108
Internal charges and overheads recovered	434	444	538
Local authorities fuel tax, fines, infringement fees, and other receipts	460	470	473
<b>Total operating funding (A)</b>	<b>10,211</b>	<b>10,701</b>	<b>10,488</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,672	5,649	5,417
Finance costs	1,075	1,007	1,108
Internal charges and overheads applied	434	444	546
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,181</b>	<b>7,100</b>	<b>7,071</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,030</b>	<b>3,601</b>	<b>3,417</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,302	1,692	5,068
Development and financial contributions	685	689	669
Increase (decrease) in debt	(206)	(1,856)	630
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,781</b>	<b>525</b>	<b>6,367</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	115
• to improve the level of service	2,662	1,108	7,730
• to replace existing assets	3,424	3,443	4,318
Increase (decrease) in reserves	(275)	(425)	(2,379)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,811</b>	<b>4,126</b>	<b>9,784</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,030)</b>	<b>(3,601)</b>	<b>(3,417)</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	Cycle facilities	ILOS	X	-	50	50	1
	Mangakino streets - upgrade program	ILOS	X	11	36	25	
	Minor improvements - District	ILOS	X	76	197	121	2
	New signs & road marking	ILOS	A	33	23	(11)	
	On street parking	ILOS	A	30	20	(10)	
	Paetiki Suburban Shopping Centre enhancements	ILOS	A	100	50	(50)	3
	Pedestrian facilities - new footpaths	ILOS	A	112	125	13	
	Poihipi Road seal widening	ILOS	A	-	27	27	
	Retaining wall construction Wily Terrace	ILOS	X	83	100	17	
	Seal extension	ILOS	A	404	450	46	
Transport - District	Renewals	Renewal	X	1,860	3,439	1,579	4
<b>TOTAL TRANSPORT</b>				<b>2,709</b>	<b>4,516</b>	<b>1,808</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 2020) or project will no longer be carried out
- ILOS** Increased Level of Service

### EXPLANATION OF MAJOR VARIANCES AGAINST 2020/21 ANNUAL PLAN - NEXT PAGE

1. Delays in design due to COVID-19 with expected completion March 2022.
2. Delays in contractor availability. Due for completion February 2022.
3. Multi-year project. Budget split between Transport and Parks. Requirement in Transport higher by \$50k.
4. \$394k saving with \$1,154k to be carried forward. Includes LED road lighting conversion experiencing supply delays from Italy (\$391k), Miro Street stage 2 (\$155k) due for completion April 2022, Sealed road resurfacing (\$308k) delayed due to weather with completion expected April 2022, Turangi drainage (\$101k) continuing on completion of shovel ready project, Mangakino Street upgrade continuation design underway (\$87k).

# 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 preservation work on the waka tiwai.
- Completed the re-articulation and display of the moa skeleton.
- Installed Ngatoroirangi's kohatu (altar stone) in the Ora Garden of Wellbeing.
- Implemented radio frequency identification (RFID) at all three libraries including remapping the circulation areas.
- Showcased art by renowned Tūwharetoa artists in the "Ko Taupō Te Moana" exhibition and in collaboration with the Corrections Department hosted the "From the Inside" exhibition of art by Paihere from Tongariro Prison.
- Rolled out new Aotearoa Peoples Network Kaharoa (APNK) chromebox computers and enhanced wifi service.
- Refurbished the Turangi Library with new carpet, a new entranceway and an internal repaint of the building.
- Worked on the upgrade of the private pools at AC Baths.
- Completed the upgrade of the reception area at the Taupō Events Centre.





# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET	
<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.	At least 75 percent.	
<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.	Four-star rating.	
	Percentage of the users/visitors that are satisfied with the Taupō Events Centre.	At least 85 percent.	
	Percentage of the users/visitors that are satisfied with the Great Lake Centre	At least 85 percent.	
<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	At least 55 percent.	
<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.	At least 85 percent.	
	Percentage of users that are satisfied with the current availability of Council open spaces.	At least 85 percent.	
	Percentage of users that are satisfied with Council-owned parks and open space.	At least 85 percent	
	Percentage of users that are satisfied with Council playgrounds.	At least 85 percent.	
	Percentage of sportsgrounds users that are satisfied with Council's sportsgrounds.	At least 85 percent.	
<b>Our pools are safe, well-maintained, and attractive for users.</b>	We maintain Pool Safe accreditation at AC Baths and Turtle Pools (formerly Genesis Energy Turangi Aquatic Centre - GETAC).	Pool safe accreditation maintained.	
	Percentage of users that are satisfied with the range of facilities at the AC Baths, the Turtle Pools (formerly GETAC) and the Mangakino Pool.	At least 75 percent.	
<b>Public conveniences are clean, safe and fit for purpose.</b>	Percentage of users that are satisfied with Council's public conveniences.	At least 80 percent.	
<b>Council provides well-maintained and accessible cemeteries.</b>	Percentage of users that are satisfied with the appearance and accessibility of Council's cemeteries.	At least 85 percent.	

RESULTS	EXPLANATION
2019/20 - Achieved (93 percent) 2020/21 - Achieved (92 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 92 percent of respondents said that they were either satisfied or very satisfied with the range of services and variety of the collection.
2019/20 - Achieved 2020/21 - Achieved	The four-star Silver grade rating was retained.
2019/20 - Not achieved (83 percent) 2020/21 - Not Achieved (82 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 82 percent of respondents said that they were either satisfied or very satisfied with the Taupō Events Centre. In addition, 13 percent of respondents are somewhat satisfied.
2019/20 - Achieved (86 percent) 2020/21 - Achieved (86 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 86 percent of respondents said that they were either satisfied or very satisfied with the Great Lake Centre.
2019/20 - Achieved (75 percent) 2020/21 - Achieved (78 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 78 percent of respondents said that they were either satisfied or very satisfied with the Taupō Museum and Art Gallery.
2019/20 - Not measured this year. 2020/21 - Not measured this year	We were unable to calculate whether or not we have achieved this measure.
2019/20 - Not achieved (83 percent) 2020/21 - Achieved (86 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 86 percent of respondents said that they were either satisfied or very satisfied with availability of Council open spaces.
2019/20 - Not achieved (81 percent) 2020/21 - Not achieved (84 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 84 percent of respondents said that they were either satisfied or very satisfied with Council-owned parks and open space. In addition, there were 13 percent who said that they were somewhat satisfied.
2019/20 - Not Achieved (66 percent) 2020/21 - Not achieved (67 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 67 percent of respondents said that they were either satisfied or very satisfied with Council playgrounds. In addition, 20 percent of respondents said that they were somewhat satisfied.
2019/20 - Not achieved (69 percent) 2020/21 - Not achieved (73 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 73 percent of respondents said that they were either satisfied or very satisfied with Council's sportsgrounds. In addition, 18 percent of respondents were somewhat satisfied.
2019/20 - Achieved 2020/21 - Achieved	Pool safe accreditation achieved for both AC Baths and Turtle Pools.
2019/20 - Not achieved (66 percent) 2020/21 - Achieved (82 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 82 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.
2019/20 - Not achieved (71 percent) 2020/21 - Not achieved (77 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 77 percent of respondents said that they were either satisfied or very satisfied with Council's public conveniences. In addition, 16 percent of respondents were somewhat satisfied.
2019/20 - Achieved (86 percent) 2020/21 - Achieved (87 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 87 percent of respondents said that they were either satisfied or very satisfied with Council's cemeteries.





the journey  
TAUPŌ PUBLIC LIBRARY  
Mai muri ki mua  
from past forward

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# FUNDING IMPACT STATEMENT

## FOR COMMUNITY SERVICES

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	18,043	18,522	17,057
Targeted rates	-	-	-
Subsidies and grants for operating purposes	134	147	314
Fees and charges	2,958	3,023	2,750
Internal charges and overheads recovered	-	-	1
Local authorities fuel tax, fines, infringement fees, and other receipts	18	18	165
<b>Total operating funding (A)</b>	<b>21,153</b>	<b>21,710</b>	<b>20,287</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	13,899	14,327	12,544
Finance costs	1,571	1,476	1,386
Internal charges and overheads applied	434	443	414
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>15,904</b>	<b>16,246</b>	<b>14,344</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,249</b>	<b>5,464</b>	<b>5,943</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	4,365
Development and financial contributions	314	326	119
Increase (decrease) in debt	1,246	(4,127)	556
Gross proceeds from sale of assets	-	-	105
Lump sum contributions	-	-	-
Other dedicated capital funding	-	315	-
<b>Total sources of capital funding (C)</b>	<b>1,560</b>	<b>(3,486)</b>	<b>5,145</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	250	619	1,318
• to improve the level of service	3,986	2,855	4,072
• to replace existing assets	2,472	3,035	2,664
Increase (decrease) in reserves	101	(4,531)	3,034
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,809</b>	<b>1,978</b>	<b>11,088</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,249)</b>	<b>(5,464)</b>	<b>(5,943)</b>

# COMMUNITY FACILITIES

## SCHEDULE OF CAPITAL EXPENDITURE

ACTIVITY/ SCHEME	PROJECT	REASON FOR ACQUISITION	PROJECT STATUS (REFER KEY)	ACTUAL (\$000)	BUDGET (\$000)	VARIANCE (\$000)	NOTES
<b>Parks &amp; Reserves - District</b>	Great Lake Walkway upgrade	ILOS	A	844	690	(154)	1
<b>Parks Development Contribution</b>	New neighbourhood reserves	Growth	A	-	245	245	2
<b>Parks &amp; Reserves - District</b>	Public Art	ILOS	X	2	125	123	3
<b>Parks &amp; Reserves - District</b>	Playground Improvements - assist with renewals where like for like no longer appropriate	ILOS	A	54	50	(4)	
<b>Parks &amp; Reserves - District</b>	Paetiki Suburban Shopping Centre enhancements	ILOS	S	-	50	50	4
<b>Project Watershed</b>	Erosion Control - Kuratau foreshore	ILOS	X	-	315	315	5
<b>Sportsgrounds - District</b>	Mangakino open space upgrades	ILOS	S	76	220	144	6
<b>Project Watershed</b>	Erosion Control - Tapuaeharuru Bay including Lake Terrace cliffs	ILOS	X	-	374	374	7
<b>AC Baths - Pools</b>	Connection of generator to pool pumps	ILOS	A	-	85	85	8
<b>Libraries - District</b>	Library books	ILOS	A	311	310	(1)	
<b>Parks &amp; Reserves - District</b>	Fencing contributions (Fencing Act requirement)	ILOS	A	26	20	(6)	
<b>Parks &amp; Reserves - District</b>	Playground softfall improvements - bark to rubberised surfaces	ILOS	A	20	20	-	
<b>Parks &amp; Reserves - District</b>	Accessibility improvements	ILOS	A	10	10	(0)	
<b>Cemeteries - District</b>	Cemeteries Interment Infrastructure	ILOS	A	0	8	7	
<b>Cemeteries - District</b>	Cemetery Improvements	ILOS	A	11	25	14	
<b>Sportsgrounds - District</b>	Turangi open space upgrades	ILOS	MY	186	1,700	1,514	9
<b>Community Halls - District</b>	Kinloch Hall redevelopment	ILOS	A	22	50	28	
<b>Community Facilities - District</b>	Renewals	Renewal	S	1,472	2,567	1,095	10

### TOTAL COMMUNITY FACILITIES

3,035      6,863      3,828

# COMMUNITY FACILITIES

## SCHEDULE OF CAPITAL EXPENDITURE

### KEY

<b>A</b>	Achieved
<b>M</b>	Deliberate move into future years
<b>MY</b>	Multi-year project
<b>S</b>	Slippage
<b>X</b>	Not achieved - major slippage (project will not be complete by 30 September 2020) or project will no longer be carried out
<b>ILOS</b>	Increased Level of Service

### EXPLANATION OF MAJOR VARIANCES AGAINST 2020/21 ANNUAL PLAN (NOTES)

1. Overspend due to COVID-19 contract stand down costs and late additions to the project.
2. Savings - No suitable projects identified within the 2020/21 year.
3. COVID-19 delayed Sculpture Trust's ability to get co-funding. Carried forward to ensure the project can move forward in the 2021/22 year.
4. Multi-year project. Budget split between Transport and Parks. Requirement in Transport higher by \$50k with \$8k project balance carried forward to complete project.
5. Turangi/Tongariro Community Board & local hapū do not support structures on the lake bed at this time, discussions to continue.
6. Delays experienced due to asbestos and consenting. Due for completion September 2021.
7. Tree and vegetation survey currently being undertaken on cliff faces. Findings will determine works.
8. Saving. Project reviewed and deemed not required.
9. Multi-year project. Design, consenting and construction has taken longer than expected. Plan to appoint main contractor November 2021 and assume a 9 month build.
10. \$147k saving with \$948k to be carried forward. Including \$499k Great Lake Centre roof renewal due for completion November 2021, \$131k Tirohanga hall asbestos removal and reclad delayed due to lack of Architect and contractor availability, completion now expected March 2022, \$58k Housing for the Elderly - delivery delays of extractor fans for Mangakino and Taupō (Woodward Street) units and design for structural upgrade 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 where required. We are also responsible for reducing nitrogen discharge from our wastewater treatment plants into the Lake Taupō catchment by at least 20 percent of 2005 levels by 2020, as part of the Lake Taupō Protection Project.

We have adopted a proactive approach to maintenance and condition assessment in place. This requires an increase in operational expenditure to clean sewers and to collect data which will enable more 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 over time.

Fats, oils and grease from commercial kitchens and discharges from other commercial premises can increase the likelihood of sewer blockages when they are discharged into the sewer system. In 2010, Council introduced a trade waste bylaw to control this discharge which was reviewed in 2016. To improve performance in this area we are partnering with Waikato Local Authority Shared Services (WLASS) to implement the bylaw. Implementation of this bylaw also ensures cost of providing the sewer treatment is fairly charged to those who produce wastewater.

We are operating under three resource consents for wastewater discharge which have technically expired. Applications for new resource consent applications have been applied for, however the new consents have not yet been granted. This is provided for under Section 124 of the Resource Management Act 1991 (RMA) and we are still complying with our obligations under the resource consent and the RMA. This situation applies to the following consents:

- Turangi wastewater disposal
- Mangakino wastewater disposal
- Wastewater irrigation at Rakaunui Road

### 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 community well-beings.

- Social well-being: people can become sick if wastewater is not treated and disposed of safely.
- Economic well-being: businesses may not be able to operate if their wastewater is unable to be disposed of.
- Environmental well-being: harmful effects on the environment if we don't dispose of our wastewater appropriately.
- Cultural well-being: disposing of wastewater inappropriately can have significant cultural impacts.

## WHAT WE DID THIS YEAR

- Completed the Mangakino sewer relining project.
- Complete relining of earthenware sewers in the Taupō industrial area.
- Completed cleaning and condition assessment of the Turangi sewer network.
- Completed construction of the Kinloch wastewater irrigation system.
- Began construction of the Kinloch wastewater treatment plant upgrade.
- Continued the project that aims to reduce sewer overflows through increased maintenance. This included inspecting wastewater mains using SLRAT (sewer line rapid assessment tool) to assess, inspect and condition assessment of wastewater mains using CCTV.
- Continued to develop future wastewater disposal options for Turangi WWTP along with steering group partners; Ngāti Tūrangitukua, Ngāti Kurauia, and Tūwharetoa Māori Trust Board.

# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET
<b>Compliance with resource consents for discharge from the sewerage systems</b>	Number of abatement notices received by Council in relation to sewerage system resource consents.	≤ 1 abatement notices received.
	Number of infringement notices received by Council in relation to sewerage system resource consents.	0 infringements.
	Number of enforcement orders received by Council in relation to sewerage system resource consents.	0 enforcement orders.
	Number of successful convictions received by Council in relation to sewerage system resource consents.	0 successful convictions.
<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 percent of the benchmark average (10,310 kg/year) by 2020. From 2020 onwards maintain this reduction.	Maintain the reduction.
<b>System and adequacy</b>	Number of dry weather sewerage overflows across the district that are expressed per 1000 connections. 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.	Less than 3.
<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.
<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
<b>Customer satisfaction</b>	The number of complaints received by Council on: Sewerage odour, sewerage system faults, sewerage system blockages; and Council's response to issues with the sewerage system. This is expressed per 1000 connections to the sewage system.	Less than 8.



RESULTS	EXPLANATION
2019/20 - Not Achieved 2020/21 - Achieved	No abatements received in 2020/21. Council received two abatement notices in 2019/20 relating to the Kinloch Wastewater Treatment Plant, and another which is related to the Rakaunui Road Irrigation site from 2018/19 that are still active but issues have now largely been resolved.
2019/20 - Achieved 2020/21 - Achieved	No infringement notices were received.
2019/20 - Achieved 2020/21 - Achieved	No enforcement orders were received.
2019/20 - Achieved 2020/21 - Achieved	No convictions were received.
2019/20 - Achieved (21.8 percent) 2020/21 - Achieved (22.9 percent)	The nitrogen discharge is monitored from all wastewater treatment plants in the Taupō Catchment. The reduction of nitrogen is 22.9 percent comparative to benchmarking period.
2019/20 - Achieved (1.08 dry weather overflows per thousand connections)  2020/21 - Achieved (1.12 dry weather overflows per thousand connections)	There are 18,721 active sewer connections. Total dry weather overflows = 21.  This result complies with DIA guidance, but Council also uses a methodology based on its judgement of root cause. Based on Council's methodology the result would be:  Total dry weather overflows = 39 meaning 2.09 dry weather overflows per thousand connections.
2019/20 - Not achieved 2020/21 - Not achieved	Due to some issues with the data recording system we are unable to verify all fault response times.
2019/20 - Achieved 2020/21 - Not achieved (3.62 hours)	Although the reported resolution time is under 4 hours issues with the data recording system mean we are unable to verify all fault resolution times.
2019/20 - Not achieved (8.3 per 1000 connections) 2020/21 - Not achieved (9.04 per 1000)	Between 1 July 2020 and 30 June 2021. Council was notified of 169 issues. There are 18,720 connections to our sewage systems. Therefore, 9.04 complaints were received per 1000 connections.

# FUNDING IMPACT STATEMENT

## FOR WASTEWATER

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	13,339	13,434	13,536
Subsidies and grants for operating purposes	-	-	636
Fees and charges	1,399	1,432	211
Internal charges and overheads recovered	-	-	21
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	16
<b>Total operating funding (A)</b>	<b>14,738</b>	<b>14,866</b>	<b>14,420</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,839	6,928	7,202
Finance costs	2,528	2,383	2,077
Internal charges and overheads applied	208	213	203
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,575</b>	<b>9,524</b>	<b>9,482</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,163</b>	<b>5,342</b>	<b>4,938</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	1,326
Development and financial contributions	1,011	983	1,919
Increase (decrease) in debt	(1,479)	(2,816)	5,276
Gross proceeds from sale of assets	-	-	21
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(468)</b>	<b>(1,833)</b>	<b>8,542</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	103	892	283
• to improve the level of service	1,743	-	9,151
• to replace existing assets	3,176	3,613	3,555
Increase (decrease) in reserves	(327)	(996)	491
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,695</b>	<b>3,509</b>	<b>13,480</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,163)</b>	<b>(5,342)</b>	<b>(4,938)</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
<b>Wastewater Taupō</b>	Taupō Control Gate Bridge siphon	Growth	MY	-	100	100	1
<b>Wastewater Taupō</b>	Taupō Southern trunk main upgrade (stage 1)	ILOS	MY	202	750	548	1
<b>Wastewater Atiamuri</b>	Atiamuri wastewater TP - flow monitoring	ILOS	X	2	30	28	
<b>Wastewater Kinloch</b>	Kinloch treatment plant balance tank	ILOS	A	5,249	4,000	(1,249)	2
<b>Wastewater Taupō</b>	View Road Land Disposal System Expansion	ILOS	MY	2	2,380	2,378	3
<b>Wastewater Taupō</b>	Freedom Camping Dump Station	ILOS	X	10	50	40	
<b>Wastewater - District</b>	Renewals	Renewal	X	3,294	3,520	226	4
<b>TOTAL WASTEWATER</b>				<b>8,760</b>	<b>10,830</b>	<b>2,070</b>	

### KEY

<b>A</b>	Achieved
<b>M</b>	Deliberate move into future years
<b>MY</b>	Multi-year project
<b>S</b>	Slippage
<b>X</b>	Not achieved - major slippage (project will not be complete by 30 September 2020) or project will no longer be carried out
<b>ILOS</b>	Increased Level of Service

### EXPLANATION OF MAJOR VARIANCES AGAINST 2020/21 ANNUAL PLAN (NOTES)

- Multi-year projects being developed together with the design basis taking longer than expected. Both currently sit in pre-design phase.
- Multi-(4) year project. On track, spend vs budget difference due to timing.
- Multi-year project in contractor engagement phase / procurement process stage. Expect to award contract late 2021
- Delays due to electrical contractor holdups. Expected completion March 2022.

# 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 district's attractive appearance for residents and visitors. Solid waste services contribute to the environment and economic community outcomes.**

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 (odour, methane, uncontrolled toxic leachate etc.).

Council also manages three closed landfill sites at Taupō, Mangakino and Turangi. 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 to environmental well-being. Disposing of our waste safely and encouraging waste reduction is critical in protecting our environment.

### WHAT WE DID THIS YEAR

- Ran public workshops and giveaway events for Plastic Free July. Also, ran a Waste-Free for the Holidays workshop in November.
- Ran home composting workshops in Turangi 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 the EnviroSchools programme.
- Installed five new street recycling bins.
- Installed 10 new street litter bins.
- Undertook a section 17A review for waste services.
- Built a new recycling shed at the Turangi Transfer Station.
- Extended the Turangi transfer operational contract for one year.
- Extended the kerbside refuse and recycling collection contract for two years.
- Extended the concrete pad at the recycling area at the Mangakino Transfer Station.
- Passed a waste levy audit from the Ministry for the Environment.
- Recommended the collection of number 5 plastics for recycling.
- Undertook environmental monitoring for the three closed landfills and the Broadlands Road Landfill.



- Achieved ‘fully compliant’ status on all solid waste consents.
- Initiated the Resource Wise programme, which encompasses the waste minimisation offerings to local schools, businesses, community groups, and the public. Expanded the programme to include loan out waste sorting materials and event waste guides.
- Ran the Waste Minimisation Grant to the public and selected six successful projects to fund.
- Ran public events through Taupō Environmental Education Collaborative to promote recycling and waste minimisation.
- Facilitated educational group trips to the Broadlands Road Transfer Station.
- Expanded the types of E-waste accepted at Broadlands Road Landfill and Turangi Transfer Station.

# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET	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.	At least 47 percent	2019/20 - Not achieved (43 percent) 2020/21 - Achieved (49 percent)	There were 26,983 tonnes of waste disposed to landfill and 26,301 tonnes of waste was diverted from landfill. We achieved the diversion target.
<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.	At least 85 percent	2019/20 - Not achieved (72 percent) 2020/21 - Not achieved (80 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 80 percent of respondents said that they were either satisfied or very satisfied with Council's recycling and refuse services. In addition, 13 percent of respondents are somewhat satisfied.
	Compliance with resource consent conditions for our landfills.	100 percent	2019/20 - Achieved (100 percent) 2020/21 - Achieved (100 percent)	We received full resource consent compliance

# FUNDING IMPACT STATEMENT

## FOR SOLID WASTE

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	808	825	633
Targeted rates	1,141	1,146	1,168
Subsidies and grants for operating purposes	122	125	137
Fees and charges	2,809	2,866	3,340
Internal charges and overheads recovered	-	-	51
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>4,880</b>	<b>4,962</b>	<b>5,329</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,290	4,389	4,809
Finance costs	195	175	142
Internal charges and overheads applied	9	9	44
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,494</b>	<b>4,573</b>	<b>4,995</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>386</b>	<b>389</b>	<b>334</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(347)	(305)	(341)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(347)</b>	<b>(305)</b>	<b>(341)</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	64
• to improve the level of service	33	62	23
• to replace existing assets	138	125	134
Increase (decrease) in reserves	(132)	(103)	(228)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>39</b>	<b>84</b>	<b>(7)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(386)</b>	<b>(389)</b>	<b>(334)</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
<b>Mangakino Solid Waste Disposal</b>	Mangakino concrete pad	Growth	A	14	20	6	
<b>Litter Control - Taupō</b>	New street recycling bins	ILOS	A	11	10	(1)	
<b>Turangi Solid Waste Disposal</b>	Turangi building extension	Growth	A	50	30	(20)	
<b>Solid Waste - District</b>	Renewals	Renewal	A	113	121	7	
<b>TOTAL SOLID WASTE</b>				<b>188</b>	<b>181</b>	<b>(8)</b>	

### KEY

<b>A</b>	Achieved
<b>M</b>	Deliberate move into future years
<b>MY</b>	Multi-year project
<b>S</b>	Slippage
<b>X</b>	Not achieved - major slippage (project will not be complete by 30 September 2021) or project will no longer be carried out
<b>ILOS</b>	Increased Level of Service

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# 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

- Undertook overland flow path modelling.
- Undertook a district wide stormwater monitoring programme.
- Installed five Enviropods into the stormwater network.
- Installed three quality improvement devices into the stormwater network, one above the Hawaii Street outlet, one at the Two Mile Bay boat ramp outlet and one above the Turanga Place outlet in Turangi.
- Undertook erosion control planting in a number of gullies in the district.
- Worked with Kids Greening Taupō to undertake planting in the Brentwood gully.
- Supported Predator Free Taupō with trapping of pests in Taupō gullies.
- Completed a CCTV inspection and condition assessment for parts of the Taupō town.
- 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	TARGET	
<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. A 'flooding event' means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.	0	
	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	
	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.	
	The Non-Financial Performance Measures Rules 2013 require the Council to report on the following measure: <ul style="list-style-type: none"> <li>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.</li> </ul>	Not applicable	
<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	
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0	
	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	0	
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	0	

RESULTS	EXPLANATION
2019/20 - Achieved (0 flooding events) 2020/21 - Achieved (0 flooding events)	There were no flooding events.
2019/20 - Achieved (0 flooding events) 2020/21 - Achieved (0 flooding events)	No properties were affected by flooding from stormwater inside the habitable dwelling (one habitable floor).
2019/20 - Achieved 2020/21 - Achieved	There were no flooding events.
2.7	Council's stormwater network drains the roading network so there are no properties who connect to the stormwater network.  For the purposes of this performance measure, we have considered that each property within the district benefits from the stormwater network and is therefore "connected" to our stormwater network.  In 2020/21 we received 49 complaints in relation to our stormwater network. And we have 18,262 residential properties in our rates data base.
2019/20 - Achieved 2020/21 - Achieved	In 2020/21, Council did not receive any abatement notices in relation to the discharge from our stormwater network.
2019/20 - Achieved 2020/21 - Achieved	In 2020/21, Council did not receive any infringement notices in relation to the discharge from our stormwater network.
2019/20 - Achieved 2020/21 - Achieved	In 2020/21, Council did not receive any enforcement orders in relation to the discharge from our stormwater network.
2019/20 - Achieved 2020/21 - Achieved	In 2020/21, Council did not receive any convictions in relation to the discharge from our stormwater network.

# FUNDING IMPACT STATEMENT

## FOR STORMWATER

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,839	1,931	1,893
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	-	-	14
<b>Total operating funding (A)</b>	<b>1,839</b>	<b>1,931</b>	<b>1,907</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	761	785	853
Finance costs	57	76	109
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>818</b>	<b>861</b>	<b>962</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>1,021</b>	<b>1,070</b>	<b>945</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	194
Development and financial contributions	-	-	-
Increase (decrease) in debt	119	528	235
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>119</b>	<b>528</b>	<b>429</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	181	598	532
• to replace existing assets	155	169	136
Increase (decrease) in reserves	804	831	706
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,140</b>	<b>1,598</b>	<b>1,374</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(1,021)</b>	<b>(1,070)</b>	<b>(945)</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	Brentwood gully culvert	ILOS	A	-	263	263	1
	Brentwood Gully Lakeshore erosion control contribution	ILOS	A	-	110	110	1
	Enviropod protection	ILOS	A	5	5	0	
	Hawai Reserve detention pond	ILOS	A	2	10	8	
	Paenoa Road pipe diversion single barrel to south gully	ILOS	A	0	25	25	
	Turanga Place improvement device	ILOS	A	176	137	(39)	
	Two Mile Bay (Boat Ramp) improvement device	ILOS	A	174	185	11	
<b>Stormwater - District</b>	Renewals	Renewal	X	140	281	142	2
<b>TOTAL STORMWATER</b>				<b>496</b>	<b>1,016</b>	<b>520</b>	

### KEY

<b>A</b>	Achieved
<b>M</b>	Deliberate move into future years
<b>MY</b>	Multi-year project
<b>S</b>	Slippage
<b>X</b>	Not achieved - major slippage (project will not be complete by 30 September 2020) or project will no longer be carried out
<b>ILOS</b>	Increased Level of Service

### EXPLANATION OF MAJOR VARIANCES AGAINST 2020/21 ANNUAL PLAN (NOTES)

1. Saving. Project to be done in conjunction with landowners subdivision works. Subdivision delayed. Project to be added to future Annual Plan once land access granted.
2. Crown Road project - negotiations still underway regarding land access.

# DEMOCRACY & PLANNING

## WHAT WE DO AND WHY WE DO IT

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

### COUNCIL'S 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.
- Economy - our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- 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 contributes to the social, cultural, economic and environmental well-beings. Having well function 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 Iwi partners, hapū and Māori are important to Council. Council is committed to meeting its statutory responsibilities under the principles of Te Tiriti o Waitangi/the Treaty of Waitangi and recognises the contribution Māori have made to establishing and developing our district and that they continue to do so. We acknowledge these responsibilities are distinct from the Crown's Treaty obligations and lie within a Taupō District Council context.

The Local Government Act gives effect to the Crown and Council's obligations under the Treaty of Waitangi which are intended to facilitate input from Māori into Council's decision-making processes. It also requires Council's to understand Māori values, issues and aspirations as they relate to the four well beings - economic, social, cultural and environmental.

The Resource Management Act also contains specific requirements for Councils to engage and work with tangata whenua and iwi authorities when preparing or changing district and regional plans and other resource management decisions in order to fulfil their treaty obligations.

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 Arikī, 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 Rangīita 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 an ongoing focus for the next 12 months, adding to what we must do as part of their respective legislations.

## FORMAL ENGAGEMENTS FOR COUNCIL ARE:

- **Te Kōpu ā Kānapanapa** - Formal Councillor representation on Joint Statutory Committee with Waikato Regional Council and Te Kotahitanga o Ngāti Tūwharetoa. This was established in September 2019 as a requirement of the Ngāti Tūwharetoa Claims Settlement Act 2018. The purpose is to restore, protect, and enhance the environmental, cultural, and spiritual health and well-being of the Taupō Catchment for the benefit of Ngāti Tūwharetoa and all people in the Taupō Catchment, including future generations.
- **Te Kotahitanga o Ngāti Tūwharetoa** - Completion of its Comprehensive Claims Settlement process which includes 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. Its purpose is to establish the Lake Taupō Protection Trust to implement the Lake Taupō Protection Project and to provide governance to the Lake Taupō Protection Trust and the Lake Taupō Protection Project Agreement.

# DEMOCRACY & PLANNING

## CONTINUED

- **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 river's health and guide future management.
- **C75 Waipāhīhī Māori Foreshore Reservation Trust** - Formal Councillor representation on the Trust alongside delegated representatives of Waipāhīhī Marae for the hapū of Ngāti Hinerau and Ngāti Hineure.
- **Tutemohuta Reservation Trust** - Formal Councillor representation on the Trust alongside delegated Tauhara Middle 14 Trustees.
- **Ngāti Tūwharetoa Gallery Governance Group** - Support for the Museum's management by Ngāti Tūwharetoa members on the governance group.

### 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.
- **Tūwharetoa Māori Trust Board** - Council is currently negotiating a Joint Management Agreement with the Tūwharetoa Māori Trust Board under the Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010.

### THE JOINT MANAGEMENT AGREEMENTS AND RELATIONSHIP AGREEMENTS INCLUDE:

- **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. Signed in 2009, the agreement was the first of its kind and has received a number of awards.
- **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. Raukawa Settlement Trust and Taupō District Council Co-Governance Committee under the Joint Management Agreement between Taupō District Council and the Raukawa Settlement Trust.
- **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. Te Arawa River Iwi Trust and Taupō District Council Co-Governance Committee under the Joint Management Agreement between Taupō District Council and the Te Arawa Iwi River Trust.
- **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 can work in partnership. These obligations also include that which was agreed within their settlement in 1998.



## WHAT WE DID THIS YEAR

- Council is working to equip its staff with the relevant tools and information to continually refine and improve its engagement processes with iwi partners and hapū.
- The Iwi Partnerships and Co-Governance teams are working hard to understand and give effect to Council's existing and developing co-governance arrangements and obligations.
- A cross-departmental co-governance team consisting of policy, regulatory, legal, democracy, reserve management, infrastructure and iwi partnerships was established to work alongside Council's iwi partner to support the implementation of existing joint management arrangements and the development of new partnership agreements.
- Māori representatives were appointed to each of Council's standing committees:
  - Emergency Management Committee
  - Kinloch Representative Group
  - Taupō Roding and Reserves Committee
  - Mangakino-Pouākani Representative Group
  - Taupō East Rural Representative Group
- Continued with NauMai Place and Korero Mai, learning platforms for elected members and staff, held on our district marae alongside hapū, where we learn about hapū history as well as events, places and people of significance through a hapū lens.
- Continuation of the Māori representation project working with Māori to enable and improve Māori participation in Council's decision making processes.
- Worked with iwi partners and Māori on whether to establish Māori wards and to determine the boundaries and name of the wards.
- Resolved to introduce Māori wards for the upcoming 2022 local body elections.
- Worked in partnership with Nukuhau Marae to deliver the 2020 Waitangi Taupō Moana Festival.
- Council has worked to bring together our iwi partners to understand how best we can receive their guidance on the review of the District Plan. We engaged a consultant planner to provide capacity for iwi partners to become involved in the District Plan review, and facilitate their input and participation in the process.
- Engaged our iwi partners and marae for the pre engagement phase of the Long-term Plan and also post release of the Long-term Plan consultation document.
- Supported iwi partners and marae to submit to the Long-term Plan.
- Tūwharetoa submitters to the Long-term Plan were enabled to submit as a collective on their respective submissions.
- Facilitated iwi participation and co-design of key infrastructure and community projects, including Council's bid to Central Government's Crown Infrastructure Projects fund.
- Co-developed with Iwi and community partners the Regenerate Taupō District COVID-19 recovery plan.
- Have started project to correct street names, macronise street names where required.
- Continued to progress the review of our District Plan with a focus on collecting background research and technical information.
- We have continued to work through the mediation process with Waikato Regional Council in relation to our appeal on Plan Change 1 (Healthy Rivers).
- Developed the Long-term Plan 2021-31 along with the Infrastructure and Financial Strategies.
- Reviewed the Development Contributions Policy.
- Reviewed the Class 4 Gambling Policy.
- Reviewed bylaws related to Litter, Objectionable Signs, Animals, Dog Control, Reserves and Public Places.
- Processed the Nukuhau Private Plan Change request (Plan Change 37).
- Reviewed our Grants and Partnerships Policy.
- Adopted a new Transport Strategy.
- Developed the consultation document for Kaupapa Kaitiaki with Waikato Regional Council and Te Kotahitanga o Ngāti Tūwharetoa.

# LEVELS OF SERVICE

## PERFORMANCE MEASURES AND TARGETS

LEVEL OF SERVICE	PERFORMANCE MEASURES	TARGET	
<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.	At least 55 percent.	
	Percentage of Turangi/Tongariro ward respondents that rate the performance of the community board members as very good or fairly good.	At least 55 percent.	
	Percentage of residents and non-resident ratepayers that rate the performance of Council staff as very good or fairly good.	At least 69 percent.	
<b>Council is on the right track</b>	Percentage of the district that feel informed about Council’s long-term vision for the district.	At least 49 percent.	
	Percentage of ratepayers feel they are getting value from Council.	At least 65 percent.	
<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.	At least 55 percent.	
	Percentage of Māori residents are satisfied with their involvement in Council’s decision-making.	At least 51 percent.	
<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.	At least 80 percent.	
	Percentage of residents and non-resident ratepayers that are satisfied with the way Council provides information on Council services and facilities.	At least 75 percent.	
	Percentage of requests for official information that are responded to within 20 working days.	100 percent.	
	Percentage of existing bylaws that are reviewed within legislative time frames to ensure they remain relevant.	100 percent.	

<b>RESULTS</b>	<b>EXPLANATION</b>
2019/20 - Not achieved (43 percent) 2020/21 - Not achieved (37 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 37 percent of respondents said that they were either satisfied or very satisfied with the performance of the Mayor and Councillors. In addition, 27 percent of respondents were neutral.
2019/20 - Not achieved (29 percent) 2020/21 - Not achieved (24 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 24 percent of respondents said that they were either satisfied or very satisfied with the performance of the community board. In addition, 31 percent of respondents were neutral.
2019/20 - Not achieved (56 percent) 2020/21 - Not achieved (52 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 52 percent of respondents said that they were either satisfied or very satisfied with the performance of Council staff. In addition, 27 percent of respondents were neutral.
2019/20 - Not achieved (35 percent) 2020/21 - Not achieved (33 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 33 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, 33 percent of respondents somewhat agreed.
2019/20 - Not achieved (44 percent) 2020/21 - Not achieved (47 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 47 percent of respondents said that they were either satisfied or very satisfied that they felt they were getting value from Council. In addition, 34 percent of respondents were somewhat satisfied.
2019/20 - Not achieved (45 percent) 2020/21 - Not achieved (39 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 39 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, 32 percent of respondents were somewhat satisfied.
2019/20 - Not achieved (30 percent) 2020/21 - Achieved (61 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 61 percent of respondents said that they were either satisfied or very satisfied with the way Council involves Māori in its decision-making.
2019/20 - Not achieved (62 percent) 2020/21 - Not achieved (57 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 57 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 percent of respondents somewhat agreed.
2019/20 - Not achieved (50 percent) 2020/21 - Not achieved (53 percent)	In the 2021 Resident and Ratepayer Satisfaction Survey, 53 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 percent of respondents were somewhat satisfied.
2019/20 - Not achieved (99 percent) 2020/21 - Achieved (100 percent)	In 2020/21, we received 150 official information requests and responded to all of these within 20 working days.
2019/20 - Achieved (100 percent) 2020/21 - Achieved (100 percent)	In 2020/21 we reviewed six bylaws related to Objectionable Signs, Litter, Reserves, Public Places, Animals and the Control of Dogs. Each of these bylaws was due for their five year review after initial adoption in 2016.

# FUNDING IMPACT STATEMENT

## FOR DEMOCRACY AND PLANNING

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	7,683	7,898	8,551
Targeted rates	82	83	83
Subsidies and grants for operating purposes	-	-	-
Fees and charges	83	1	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>7,848</b>	<b>7,982</b>	<b>8,635</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,836	7,969	9,331
Finance costs	-	-	-
Internal charges and overheads applied	-	-	1
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,836</b>	<b>7,969</b>	<b>9,332</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>12</b>	<b>13</b>	<b>(697)</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	51	-	-
Increase (decrease) in reserves	(39)	13	(697)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>12</b>	<b>13</b>	<b>(697)</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(12)</b>	<b>(13)</b>	<b>697</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# DEMOCRACY & PLANNING

## SCHEDULE OF CAPITAL EXPENDITURE

ACTIVITY/ SCHEME	PROJECT	REASON FOR ACQUISITION	PROJECT STATUS (REFER KEY)	ACTUAL (\$000)	BUDGET (\$000)	VARIANCE (\$000)
Democracy and Planning	Renewal	Renewal	A	-	-	-
<b>TOTAL DEMOCRACY AND PLANNING</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 2020) or project will no longer be carried out
- ILOS** Increased Level of Service

# INVESTMENTS

## WHAT WE DO AND WHY WE DO IT

**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. 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 to 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	TARGET	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 its inflation.	Baseline plus 2020/21 inflation.  The baseline is \$61.3m plus 1.6% inflation in 2020/21.  Therefore, the target is \$62.3m.	2019/20 - Achieved  (the TEL Fund value increased from \$60.9m at 1 July 2019 to \$61.3m at 30 June 2020)  2020/21 - Achieved  (the TEL Fund value increased from \$61.3m at 1 July 2020 to \$63.0m at 30 June 2021)	The TEL Fund increased in value in excess of target.
	The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 percent above the 90 day bill rate.	2019/20 - 1.495%  2020/21 - 1.329%	2019/20 - Achieved  (the yield on the TEL fund for 2019/20 was 1.5%)  2020/21 - Achieved  (the yield on the TEL fund for 2020/21 was 2.32%)	Note that the numerical forecasts for the targets calculated at LTP preparation date were 3.25% for 2019/20 and 3.45% for 2020/21
	The percentage yield on general and special reserve funds is greater than the minimum target set in the treasury management policy being 50.0 percent 6-month BKBM mid-rate (average of reporting month) 50.0 percent 6-month BKBM mid-rate, six months ago (average of month)	2019/20 - 1.22%  2020/21 - 0.41%	2019/20 - Achieved  (the yield on General and Special Reserve Funds for 2019/20 was 2.45%)  2020/21 - Achieved  (the yield on General and Special Reserve Funds for 2020/21 was 1.18%)	Note that the numerical forecasts for the targets calculated at LTP preparation date were 2.89% for 2019/20 and 3.22% for 2020/21

# FUNDING IMPACT STATEMENT

## FOR INVESTMENTS

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	(1,121)	(867)	(29)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	23
Fees and charges	1,036	1,057	1,762
Internal charges and overheads recovered	646	660	605
Local authorities fuel tax, fines, infringement fees, and other receipts	4,073	4,462	2,114
<b>Total operating funding (A)</b>	<b>4,634</b>	<b>5,312</b>	<b>4,475</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(25)	(567)	71
Finance costs	869	1,269	1,057
Internal charges and overheads applied	217	222	199
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,061</b>	<b>924</b>	<b>1,327</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>3,573</b>	<b>4,388</b>	<b>3,148</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	24
Increase (decrease) in debt	1,954	12,419	1,667
Gross proceeds from sale of assets	3,310	3,239	3,096
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,264</b>	<b>15,658</b>	<b>4,787</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	2,850	18,552	2,774
• to replace existing assets	1,210	929	572
Increase (decrease) in reserves	4,777	565	4,589
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,837</b>	<b>20,046</b>	<b>7,935</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(3,573)</b>	<b>(4,388)</b>	<b>(3,148)</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
<b>Business Innovation</b>	Tech One ERP Software Implementation	ILOS	M	702	2,108	1,406	1
<b>Property - Land</b>	Commercial and residential land development	ILOS	X	-	500	500	2
<b>Business Innovation</b>	Technology One ECM implementation	ILOS	MY	-	836	836	1
<b>Business Innovation</b>	New software and technology projects	ILOS	X	12	117	105	3
<b>Support Services / Investments - District</b>	Renewals	LOS/ Renewal	X	256	831	575	4
<b>TOTAL INVESTMENTS</b>				<b>970</b>	<b>4,392</b>	<b>3,423</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 2020) or project will no longer be carried out
- ILOS** Increased Level of Service

### EXPLANATION OF MAJOR VARIANCES AGAINST 2020/21 ANNUAL PLAN (NOTES)

1. Multi-year project. COVID-19 and the organisational realignment processes have contributed to delays. Due for completion July 2022.
2. EUL land development project challenges with consenting and permissions delaying development. Contact Energy negotiations not as fully progressed as hoped and deferrals due to COVID-19 and resourcing challenges.
3. Delays in equipment supplies due to COVID-19 shortages worldwide. Estimate delivery September/October 2021.
4. \$271k saving with \$357k carried forward. Includes \$131k IT equipment renewal with availability constraints, \$116k phone system renewal due December 2021, \$67k Motutere Motor Camp Water & Wastewater treatment renewals due March 2022, \$30k WIFI solution deferred to 2022.



# TEL INVESTMENT

## THE TAUPŌ ELECTRICITY LIMITED

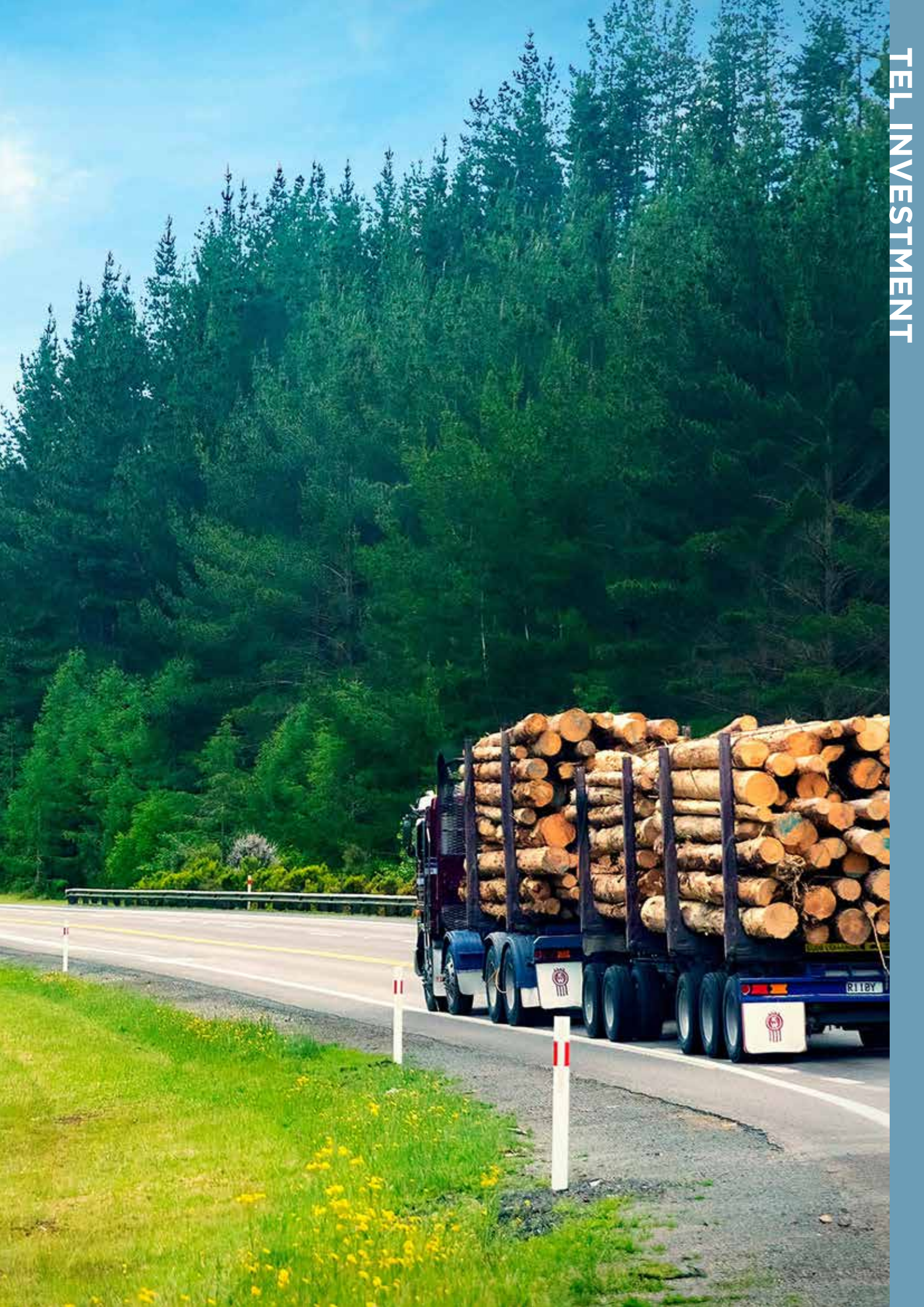
**On September 5, 1995, Council sold its investments in Taupō Electricity Ltd (TEL) and Taupō Generation Ltd (TGL), providing a net investment fund of \$61.3 million.**

The policies regarding the use of the capital and investment income are included in the Treasury Management Policy. Among 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.

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

	\$
<b>Initial proceeds on sale September 1995</b>	<b>61,273,557</b>
Cumulative Investment Gains / Losses	86,704,392
Cumulative Rates Subsidies, Project Funding / Debt Repayment	(84,996,004)
<b>Balance of TEL Investment as at 30 June 2021</b>	<b>63,011,945</b>
Comparative value of TEL Investment Fund at 30 June 2020	61,358,521







# 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, Turangi 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.
- 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 Towncentre 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 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 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	TARGET	RESULTS	EXPLANATION
<b>We facilitate and support economic development in the district</b>	Enterprise Great Lake Taupō, Destination Great Lake Taupō and Towncentre Taupō 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.	100 percent report at least half yearly.	2019/20 - Achieved 2020/21 - Achieved	EGLT, DGLT and TCT all presented their Annual reports to council in November 2020. DGLT, TCT and Amplify (formerly EGLT) then presented their 6 monthly reports to TDC in April 2021.
<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 Turangi 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.  At least 3 events Turangi.	2019/20 - Achieved  2019/20 - Achieved	There were 9 events held in Mangakino and 3 events held in Turangi. COVID-19 regional lockdowns in September 2020 and February 2021 affected the number of events delivered across the district.

# FUNDING IMPACT STATEMENT

## FOR ECONOMIC DEVELOPMENT

For the year ended 30 June 2021

	2020 Long Term Plan (\$000)	2021 Long Term Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	3,926	4,030	4,036
Targeted rates	166	169	169
Subsidies and grants for operating purposes	-	-	4
Fees and charges	-	-	45
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding (A)</b>	<b>4,092</b>	<b>4,199</b>	<b>4,254</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,076	4,183	3,627
Finance costs	2	2	3
Internal charges and overheads applied	-	-	2
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,078</b>	<b>4,185</b>	<b>3,632</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>14</b>	<b>14</b>	<b>622</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(6)	(6)	60
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(6)</b>	<b>(6)</b>	<b>60</b>
<b>Application of capital funding</b>			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	65
• to replace existing assets	4	49	(1)
Increase (decrease) in reserves	4	(41)	618
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8</b>	<b>8</b>	<b>682</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(14)</b>	<b>(14)</b>	<b>(622)</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)
<b>Events Management</b>	Event & equipment renewals	Renewal	A	2	4	2
<b>TOTAL ECONOMIC DEVELOPMENT</b>				<b>2</b>	<b>4</b>	<b>2</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 2020) or project will no longer be carried out
- ILOS** Increased Level of Service

# FUNDING IMPACT STATEMENT

## FOR THE WHOLE OF COUNCIL, YEAR ENDED JUNE 2021

	2020 Annual Plan (\$000)	2020 Actual (\$000)	2021 Annual Plan (\$000)	2021 Actual (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	43,589	44,080	43,505	43,880
Targeted rates	25,378	25,480	25,792	25,669
Subsidies and grants for operating purposes	2,351	3,420	2,829	3,207
Fees and charges	10,916	10,880	8,990	11,982
Interest and dividends from investments	3,675	3,442	2,572	1,998
Local authorities fuel tax, fines, infringement fees, and other receipts	1,095	1,039	971	1,187
<b>Total operating funding (A)</b>	<b>87,004</b>	<b>88,341</b>	<b>84,659</b>	<b>87,923</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	57,268	57,992	55,730	56,336
Finance costs	8,078	8,152	8,378	8,020
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>65,346</b>	<b>66,144</b>	<b>64,108</b>	<b>64,356</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>21,658</b>	<b>22,197</b>	<b>20,551</b>	<b>23,567</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,682	2,391	1,943	13,804
Development and financial contributions	2,743	2,597	2,784	4,207
Increase (decrease) in debt	3,971	2,161	4,426	15,927
Gross proceeds from sale of assets	3,814	1,054	8,000	3,236
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>13,210</b>	<b>8,203</b>	<b>17,153</b>	<b>37,174</b>
<b>Application of capital funding</b>				
Capital expenditure				
• to meet additional demand	2,995	1,164	2,335	2,450
• to improve the level of service	19,487	16,771	22,397	31,062
• to replace existing assets	14,587	17,662	13,960	15,234
Increase (decrease) in reserves	(2,201)	(2,697)	(988)	11,995
Increase (decrease) of investments	-	(2,500)	-	-
<b>Total applications of capital funding (D)</b>	<b>34,868</b>	<b>30,400</b>	<b>37,704</b>	<b>60,741</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(21,658)</b>	<b>(22,197)</b>	<b>(20,551)</b>	<b>(23,567)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# BREAKDOWN OF SUMMARY

## REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

	<b>Actual 2021 \$000</b>	<b>Council Budget 2021 \$000</b>	<b>Actual 2020 \$000</b>
<b>Revenue</b>			
Water	16,531	12,549	12,494
Community Services	8,427	8,144	8,092
Transport	18,013	15,129	13,802
Community Facilities	25,679	20,446	21,727
Solid Waste	5,330	4,833	5,230
Stormwater	2,601	2,801	2,511
Wastewater	19,234	15,486	16,310
Economic Development	4,253	4,777	4,170
Democracy and Planning	8,635	8,606	8,549
Investments	24,245	5,203	11,519
<b>Total activity revenue</b>	<b>132,948</b>	<b>97,975</b>	<b>104,404</b>
Less internal revenue	(1,469)	(1,218)	(948)
<b>Total revenue</b>	<b>131,479</b>	<b>96,757</b>	<b>103,456</b>
<b>Expenses</b>			
Water	11,497	11,460	11,562
Community Services	8,111	8,144	8,322
Transport	14,876	13,980	13,842
Community Facilities	19,524	19,792	21,048
Solid Waste	5,385	4,849	5,433
Stormwater	2,042	1,893	1,876
Wastewater	15,193	13,991	14,663
Economic Development	3,654	4,777	4,237
Democracy and Planning	9,346	8,606	8,704
Investments	2,911	1,277	14,425
<b>Total activity expenses</b>	<b>92,539</b>	<b>88,769</b>	<b>104,112</b>
Less internal expenses	(1,469)	(1,218)	(948)
<b>Total expenses</b>	<b>91,070</b>	<b>87,551</b>	<b>103,164</b>

Each significant activity is stated gross of internal costs and revenues and includes general and targeted rates attributable to activities. To fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

A scenic landscape featuring a range of mountains under a clear sky transitioning from blue to orange. In the foreground, a calm blue lake reflects the light, with a small boat visible on the right side.

# FINANCIAL STATEMENTS





# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2021	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>						
Rates	4	69,548	69,297	69,562	69,534	69,547
Subsidies and grants	6	17,129	4,773	5,813	17,644	5,825
Development and financial contributions		1,580	2,784	1,443	1,580	1,443
Fees and charges	5	11,740	8,990	11,099	11,940	11,476
Finance revenue	7	1,789	2,572	3,109	1,791	3,117
Other revenue	8	29,693	8,341	12,430	29,897	12,982
<b>Total revenue</b>		<b>131,479</b>	<b>96,757</b>	<b>103,456</b>	<b>132,386</b>	<b>104,390</b>
<b>Expenses</b>						
Personnel costs	9	22,749	22,426	23,830	23,458	25,161
Depreciation and amortisation expense	19	22,887	23,442	22,536	23,161	22,847
Finance costs	7	8,021	8,378	8,152	8,021	8,152
Other expenses	10	37,413	33,305	48,646	37,887	48,304
<b>Total expenses</b>		<b>91,070</b>	<b>87,551</b>	<b>103,164</b>	<b>92,527</b>	<b>104,464</b>
Income tax (expense)/credit	11	-	-	-	(14)	25
<b>Surplus / (deficit) after tax</b>		<b>40,409</b>	<b>9,206</b>	<b>292</b>	<b>39,845</b>	<b>(49)</b>
<b>Other comprehensive revenue</b>						
Property, plant and equipment revaluations	28	64,351	17,693	38,012	64,243	38,408
Available for sale financial assets at fair value through other comprehensive revenue	28	-	-	(50)	-	(50)
Investments in associates		8	-	5	8	5
Tax on equity items	28	-	-	-	-	-
<b>Total comprehensive income</b>		<b>64,359</b>	<b>17,693</b>	<b>37,967</b>	<b>64,251</b>	<b>38,363</b>
<b>Total comprehensive income</b>		<b>104,768</b>	<b>26,899</b>	<b>38,259</b>	<b>104,096</b>	<b>38,314</b>
<b>Net surplus/(deficit) after taxation is attributable to:</b>						
Taupō District Council		40,409	9,206	292	40,174	9
Non-controlling interest	29	-	-	-	(329)	(58)
		<b>40,409</b>	<b>9,206</b>	<b>292</b>	<b>39,845</b>	<b>(49)</b>
<b>Total comprehensive revenue and expenses attributable to:</b>						
Taupō District Council		104,768	26,899	38,260	104,479	38,283
Non-controlling interest	29	-	-	-	(383)	31
		<b>104,768</b>	<b>26,899</b>	<b>38,260</b>	<b>104,096</b>	<b>38,314</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 2021

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2021	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000
<b>Net Assets/Equity at start of the year</b>		<b>1,242,044</b>	<b>1,233,782</b>	<b>1,203,784</b>	<b>1,250,137</b>	<b>1,211,069</b>
Total comprehensive revenue and expense for the year		104,768	26,899	38,260	104,096	38,198
Non-controlling interest equity injection		-	-	-	-	870
<b>Total comprehensive revenue and expenses as restated</b>		<b>104,768</b>	<b>26,899</b>	<b>38,260</b>	<b>104,096</b>	<b>39,068</b>
<b>Balance at 30 June</b>		<b>1,346,812</b>	<b>1,260,681</b>	<b>1,242,044</b>	<b>1,354,233</b>	<b>1,250,137</b>

<b>Total recognised revenue and expenses are attributable to:</b>						
Taupō District Council		104,768	26,899	38,260	104,479	38,283
Minority interest		-	-	-	(383)	31
<b>Total comprehensive revenue and expenses</b>		<b>104,768</b>	<b>26,899</b>	<b>38,260</b>	<b>104,096</b>	<b>38,314</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 FINANCIAL POSITION

## FOR THE YEAR ENDED 30 JUNE 2021

	Note	Council			Group	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	12	5,939	4,568	12,505	10,946	15,663
Other financial assets	15	122,985	88,912	99,956	122,985	99,956
Trade and other receivables	13	5,473	5,548	6,677	5,562	6,863
Inventories	14	369	686	403	369	440
Prepayments		1,179	951	841	1,205	871
Non-current assets held for sale	16	13,200	7,495	16,577	13,200	16,577
<b>Total current assets</b>		<b>149,145</b>	<b>108,160</b>	<b>136,959</b>	<b>154,267</b>	<b>140,370</b>
<b>Non-current assets</b>						
Other financial assets	15	15,622	21,231	11,109	15,622	11,109
Investment in CCO and other similar entities	15	7,715	5,832	5,207	122	114
Intangible assets	18	5,975	1,738	3,519	6,026	3,606
Investment property	21	18,110	9,143	11,144	18,110	11,144
Biological assets - forestry	20	7,598	6,705	7,601	7,598	7,601
Property, plant and equipment	17	1,361,637	1,332,824	1,274,881	1,372,993	1,286,353
<b>Total non-current assets</b>		<b>1,416,657</b>	<b>1,377,473</b>	<b>1,313,461</b>	<b>1,420,471</b>	<b>1,319,927</b>
<b>Total assets</b>		<b>1,565,802</b>	<b>1,485,633</b>	<b>1,450,420</b>	<b>1,574,738</b>	<b>1,460,297</b>
<b>Current liabilities</b>						
Trade and other payables	22	24,423	12,697	12,873	24,833	13,443
Employee entitlements	23	3,442	2,717	3,563	3,520	3,710
Borrowings	24	48,075	42,544	52,296	48,075	52,296
Derivative financial instruments	25	43	-	139	43	139
Provisions		-	-	-	4	4
<b>Total current liabilities</b>		<b>75,983</b>	<b>57,958</b>	<b>68,871</b>	<b>76,475</b>	<b>69,592</b>
<b>Non-current liabilities</b>						
Provisions	26	146	114	140	163	161
Derivative financial instruments	25	27,709	35,672	44,336	27,709	44,336
Borrowings	24	115,148	130,863	95,000	115,148	95,000
Employee entitlements	23	4	345	29	5	31
Deferred tax liabilities	11	-	-	-	1,005	1,034
<b>Total non-current liabilities</b>		<b>143,007</b>	<b>166,994</b>	<b>139,505</b>	<b>144,030</b>	<b>140,562</b>
<b>Total liabilities</b>		<b>218,990</b>	<b>224,952</b>	<b>208,376</b>	<b>220,505</b>	<b>210,154</b>
<b>Net assets (assets minus liabilities)</b>		<b>1,346,812</b>	<b>1,260,681</b>	<b>1,242,044</b>	<b>1,354,233</b>	<b>1,250,143</b>
<b>Equity</b>						
Accumulated funds	28	830,992	823,831	799,293	832,151	800,431
Other reserves	28	515,820	436,850	442,751	518,283	445,533
Non-controlling interests	29	-	-	-	3,799	4,179
<b>Total equity</b>		<b>1,346,812</b>	<b>1,260,681</b>	<b>1,242,044</b>	<b>1,354,233</b>	<b>1,250,143</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 2021

	Note	Council			Group	
		Actual	Budget	Actual	Actual	Actual
		2021	2021	2020	2021	2020
		\$000	\$000	\$000	\$000	\$000
<b>Cash flow from operating activities</b>						
Rates		69,319	69,297	70,222	69,305	70,207
Subsidies and grants		3,606	2,829	2,356	3,606	2,356
Development and financial contributions		1,390	2,784	1,443	1,390	1,443
Fees and charges		11,306	8,990	11,099	11,750	11,636
Finance revenue		2,104	2,572	3,109	2,106	3,118
Dividends or similar distributions		209	-	403	209	403
Other revenue		6,671	971	2,526	7,429	2,541
Payments to suppliers		(34,983)	(33,303)	(36,158)	(35,476)	(35,344)
Payments to employees		(22,895)	(22,426)	(23,300)	(23,674)	(24,604)
Interest paid		(7,992)	(8,371)	(8,419)	(7,992)	(8,419)
Net GST received/(paid)		662	-	(369)	725	(440)
<b>Cash flow from operating activities</b>		<b>29,397</b>	<b>23,343</b>	<b>22,912</b>	<b>29,378</b>	<b>22,897</b>
<b>Cash flows from investing activities</b>						
Proceeds from sale of fixed assets		3,235	8,000	1,054	3,301	1,059
Capital subsidies		21,890	1,943	3,405	21,890	3,405
Net (increase)/decrease in investments		(29,750)	(500)	10,308	(27,250)	12,428
Purchase and development of fixed assets		(47,253)	(38,692)	(35,574)	(47,951)	(35,639)
<b>Cash flow from investing activities</b>		<b>(51,878)</b>	<b>(29,249)</b>	<b>(20,807)</b>	<b>(50,010)</b>	<b>(18,747)</b>
<b>Cash flows from financing activities</b>						
Loans raised		25,298	25,861	19,510	25,298	19,510
Net raising of finance lease liabilities		-	-	244	-	244
Capital input from minority interest		-	-	-	-	870
Repayment of loans		(9,298)	(21,435)	(17,510)	(9,298)	(17,510)
Net repayment of finance lease liability		(85)	-	(86)	(85)	(86)
<b>Cash flow from financing activities</b>		<b>15,915</b>	<b>4,426</b>	<b>2,158</b>	<b>15,915</b>	<b>3,028</b>
<b>Net increase (decrease) in cash held</b>		<b>(6,566)</b>	<b>(1,480)</b>	<b>4,263</b>	<b>(4,717)</b>	<b>7,178</b>
Add cash at start of year		12,505	6,048	8,242	15,663	8,485
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	12	<b>5,939</b>	<b>4,568</b>	<b>12,505</b>	<b>10,946</b>	<b>15,663</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.

Fixed assets included property, plant and equipment, intangible assets, biological assets, etc.

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

# STATEMENT OF CASHFLOWS

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
<b>Surplus/(deficit) after tax</b>	<b>40,409</b>	<b>292</b>	<b>39,845</b>	<b>(49)</b>
<b>Add/(less) non-cash items</b>				
Depreciation and amortisation	22,887	22,200	23,161	22,511
Vested and first time recognition assets	(5,161)	(4,137)	(5,161)	(4,137)
Unrealised (gains)/losses in fair value of biological assets	(1,554)	155	(1,554)	155
Unrealised (gains)/ losses in fair value of corporate bonds	(354)	-	(354)	-
Unrealised (gains)/losses in fair value of non-hedge accounted derivatives	(16,724)	8,803	(16,724)	8,803
Unrealised (gains)/losses in fair value of investment properties and assets held for sale	(13)	(3,632)	(13)	(3,632)
Unrealised (gains)/losses on equities	(285)	1,887	(285)	1,887
Asset impairment and write-off	336	3,482	697	3,482
<b>Add/(less) items classified as investing activity</b>				
Net (gain)/loss on sale/write-offs	2,075	1,425	2,075	1,425
Capital Subsidies	(21,890)	(3,405)	(21,890)	(3,405)
(Increase)/decrease in accounts receivable for capital disposals	32	(433)	32	(433)
Non-operating movement in deferred tax	-	-	-	25
Increase/(decrease) in accounts payable for capital expenditure	2,657	(1,340)	2,657	(1,340)
<b>Add/(less) movements in working capital items</b>				
(Increase)/decrease in accounts receivable	1,070	(586)	1,134	(689)
(Increase)/decrease in inventories	34	283	71	291
Increase/(decrease) in accounts payable	6,024	2,088	5,833	2,370
Increase/(Decrease) in employee entitlements	(146)	-	(146)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>29,397</b>	<b>22,912</b>	<b>29,378</b>	<b>22,897</b>





# STATEMENT OF ACCOUNTING POLICIES

## FOR THE YEAR ENDED 30 JUNE 2021

### 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 2021. The financial statements were authorised for issue by Council on 14 December 2021.

### 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 Taupo 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 Taupo District Council include:

##### **Amendment to PBE IPSAS 2 Cash Flow Statement**

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022, with early adoption permitted. The amendment will result in additional disclosures. The Council will not early adopt this amendment.

### **PBE IPSAS 40 PBE Combinations**

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

### **PBE IPSAS 41 Financial Instruments**

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 Financial Instruments which supersedes PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. The main changes under PBE IPSAS 41 are;

- New classification and measurement requirements for how the amount of change in fair value of financial liabilities is accounted for.
- A new impairment model for financial assets based on expected losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management risks.

Council plans to apply this standard in preparing the financial statements for the year ended June 2022. Council and group has not yet assessed the effects of the new standard.

### **PBE FRS 48 Service Performance Reporting**

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.



## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 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 2020-21 Annual 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.

### 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.

## NOTE 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 explained.

- 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 critical judgements in applying accounting policies regarding the classification of property. These are detailed in Note 17.



## NOTE 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.

As at 30 June 2020 there were 23,907 rating units in the District with a total capital value of \$19.098 billion and a total land value of \$9.622 billion (30 June 2019: 23,682 rating units, \$15.623b capital value, \$7.546b 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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
General rates	44,959	45,164	44,959	45,164
<b>Total general rates</b>	<b>44,959</b>	<b>45,164</b>	<b>44,959</b>	<b>45,164</b>
<b>Targeted rates</b>				
Refuse disposal	1,168	1,157	1,168	1,157
Sewage disposal	13,536	13,397	13,536	13,397
Water supply	9,430	9,337	9,430	9,337
Water by meter	1,522	1,540	1,522	1,540
Taupō Town Centre	169	163	169	163
Turangi/Tongariro community board	83	83	83	83
Whakamaru fire protection	4	4	4	4
<b>Total targeted rates</b>	<b>25,912</b>	<b>25,681</b>	<b>25,912</b>	<b>25,681</b>
Rates Penalties	420	491	420	491
<b>Total penalties revenue</b>	<b>420</b>	<b>491</b>	<b>420</b>	<b>491</b>
<b>Total rates</b>	<b>71,291</b>	<b>71,336</b>	<b>71,291</b>	<b>71,336</b>
Less - Rates remissions	(896)	(1,000)	(896)	(1,000)
Less - Internal rates on Council/Group properties	(847)	(774)	(861)	(789)
<b>Total rates, excluding targeted water supply rates</b>	<b>69,548</b>	<b>69,562</b>	<b>69,534</b>	<b>69,547</b>

## NOTE 4. RATES (CONT.)

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 2021 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 Taupo lakebed and lakeshore reserve; community, sporting, and other organisations; non-income producing, unoccupied Maori 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.

### **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

## NOTE 5. FEES AND CHARGES

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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Landfill charges	3,375	3,190	3,375	3,190
Building and resource consent charges	2,664	2,099	2,664	2,099
Other regulatory revenue	1,214	1,147	1,214	1,147
Swimming pools revenue	1,087	958	1,087	958
Rendering of services	350	349	416	327
Sale of goods	903	1,130	910	1,477
User charges	1,753	1,851	1,713	1,660
Facility membership fees	394	375	394	375
Taupō Airport landing fees	-	-	127	149
Destination Great Lake Taupō marketing fees	-	-	40	94
<b>Total fees and charges</b>	<b>11,740</b>	<b>11,099</b>	<b>11,940</b>	<b>11,476</b>

## NOTE 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Operational subsidies and grants</b>				
NZ Transport Agency subsidy	2,087	1,937	2,087	1,937
Other government grants	980	302	1,493	302
Other grants and donations	139	169	141	181
<b>Capital subsidies and grants</b>				
NZ Transport Agency subsidy	3,243	2,027	3,243	2,027
Other government capital grants	10,546	1,000	10,546	1,000
Non-government capital grants	134	378	134	378
<b>Total subsidies and grants</b>	<b>17,129</b>	<b>5,813</b>	<b>17,644</b>	<b>5,825</b>

Council applied for \$8.32m of Government stimulus funding in relation to the Three Waters reform package. At 30 June 2021, \$6.84m has been received in two installments of which \$5.01m has been recognised above based on costs already incurred (Capital - \$4.37m, Operational \$0.64m).

In the 2020/21 year Council received \$10.4m of Government funding from the Infrastructure Reference Group for the transformation of the Taupō town centre. \$4.35m has been recognised above based on costs already incurred.

#### Government Grants

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

## NOTE 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Finance revenue</b>				
Interest revenue - term deposits	1,706	3,007	1,708	3,015
Interest revenue - community and other loans	68	73	68	73
Interest revenue - borrower notes	15	29	15	29
<b>Total finance revenue</b>	<b>1,789</b>	<b>3,109</b>	<b>1,791</b>	<b>3,117</b>
<b>Less finance costs</b>				
Interest on borrowings	(8,009)	(8,138)	(8,009)	(8,138)
Finance charges on leased assets	(12)	(14)	(12)	(14)
<b>Total finance costs</b>	<b>(8,021)</b>	<b>(8,152)</b>	<b>(8,021)</b>	<b>(8,152)</b>
<b>Net finance costs</b>	<b>(6,232)</b>	<b>(5,043)</b>	<b>(6,230)</b>	<b>(5,035)</b>



## NOTE 8. OTHER REVENUES

### 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Vested land and infrastructure from property development	3,839	3,833	3,839	3,833
Other vested assets	126	89	126	89
First time recognition of assets	1,196	215	1,196	568
Petrol tax	446	414	446	414
Infringements and fines	374	415	374	415
Gain on sale of properties intended for resale	330	506	330	506
Gain on sale of property, plant, equipment and forestry	173	246	173	246
Dividends or similar distributions	209	333	209	333
Change in fair value of forestry assets	1,554	-	1,554	-
Change in fair value of investment properties and non-current assets held for sale	13	3,632	13	3,632
Realised gain on sale of shares & corporate bonds	406	1,001	406	1,001
Unrealised gain on shares	216	-	216	-
Unrealised foreign exchange gain on shares	69	303	69	303
Unrealised gain on derivatives not hedge accounted	16,724	-	16,724	-
Rental revenue from investment properties	126	104	330	300
Other revenue	246	183	246	183
Foreign exchange gains (net)	4	-	4	-
Insurance recoveries	-	2	-	5
Revenue from developer agreements	2,627	1,154	2,627	1,154
Section sales	1,015	-	1,015	-
<b>Total other revenue</b>	<b>29,693</b>	<b>12,430</b>	<b>29,897</b>	<b>12,982</b>

## NOTE 8. OTHER REVENUES (CONT.)

### 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Not later than one year	253	372	457	575
Later than one year and not later than five years	746	1,046	1,445	1,777
Later than five years	1,730	2,021	1,860	2,395
<b>Total non-cancellable operating leases</b>	<b>2,729</b>	<b>3,439</b>	<b>3,762</b>	<b>4,747</b>

No contingent rents have been recognised during the period.

## NOTE 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Salaries and wages	22,271	22,638	23,030	23,971
Increase/(decrease) in employee entitlements/liabilities	(149)	530	(218)	491
Severance	7	70	7	70
Defined contribution plan employer contributions	620	592	639	629
<b>Total personnel costs</b>	<b>22,749</b>	<b>23,830</b>	<b>23,458</b>	<b>25,161</b>

### Severance payments

In 2020/21 the Group made a severance payment to one employee of \$7,000 (2019/20: 2 employees, \$10,000 & \$17,500). In addition to this payment, four employees purchased their council owned vehicles below market value. The additional benefit beyond market value to these employees was \$16,000, \$9,000, \$10,500, and \$18,500 on which fringe benefit tax was also paid.

### Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$327,169 (2020: \$331,193).

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

## NOTE 9. PERSONNEL COSTS (CONT.)

	Council	
	Actual 2021	Actual 2020
Mayor - David Trewavas	130,638	130,530
Boddy, John	40,364	38,672
Guy, Kathy	46,303	28,192
Kingi, Tangonui	42,587	38,833
Leonard, Kylie	45,769	28,454
Mack, John	43,266	26,009
Park, Anna	45,688	45,108
Rankin, Christine	47,783	44,003
Taylor, Kevin	40,258	25,934
Trueman, Kirsty	50,697	44,814
Westerman, Yvonne	40,189	25,934
Williamson, John	46,590	41,957
Harvey, Rosie	-	15,163
Hickling, Barry	-	15,176
Jollands, Rosanne	-	12,636
Stewart, Maggie	-	13,198
<b>Total elected representatives' remuneration</b>	<b>620,132</b>	<b>574,613</b>
Green, Clint	11,486	5,504
Ashmore, Ian	7,770	5,504
Maclaren, Amanda	10,361	10,782
New, Te Takinga	7,479	5,822
O'Connor Patena, George	325	-
Searancke, Donna	8,453	5,504
Severne, Rob	8,418	5,504
Donlon, Karen	-	2,911
Holt, Sharlyn	-	2,911
Jenkins, Pauline	-	2,911
Van der Aa, Walter	-	2,911
<b>Total Local Boards</b>	<b>54,292</b>	<b>50,264</b>

The figure disclosed for the Mayor's remuneration includes a non-cash benefit of \$4,510 (2020: \$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 \$7,471 was paid to the IRD by Council for a vehicle supplied to Mayor David Trewavas (2020: \$6,838).

## NOTE 9. PERSONNEL COSTS (CONT.)

### Council Employees

Total annual remuneration by band for employees as at 30 June 2021:

	Number of Employees 2021 \$000
Less than \$60,000	165
\$60,000 - \$79,999	82
\$80,000 - \$99,999	48
\$100,000 - \$119,999	26
\$120,000 - \$139,999	15
\$140,000 - \$159,999	10
\$160,000 - \$179,999	6
\$180,000 - \$349,999	5
<b>Total employees</b>	<b>357</b>

### Council Employees

Total annual remuneration by band for employees as at 30 June 2020:

	Number of Employees 2020 \$000
Less than \$60,000	195
\$60,000 - \$79,999	79
\$80,000 - \$99,999	46
\$100,000 - \$119,999	22
\$120,000 - 139,999	16
\$140,000 - \$179,999	10
\$180,000 - \$239,999	7
\$240,000 - \$339,999	1
<b>Total employees</b>	<b>376</b>

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 261 (2020: 264) full-time employees, with the balance of staff representing 44.5 (2020: 45.5) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5 or 40-hour working week.

## NOTE 10. OPERATING EXPENSES

### 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Other expenses</b>				
Audit fees for financial statements	157	142	191	174
Audit fees for Long-term Plan	117	-	117	-
Audit fee for Debenture Trust Deed	8	8	8	8
Maintenance	12,954	11,842	13,013	11,912
Service delivery contracts	4,581	5,703	3,119	3,682
Electricity and gas	2,025	2,331	2,043	2,346
Materials and supplies	976	1,272	991	1,295
Professional services fees/legal fees	4,125	2,889	4,298	3,001
Resource consenting and compliance	640	951	640	951
Mobile plant and vehicle running costs	480	548	492	552
Insurance	896	790	910	801
Town Centre Taupō (rates)	168	162	168	162
Community grant programme	637	667	637	667
Other grants	441	609	441	609
Donations	-	1	-	1
Councillor fees	602	575	602	575
Community Board fees	54	51	54	51
Directors' fees	-	-	43	40
Minimum lease payments under operating leases	114	120	114	120
Other expenses	4,731	5,420	5,938	6,529
Section inventory consumption	98	-	98	-
Inventory consumption	274	264	274	346
Inventory writeoff	-	-	-	4
Audit fees - Prior Year	15	26	15	26
Impairment of receivables	336	185	337	187
Loss on disposal of property, plant, equipment and forestry	2,629	2,227	2,629	2,402
Loss on disposal of non-current assets held for sale	303	-	303	-
Change in fair value of forestry assets	-	155	-	155
Loss on sale of shares and corporate bonds	44	-	44	-
Loss on sale of shares and corporate bonds (foreign exchange)	8	99	8	99
Change in fair value of shares	-	1,887	-	1,887
Unrealised loss on derivatives not hedge accounted	-	8,803	-	8,803
Asset writeoffs	-	919	360	919
<b>Total other expenses</b>	<b>37,413</b>	<b>48,646</b>	<b>37,887</b>	<b>48,304</b>



## NOTE 10. OPERATING EXPENSES (CONT.)

### Non-cancellable operating leases as lessee:

Included in the commitments 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Rental expense relating to operating leases</b>				
Payable no later than one year	259	440	259	440
Later than one, not later than two years	32	286	32	286
Later than two, not later than five years	3	88	3	88
Later than five years	752	675	752	675
<b>Total rental expense relating to operating leases</b>	<b>1,046</b>	<b>1,489</b>	<b>1,046</b>	<b>1,489</b>

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$0 (2020: \$0).

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Operational commitments</b>				
Wastewater	2,313	3,363	2,313	3,363
District roading	17,016	20,839	17,016	20,839
Refuse	2,833	3,882	2,833	3,882
Rating Valuation Services	104	-	104	-
Street Sweeping	143	207	143	207
Security	162	192	162	192
District electricity supply	2,295	4,590	2,295	4,590
Three waters maintenance	7,734	814	7,734	814
Three waters integration	81	1,722	81	1,722
Water and Wastewater Compliance Testing	2,387	2,933	2,387	2,933
Harvesting Land Disposal Systems	324	405	324	405
Building maintenance	373	252	373	252
Cleaning contracts	49	304	49	304
Tech One ERP Licensing Fees	717	1,181	717	1,181
Landscape Study	-	11	-	11
Property leases	1,047	1,489	1,047	1,489
<b>Total rental expense relating to operating leases</b>	<b>37,578</b>	<b>42,184</b>	<b>37,578</b>	<b>42,184</b>

## NOTE 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Current tax expense</b>				
Deferred taxation	-	-	14	(19)
Release of tax provision no longer required	-	-	-	(6)
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>(25)</b>

### Relationship between income tax and accounting profit:

Operating surplus/(deficit) before taxation	40,409	292	39,859	(74)
<b>Surplus/(deficit) before taxation</b>	<b>40,409</b>	<b>292</b>	<b>39,859</b>	<b>(74)</b>

Tax calculated at 28%	11,315	82	11,161	(21)
Less tax effect of:				
Non taxable expenditure	(11,315)	(82)	(11,147)	2
Release of tax provision no longer required	-	-	-	(6)
<b>Tax expense</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>(25)</b>

Deferred Tax Liabilities Council & Group	Property, plant & equipment	Non deductible provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2019</b>	1,486	(4)	(541)	941
Charged to surplus or deficit	(62)	(4)	47	(19)
Charged directly to other comprehensive revenue	111	-	-	111
<b>Balance at 30 June 2020</b>	<b>1,535</b>	<b>(8)</b>	<b>(494)</b>	<b>1,033</b>
<b>Balance at 1 July 2020</b>	<b>1,535</b>	<b>(8)</b>	<b>(494)</b>	<b>1,033</b>
Charged to surplus or deficit	57	1	(44)	14
Charged directly to other comprehensive revenue	(42)	-	-	(42)
<b>Balance at 30 June 2021</b>	<b>1,550</b>	<b>(7)</b>	<b>(538)</b>	<b>1,005</b>

Data Capture Systems Limited, a subsidiary of Council, has unrecognised tax losses as at 30 June 2021 of \$225,325 to carry forward (2020: \$225,325). The tax effect of these losses is \$67,598 (2020: \$67,598). The carried forward losses originated from the activity of Taupō Information Centre Limited, that company later being renamed Data Capture Systems Limited.

## NOTE 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank and in hand	4	81	21	94
Call deposits	5,935	5,410	10,925	8,555
Term deposits with maturities of less than three months at acquisition	-	7,014	-	7,014
<b>Tax expense</b>	<b>5,939</b>	<b>12,505</b>	<b>10,946</b>	<b>15,663</b>

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

## NOTE 13. TRADE AND OTHER RECEIVABLES

### Accounting policy

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

A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Rates receivable	2,697	3,015	2,697	3,015
General debtors	2,070	2,180	2,163	2,283
Receivables from controlled entities (note 30)	33	3	-	-
Other	1,421	2,162	1,450	2,248
Receivables prior to impairment	6,221	7,360	6,310	7,546
Less: Provision for Impairment	(748)	(683)	(748)	(683)
<b>Total current net trade and other receivables</b>	<b>5,473</b>	<b>6,677</b>	<b>5,562</b>	<b>6,863</b>
Total debtors and other receivables from exchange transactions	-	-	97	102
Total current net trade and other receivables from non-exchange transactions	5,473	6,677	5,465	6,761
<b>Total current net trade and other receivables</b>	<b>5,473</b>	<b>6,677</b>	<b>5,562</b>	<b>6,863</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. Rates are 'remitted' only in accordance with Council's rates remission policies. Rates are written off under Section 90A and 90B of the Local Government Rating Act 2002 where it is determined by the Chief Executive Officer that the debt cannot reasonably be recovered. Any rates debt on Māori freehold land that is found to be unused and therefore non-rateable as at 1 July 2021 will be written off under transitional provisions relating to the Local Government (Rating of Whenua Māori) Amendment Act 2020, Schedule 1AA, Part 1 (2b). Note: Taupō District Council did not hold any debt on land that is subject to a Nga Whenua Rahui kawenata and is therefore non rateable under the Local Government (Rating of Whenua Māori) Amendment Act 2020, Schedule 1AA, Part 1 (1b).

The Chief Executive approved the write-off of rates receivable during the year under the Local Government (Rating) Act 2002 as follows:

- Section 90A: \$Nil (2020: \$Nil)
- Section 90B: \$Nil (2020: \$Nil)

The carrying amount of receivables that would otherwise be impaired, whose terms have been renegotiated is \$9,388 (2020: \$10,104).

## NOTE 13. TRADE AND OTHER RECEIVABLES (CONT.)

The status of receivables as at 30 June 2021 are detailed below:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current	1,128	1,014	1,160	1,068
Past due 1-30 days	119	209	130	226
Past due 31-60 days	455	1,031	458	1,036
Past due 61+ days	2,860	2,943	2,878	2,968
Impairment	(748)	(683)	(748)	(683)
<b>Net receivables</b>	<b>3,814</b>	<b>4,514</b>	<b>3,878</b>	<b>4,615</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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Individual impairment	490	253	490	253
Collective impairment	258	430	258	430
<b>Total impairment</b>	<b>748</b>	<b>683</b>	<b>748</b>	<b>683</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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61+ days	490	253	490	253
<b>Total impairment</b>	<b>490</b>	<b>253</b>	<b>490</b>	<b>253</b>

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	683	617	683	617
Additional provisions	337	130	337	130
Receivables written off during the year	(272)	(64)	(272)	(64)
<b>Total impairment</b>	<b>748</b>	<b>683</b>	<b>748</b>	<b>683</b>

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



## NOTE 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Commercial inventories</b>				
Held for use in the provision on services	89	92	89	129
Residential sections held for sale	-	91	-	91
	<b>89</b>	<b>183</b>	<b>89</b>	<b>220</b>
<b>Held for distribution</b>				
Water reticulation spare parts	8	9	8	9
Parks & reserves chemicals	9	14	9	14
Wastewater spare parts	214	148	214	148
Swimming pool chemicals	9	10	9	10
Other	40	39	40	39
<b>Total inventory</b>	<b>369</b>	<b>403</b>	<b>369</b>	<b>440</b>

No inventories are pledged as security for liabilities (2020: \$nil).

### Inventories held for distribution

No inventories were written-down during the year (2020: \$nil). There have been no reversals of write-downs (2020: \$nil).

## NOTE 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.

### Subsidiaries

The Council consolidates in the group financial statements those entities it controls. Control exists where the Institute is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

### Associate

An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting.

### Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

### Equity method of accounting in group financial statements

Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

### 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.

## NOTE 15. OTHER FINANCIAL ASSETS (CONT.)

### 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Current portion</b>				
Short term bank deposits with maturities of 4-12 months	122,819	99,598	122,819	99,598
Local government (NZLGFA) and corporate bonds	166	358	166	358
<b>Total current portion</b>	<b>122,985</b>	<b>99,956</b>	<b>122,985</b>	<b>99,956</b>
<b>Non current portion</b>				
<b>Shares in CCO's and other similar entities</b>				
Taupō Airport Authority	7,593	5,093	-	-
NZ Local Government Funding Agency (NZLGFA)	100	100	100	100
Investments in Associates	22	14	22	14
<b>Total investment in subsidiaries and similar entities</b>	<b>7,715</b>	<b>5,207</b>	<b>122</b>	<b>114</b>
<b>Investment in other entities</b>				
Civic Financial Services Ltd	81	78	81	78
Term deposits > 12 months	4,002	-	4,002	-
Local government (NZLGFA) and corporate bonds	2,260	1,664	2,260	1,664
Community loans	734	707	734	707
Equity securities	7,543	7,660	7,543	7,660
Other loans	1,002	1,000	1,002	1,000
<b>Total investment in other entities</b>	<b>15,622</b>	<b>11,109</b>	<b>15,622</b>	<b>11,109</b>
<b>Total non current portion</b>	<b>23,337</b>	<b>16,316</b>	<b>15,744</b>	<b>11,223</b>
<b>Total other financial assets</b>	<b>146,322</b>	<b>116,272</b>	<b>138,729</b>	<b>111,179</b>

## NOTE 15. OTHER FINANCIAL ASSETS (CONT.)

### Fair value

#### Term deposits

The carrying amount of term deposits approximates their fair value and includes interest accrued.

#### Bonds

Government and commercial bonds are carried at amortised cost. The fair value of these bonds is \$Nil (2020: \$Nil). 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 (2020: 150 shares). This company is dormant.

Taupō District Council has 100% ownership (100 shares) of the subsidiary Destination Lake Taupō Limited (2020: 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:

	2021			2020		
	No. of Shares	Market Value \$/Share	Total Market Value	No. of shares	Market Value \$/Share	Total Market Value
<b>Current portion</b>						
A2 Milk	45,000	6.44	289,800	-	-	-
Adelaide Brighton Concrete	125,000	3.73	465,897	125,000	3.40	425,589
AGL Energy Limited	30,000	8.81	264,232	30,000	18.25	547,644
Amtcor	40,000	16.25	650,054	40,000	15.50	620,128
ANZ Bank	30,000	30.24	907,089	30,000	19.96	598,715
APA Group	75,000	9.56	716,971	25,000	11.92	297,912
Brambles Limited	50,000	12.29	614,393	50,000	11.64	581,906
Bunzl	10,000	47.31	473,069	10,000	41.49	414,942
Contact Energy	-	-	-	50,000	6.26	313,000
Costa Group	50,000	3.56	177,765	100,000	3.10	310,492
Estia Health	150,000	2.65	397,959	150,000	1.65	247,323
Freightways	-	-	-	113,688	7.19	817,417
Gentrack	31,569	2.06	65,032	31,569	1.41	44,512
Link Administration Holdings	50,000	5.41	270,676	100,000	4.39	438,972
Pact Group	100,000	3.97	397,422	100,000	2.34	234,475
Scentre Group	80,000	2.94	235,445	80,000	2.32	185,867
South 32	100,000	3.15	314,715	100,000	2.18	218,415
Synlait Milk	167,794	3.64	610,770	88,294	7.10	626,887
Syrah Resources	100,000	1.12	111,707	230,000	0.30	68,951
Tesco	102,631	4.41	453,101	130,000	4.37	568,065
Tourism Holdings	50,000	2.53	126,500	50,000	1.98	99,000
<b>Total</b>			<b>7,542,597</b>			<b>7,660,212</b>

## NOTE 15. OTHER FINANCIAL ASSETS (CONT.)

### 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 \$733,603 (2020: \$707,023).

### 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 \$0.96 (2020: \$0.93) each.
- Waikato Local Authority Shared Services Ltd 1 ordinary capital share (uncalled) of \$1,000 (2020: \$1,000).
- BOP Local Authority Shared Services Ltd 1 ordinary capital share of \$1,000 (2020: \$1,000).
- NZ Local Government Funding Agency 100,000 ordinary shares @ \$1.00 and 100,000 ordinary unpaid shares @ \$1.00 (2020: \$1.00).

## NOTE 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 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Non current assets held for sale are:</b>				
Land	12,965	16,577	12,965	16,577
Buildings	235	-	235	-
<b>Total non current assets held for sale</b>	<b>13,200</b>	<b>16,577</b>	<b>13,200</b>	<b>16,577</b>
Opening balance	16,577	10,024	16,577	10,024
Disposals	(250)	-	(250)	-
Asset reclassifications	(515)	3,250	(515)	3,250
Additions	233	163	233	163
Fair value gains/(losses) on valuation	(1,136)	2,712	(1,136)	2,712
Impairment	-	-	-	-
Transfer (to)/from non-current assets	(1,709)	428	(1,709)	428
<b>Total</b>	<b>13,200</b>	<b>16,577</b>	<b>13,200</b>	<b>16,577</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.



## NOTE 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: (on following page)

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Class of asset depreciated	Council	
	Estimated useful life	Depreciation rates
<b>Operational assets</b>		
Land	not depreciated	nil
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%
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	15.5%
<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	50 - 80 years	1.25% - 2%
Footpaths	30 - 80 years	1.3% - 3.3%
Kerbs	60 - 80 years	1.25 - 1.67%
Signs	15 years	6.7%
Streetlights	15 - 30 years	3.3% - 6.7%
Bridges	60 - 100 years	1% - 1.67%
Structures	15 - 50 years	2% - 6.7%
Land under roads	not depreciated	nil
<b>Water system</b>		
Pipes	45 - 120 years	1% - 2.2%
Valves, hydrants	40 years	2.5%
Pump stations	20 - 60 years	1.7% - 10%
Tanks	25 - 80 years	1.3% - 4%
<b>Sewerage system</b>		
Pipes	65 - 120 years	1% - 1.5%
Manholes	80 years	1.3%
Treatment plant	10 - 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.

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

### 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

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

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 wastewater, water and stormwater infrastructure assets (excluding associated buildings) was performed by Stephen Garlick, Associate Director, Strategic Asset Management of AECOM New Zealand Limited. The valuation is effective as at 30 June 2021.

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 2020.

The most recent valuation of the Airport Infrastructure was performed by independent valuer WSP. The valuation is effective as at 30 June 2020.

### **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.

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Council 2021	Cost / revaluation	Accumulated depreciation	Carrying amount	Current year additions (+ gains)
	1-Jul-20	1-Jul-20	1-Jul-20	\$000
	\$000	\$000	\$000	\$000
<b>Operating assets at cost &amp; valuation</b>				
Land	38,537	-	38,537	-
Buildings	65,568	(3,752)	61,816	2,086
Library books	2,530	(1,348)	1,182	328
Leased plant & equipment	394	(104)	290	-
Office furniture and fittings	33,239	(19,296)	13,943	1,165
Mobile plant and equipment	10,584	(6,635)	3,949	275
Heritage assets	2,196	-	2,196	70
Capital work in progress - land	121	-	121	302
Capital work in progress - buildings	1,721	-	1,721	2,997
Capital work in progress - library books	8	-	8	320
Capital work in progress - office furniture & fittings	4,450	-	4,450	5,354
Capital work in progress - mobile plant & equipment	-	-	-	138
Capital work in progress - heritage assets	102	-	102	19
<b>Total operating assets</b>	<b>159,450</b>	<b>(31,135)</b>	<b>128,315</b>	<b>13,054</b>
<b>Infrastructural assets at cost &amp; valuation</b>				
Roading	365,150	(45)	365,105	4,098
Water supply	84,561	(6,478)	78,083	5,340
Wastewater reticulation	122,764	(9,435)	113,329	6,163
Stormwater reticulation	52,780	(1,881)	50,899	1,138
Land under roads	341,896	-	341,896	-
Infrastructural buildings	12,290	(381)	11,909	21
Solid waste	5,277	(4,054)	1,223	-
Capital work in progress - roading	2,621	-	2,621	12,162
Capital works in progress - water supply	11,477	-	11,477	11,163
Capital work in progress - wastewater	12,328	-	12,328	12,989
Capital work in progress - stormwater	294	-	294	669
Capital work in progress - solid waste	164	-	164	222
<b>Total infrastructural assets</b>	<b>1,011,602</b>	<b>(22,274)</b>	<b>989,328</b>	<b>53,963</b>
<b>Restricted assets at cost and valuation</b>				
Reserves	157,238	-	157,238	878
<b>Total restricted assets</b>	<b>157,238</b>	<b>-</b>	<b>157,238</b>	<b>878</b>
<b>Total Council</b>	<b>1,328,290</b>	<b>(53,409)</b>	<b>1,274,881</b>	<b>67,895</b>



	Current year disposals (+ losses)	Current year impairment charges	Current year depreciation	Transfers	Revaluation surplus	Cost / revaluation	Accumulated depreciation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	30-Jun-21 \$000	30-Jun-21 \$000	30-Jun-21 \$000
	-	-	-	(3,187)	-	35,350	-	35,350
	(14)	-	(3,209)	(633)	-	66,643	(6,595)	60,048
	-	-	(305)	-	-	2,858	(1,653)	1,205
	(43)	-	(33)	-	-	351	(137)	214
	(6)	-	(1,703)	7	-	34,225	(20,799)	13,426
	(83)	-	(926)	(7)	-	10,152	(6,945)	3,207
	-	-	-	-	-	2,266	-	2,266
	-	-	-	(399)	-	24	-	24
	-	-	-	(2,282)	-	2,436	-	2,436
	-	-	-	(328)	-	-	-	-
	-	-	-	(977)	-	8,827	-	8,827
	-	-	-	(128)	-	11	-	11
	-	-	-	(65)	-	56	-	56
	<b>(146)</b>	-	<b>(6,176)</b>	<b>(7,998)</b>	-	<b>163,198</b>	<b>(36,129)</b>	<b>127,069</b>
	(447)	-	(6,814)	-	-	368,776	(6,834)	361,942
	(1,205)	-	(3,186)	-	15,117	94,149	-	94,149
	(603)	-	(4,833)	-	46,635	160,691	-	160,691
	(98)	-	(978)	-	2,745	53,706	-	53,706
	-	-	-	-	-	341,896	-	341,896
	-	-	(382)	-	-	12,311	(763)	11,548
	-	-	(249)	-	-	5,277	(4,301)	976
	-	-	-	(2,941)	-	11,842	-	11,842
	-	-	-	(4,315)	-	18,324	-	18,324
	-	-	-	(4,565)	-	20,751	-	20,751
	-	-	-	(722)	-	241	-	241
	-	-	-	-	-	386	-	386
	<b>(2,352)</b>	-	<b>(16,440)</b>	<b>(12,543)</b>	<b>64,497</b>	<b>1,088,350</b>	<b>(11,898)</b>	<b>1,076,452</b>
	-	-	-	-	-	158,116	-	158,116
	-	-	-	-	-	<b>158,116</b>	-	<b>158,116</b>
	<b>(2,498)</b>	-	<b>(22,616)</b>	<b>(20,542)</b>	<b>64,497</b>	<b>1,409,665</b>	<b>(48,027)</b>	<b>1,361,637</b>

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Council 2020	Cost /	Accumulated	Carrying	Current year
	revaluation	depreciation	amount	additions
	1-Jul-20	1-Jul-20	1-Jul-20	(+ gains)
	\$000	\$000	\$000	\$000
<b>Operating assets at cost &amp; valuation</b>				
Land	39,944	-	39,944	2,500
Buildings	64,708	(648)	64,059	1,296
Library books	6,818	(5,624)	1,194	293
Leased plant & equipment	359	(224)	135	248
Office furniture and fittings	33,831	(18,926)	14,905	1,186
Mobile plant and equipment	10,478	(6,561)	3,917	1,392
Heritage assets	2,168	(11)	2,157	-
Capital work in progress - land	269	-	269	242
Capital work in progress - buildings	982	-	982	2,132
Capital work in progress - library books	-	-	0	300
Capital work in progress - office furniture & fittings	1,041	-	1,041	4,393
Capital work in progress - mobile plant & equipment	151	-	151	882
Capital work in progress - heritage assets	3	-	3	110
<b>Total operating assets</b>	<b>160,752</b>	<b>(31,994)</b>	<b>128,757</b>	<b>14,974</b>
<b>Infrastructural assets at cost &amp; valuation</b>				
Roading	338,582	(12,640)	325,942	7,991
Water supply	80,275	(3,421)	76,854	5,638
Wastewater reticulation	121,046	(4,625)	116,421	1,868
Stormwater reticulation	50,791	(925)	49,866	2,069
Land under roads	341,948	-	341,948	5
Infrastructural buildings	12,303	-	12,303	111
Solid waste	5,262	(3,804)	1,458	15
Capital work in progress - roading	1,896	-	1,896	7,973
Capital works in progress - water supply	9,129	-	9,129	10,860
Capital work in progress - wastewater	6,127	-	6,127	6,290
Capital work in progress - stormwater	476	-	476	69
Capital work in progress - solid waste	191	-	191	96
<b>Total infrastructural assets</b>	<b>968,026</b>	<b>(25,415)</b>	<b>942,611</b>	<b>42,985</b>
<b>Restricted assets at cost and valuation</b>				
Reserves	155,274	-	157,238	121
<b>Total restricted assets</b>	<b>155,274</b>	<b>-</b>	<b>157,238</b>	<b>121</b>
<b>Total Council</b>	<b>1,284,052</b>	<b>(57,409)</b>	<b>1,228,606</b>	<b>58,080</b>

	Current year disposals (+ losses)	Current year impairment charges	Current year depreciation	Transfers	Revaluation surplus	Cost / revaluation	Accumulated depreciation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	30-Jun-21 \$000	30-Jun-21 \$000	30-Jun-21 \$000
	-	-	-	(3,907)	-	38,537	-	38,537
	(142)	(272)	(3,126)	-	-	65,568	(3,752)	61,816
	-	-	(305)	-	-	2,530	(1,348)	1,182
	-	-	(93)	-	-	394	(104)	290
	(98)	-	(2,050)	-	-	33,239	(19,296)	13,943
	(332)	-	(1,028)	-	-	10,584	(6,635)	3,949
	-	-	11	28	-	2,196	-	2,196
	-	-	-	(390)	-	121	-	121
	-	-	-	(1,393)	-	1,721	-	1,721
	-	-	-	(292)	-	8	-	8
	-	-	-	(943)	-	4,450	-	4,450
	-	-	-	(1,075)	-	0	-	0
	-	-	-	(11)	-	102	-	102
	<b>(572)</b>	<b>(272)</b>	<b>(6,591)</b>	<b>(7,983)</b>	<b>-</b>	<b>159,450</b>	<b>(31,135)</b>	<b>128,315</b>
	(724)	-	(6,116)	-	38,013	365,150	(45)	365,105
	(636)	(641)	(3,132)	-	-	84,561	(6,478)	78,083
	(144)	-	(4,816)	-	-	122,764	(9,435)	113,329
	(77)	-	(959)	-	-	52,780	(1,881)	50,899
	(57)	-	-	-	-	341,896	-	341,896
	(114)	(6)	(385)	-	-	12,290	(381)	11,909
	-	-	(250)	-	-	5,277	(4,054)	1,223
	-	-	-	(7,248)	-	2,621	-	2,621
	-	-	-	(8,512)	-	11,477	-	11,477
	-	-	-	(89)	-	12,328	-	12,328
	-	-	-	(251)	-	294	-	294
	-	-	-	(123)	-	164	-	164
	<b>(1,752)</b>	<b>(647)</b>	<b>(15,658)</b>	<b>(16,223)</b>	<b>38,013</b>	<b>1,011,602</b>	<b>(22,274)</b>	<b>989,328</b>
	0	0	0	1,843	0	157,238	0	157,238
	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,843</b>	<b>0</b>	<b>157,238</b>	<b>0</b>	<b>157,238</b>
	<b>(2,324)</b>	<b>(919)</b>	<b>(22,249)</b>	<b>(22,363)</b>	<b>38,013</b>	<b>1,328,290</b>	<b>(53,409)</b>	<b>1,274,881</b>

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group 2021	Cost / revaluation	Accumulated depreciation	Carrying amount	Current year additions (+ gains)	
	1-Jul-20 \$000	1-Jul-20 \$000	1-Jul-20 \$000	\$000	
<b>Operating assets at cost &amp; valuation</b>					
Land	38,537	-	38,537	-	
Buildings	66,182	(3,777)	62,405	2,086	
Library books	2,530	(1,348)	1,182	328	
Leased plant & equipment	394	(104)	290	-	
Office furniture and fittings	33,533	(19,467)	14,066	1,169	
Mobile plant and equipment	11,624	(7,641)	3,983	281	
Heritage assets	2,196	-	2,196	70	
Capital work in progress - land	121	-	121	302	
Capital work in progress - buildings	1,721	-	1,721	2,997	
Capital work in progress - library books	8	-	8	320	
Capital work in progress - office furniture & fittings	4,450	-	4,450	5,354	
Capital work in progress - mobile plant & equipment	-	-	-	138	
Capital work in progress - heritage assets	102	-	102	19	
<b>Total operating assets</b>	<b>161,398</b>	<b>(32,337)</b>	<b>129,061</b>	<b>13,064</b>	
<b>Infrastructural assets at cost &amp; valuation</b>					
Roading	385,286	(18,786)	366,500	4,098	
Water supply	84,561	(6,478)	78,083	5,340	
Wastewater	122,764	(9,435)	113,329	6,163	
Stormwater	53,155	(1,916)	51,239	1,138	
Land under roads	341,896	-	341,896	-	
Infrastructural buildings	12,290	(381)	11,909	21	
Solid waste	5,277	(4,054)	1,223	-	
Capital work in progress - roading	2,621	-	2,621	12,162	
Capital works in progress - water supply	11,477	-	11,477	11,163	
Capital work in progress - wastewater	12,328	-	12,328	12,989	
Capital work in progress - stormwater	294	-	294	669	
Capital work in progress - infrastructural buildings	24	-	24	689	
Capital work in progress - solid waste	164	-	164	222	
Taupō Airport runways	5294	(528)	4,766	-	
<b>Total infrastructural assets</b>	<b>1,037,431</b>	<b>(41,578)</b>	<b>995,853</b>	<b>54,652</b>	
<b>Restricted assets at cost and valuation</b>					
Reserves	157,238	-	157,238	878	
Taupō Airport land	4,036	-	4,036	0	
<b>Total restricted assets</b>	<b>161,274</b>	<b>-</b>	<b>161,274</b>	<b>878</b>	
<b>Total Council</b>	<b>1,360,103</b>	<b>(73,915)</b>	<b>1,286,188</b>	<b>68,595</b>	

	Current year disposals (+ losses)	Current year impairment charges	Current year depreciation	Transfers	Revaluation surplus	Cost / revaluation	Accumulated depreciation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	30-Jun-21 \$000	30-Jun-21 \$000	30-Jun-21 \$000
	-	-	-	(3,187)	-	35,350	-	35,350
	(14)	(360)	(3,241)	(633)	-	66,895	(6,653)	60,242
	-	-	(305)	-	-	2,858	(1,653)	1,205
	(43)	-	(33)	-	-	351	(137)	214
	(69)	-	(1,724)	7	-	34,378	(20,916)	13,462
	(86)	-	(938)	(7)	-	10,267	(7,029)	3,238
	-	-	-	-	-	2,266	-	2,266
	-	-	-	(399)	-	24	-	24
	-	-	-	(2,282)	-	2,436	-	2,436
	-	-	-	(328)	-	0	-	0
	-	-	-	(977)	-	8,827	-	8,827
	-	-	-	(128)	-	11	-	11
	-	-	-	(65)	-	56	-	56
	<b>(212)</b>	<b>(360)</b>	<b>(6,240)</b>	<b>(7,998)</b>	-	<b>163,719</b>	<b>(36,388)</b>	<b>127,331</b>

	(447)	-	(6,830)	-	-	370,203	(6,850)	363,353
	(1,205)	-	(3,186)	-	15,117	94,149	-	94,149
	(603)	-	(4,833)	-	46,635	160,691	-	160,691
	(98)	-	(983)	-	2,595	53,891	-	53,891
	-	-	-	-	-	341,896	-	341,896
	-	-	(382)	-	-	12,311	(763)	11,548
	-	-	(249)	-	-	5,277	(4,301)	976
	-	-	-	(2,941)	-	11,842	-	11,842
	-	-	-	(4,315)	-	18,325	-	18,325
	-	-	-	(4,565)	-	20,751	-	20,751
	-	-	-	(722)	-	241	-	241
	-	-	-	-	-	713	-	713
	-	-	-	-	-	386	-	386
	-	-	(151)	-	-	4,899	(151)	4,748
	<b>(2,352)</b>	-	<b>(16,612)</b>	<b>(12,543)</b>	<b>64,347</b>	<b>1,095,575</b>	<b>(12,065)</b>	<b>1,083,510</b>

	0	0	0	0	0	158116	0	158116
	0	0	0	0	0	4,036	0	4,036
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>162,152</b>	<b>0</b>	<b>162,152</b>
	<b>(2,564)</b>	<b>(360)</b>	<b>(22,853)</b>	<b>(20,542)</b>	<b>64,347</b>	<b>1,421,446</b>	<b>(48,453)</b>	<b>1,372,993</b>



## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group 2020	Cost / revaluation 1-Jul-20 \$000	Accumulated depreciation 1-Jul-20 \$000	Carrying amount 1-Jul-20 \$000	Current year additions (+ gains) \$000
<b>Operating assets at cost &amp; valuation</b>				
Land	39,944	-	39,944	2,500
Buildings	65,322	(648)	64,674	1,296
Library books	6,818	(5,624)	1,194	293
Leased plant & equipment	359	(224)	135	248
Office furniture and fittings	34,149	(19,082)	15,067	1,198
Mobile plant and equipment	10,536	(6,606)	3,930	1,420
Heritage assets	2,167	(10)	2,157	-
Capital work in progress - land	269	-	269	242
Capital work in progress - buildings	982	-	982	2,132
Capital work in progress - library books	-	-	0	300
Capital work in progress - office furniture & fittings	1,000	-	1,000	4,393
Capital work in progress - mobile plant & equipment	193	-	193	882
Capital work in progress - heritage assets	3	-	3	110
<b>Total operating assets</b>	<b>161,742</b>	<b>(32,194)</b>	<b>129,548</b>	<b>15,014</b>
<b>Infrastructural assets at cost &amp; valuation</b>				
Roading	340,006	(12,670)	327,336	7,991
Water supply	80,275	(3,421)	76,854	5,638
Wastewater reticulation	121,046	(4,625)	116,421	1,868
Stormwater reticulation	51,166	(955)	50,211	2,069
Land under roads	341,948	-	341,948	5
Infrastructural buildings	12,303	-	12,303	111
Solid waste	5,262	(3,804)	1,458	15
Capital work in progress - roading	1,896	-	1,896	7,973
Capital works in progress - water supply	9,129	-	9,129	10,860
Capital work in progress - wastewater	6,127	-	6,127	6,290
Capital work in progress - stormwater	476	-	476	69
Capital work in progress - infrastructural buildings	-	-	-	24
Capital work in progress - solid waste	191	-	191	96
Taupō Airport runways	4,899	(351)	4,548	-
<b>Total infrastructural assets</b>	<b>974,724</b>	<b>(25,826)</b>	<b>948,898</b>	<b>43,009</b>
<b>Restricted assets at cost and valuation</b>				
Reserves	155,274	-	155,274	121
Taupō Airport land	4,036	-	4,036	-
<b>Total restricted assets</b>	<b>159,310</b>	<b>-</b>	<b>159,310</b>	<b>121</b>
<b>Total Council</b>	<b>1,295,776</b>	<b>(58,020)</b>	<b>1,237,756</b>	<b>58,144</b>

	Current year disposals (+ losses)	Current year impairment charges	Current year depreciation	Transfers	Revaluation surplus	Cost / revaluation	Accumulated depreciation	Carrying amount
	\$000	\$000	\$000	\$000	\$000	30-Jun-21 \$000	30-Jun-21 \$000	30-Jun-21 \$000
	-	-	-	(3,907)	-	38,537	-	38,537
	(142)	(272)	(3,150)	-	-	66,182	(3,777)	62,405
	-	-	(305)	-	-	2,530	(1,348)	1,182
	-	-	(93)	-	-	394	(104)	290
	(102)	-	(2,077)	-	-	33,533	(19,467)	14,066
	(332)	-	(1,035)	-	-	11,624	(7,641)	3,983
	-	-	11	28	-	2,196	-	2,196
	-	-	-	(390)	-	121	-	121
	-	-	-	(1,393)	-	1,721	-	1,721
	-	-	-	(292)	-	8	-	8
	-	-	-	(943)	-	4,450	-	4,450
	-	-	-	(1,075)	-	0	-	-
	-	-	-	(11)	-	102	-	102
	<b>(576)</b>	<b>(272)</b>	<b>(6,649)</b>	<b>(7,983)</b>	<b>-</b>	<b>161,398</b>	<b>(32,337)</b>	<b>129,061</b>
	(724)	-	(6,116)	-	38,013	385,286	(18,786)	366,500
	(636)	(641)	(3,064)	-	-	84,561	(6,478)	78,083
	(144)	-	(4,758)	-	-	122,764	(9,435)	113,329
	(77)	-	(963)	-	-	53,155	(1,916)	51,239
	(57)	-	-	-	-	341,896	-	341,896
	(114)	(6)	(385)	-	-	12,290	(381)	11,909
	-	-	(249)	-	-	5,277	(4,054)	1,223
	-	-	-	(7,248)	-	2,621	-	2,621
	-	-	-	(8,512)	-	11,477	-	11,477
	-	-	-	(89)	-	12,328	-	12,328
	-	-	-	(251)	-	294	-	294
	-	-	-	-	-	24	-	24
	-	-	-	(123)	-	164	-	164
	-	-	(177)	-	395	5,294	(528)	4766
	<b>(1,752)</b>	<b>(647)</b>	<b>(15,712)</b>	<b>(16,223)</b>	<b>38,408</b>	<b>1,037,431</b>	<b>(41,578)</b>	<b>995,853</b>
	-	-	-	1,843	-	157,238	-	157,238
	-	-	-	-	-	4,036	-	4,036
	-	-	-	<b>1,843</b>	<b>-</b>	<b>161,274</b>	<b>-</b>	<b>161,274</b>
	<b>(2,328)</b>	<b>(919)</b>	<b>(22,361)</b>	<b>(22,363)</b>	<b>38,408</b>	<b>1,360,103</b>	<b>(73,915)</b>	<b>1,286,188</b>

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

### 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 (2020: \$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

Assets identified as requiring impairment. The Taupō Airport Authority terminal building has been impaired by \$359,559 due to planned replacement in November 2022 followed by planned demolition.

### Insurance on assets

The total book value of all assets covered by insurance contracts is \$113 million (2020: \$104m).

The Council has chosen to insure these assets for \$323 million (2020: \$303m).

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 \$60.5m (2020: \$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 Roothing, Water, Wastewater, Stormwater & Solid Waste assets that are self-insured is \$703 million (2020: \$623m). 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.

Council 2021	Additions			
	Closing Book Value \$000	Constructed By Council \$000	Assets transferred to council \$000	Estimated Replacement Cost \$000
<b>Infrastructural assets</b>				
Water treatment plants & facilities	24,357	(159)	-	52,123
Water reticulation assets	69,792	4,719	780	135,967
Wastewater treatment plants & facilities	71,588	-	-	108,239
Wastewater reticulation assets	89,103	5,307	855	155,535
Stormwater drainage	53,706	831	307	94,752
Roads & footpaths	361,942	2,909	1,189	528,665
<b>Total infrastructural assets</b>	<b>670,488</b>	<b>13,607</b>	<b>3,131</b>	<b>1,075,281</b>

Water, wastewater and stormwater assets latest valuation 30/6/2021.

Roads and footpaths latest valuation 30/6/2020.

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Council 2020	Additions			
	Closing Book Value	Constructed By Council	Assets transferred to council	Estimated Replacement Cost
	\$000	\$000	\$000	\$000
<b>Infrastructural assets</b>				
Water treatment plants & facilities	16,868	1,174	-	39,214
Water reticulation assets	61,215	3,336	1,128	125,170
Wastewater treatment plants & facilities	52,959	-	-	134,070
Wastewater reticulation assets	60,370	970	899	107,347
Stormwater drainage	50,899	1,415	653	92,707
Roads & footpaths	365,105	6,916	1,075	525,512
<b>Total infrastructural assets</b>	<b>607,416</b>	<b>13,811</b>	<b>3,755</b>	<b>1,024,020</b>

Group 2021	Additions			
	Closing Book Value	Constructed By Council	Assets transferred to council	Estimated Replacement Cost
	\$000	\$000	\$000	\$000
<b>Infrastructural assets</b>				
Water treatment plants & facilities	24,357	(159)	-	52,123
Water reticulation assets	69,792	4,719	780	135,967
Wastewater treatment plants & facilities	71,588	-	-	108,239
Wastewater reticulation assets	89,103	5,307	855	155,535
Stormwater drainage	53,891	831	307	94,752
Roads & footpaths	363,351	2,909	1,189	528,665
<b>Total infrastructural assets</b>	<b>672,082</b>	<b>13,607</b>	<b>3,131</b>	<b>1,075,281</b>

Water, wastewater and stormwater assets latest valuation 30/6/2021.

Roads and footpaths latest valuation 30/6/2020.

Group 2020	Additions			
	Closing Book Value	Constructed By Council	Assets transferred to council	Estimated Replacement Cost
	\$000	\$000	\$000	\$000
<b>Infrastructural assets</b>				
Water treatment plants & facilities	16,868	1,174	-	39,214
Water reticulation assets	61,215	3,336	1,128	125,170
Wastewater treatment plants & facilities	52,959	-	-	134,070
Wastewater reticulation assets	60,370	970	899	107,347
Stormwater drainage	51,239	1,415	653	92,707
Roads & footpaths	366,532	6,916	1,427	526,998
Taupō Airport runways	4,899	-	-	7,240
<b>Total infrastructural assets</b>	<b>614,082</b>	<b>13,811</b>	<b>4,107</b>	<b>1,032,746</b>

## NOTE 17. PROPERTY, PLANT AND EQUIPMENT (CONT.)

### Finance leases as lessee

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Computer equipment	-	2	-	2
Gym equipment	57	81	57	81
Library equipment	166	213	166	213
<b>Total</b>	<b>223</b>	<b>296</b>	<b>223</b>	<b>296</b>

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<b>Capital Commitments</b>				
Water system	3,072	1,229	3,072	1,229
Roading network	7,307	6,256	7,307	6,256
District roading capex/renewals	410	1,847	410	1,847
Tech One ERP Implementation	263	249	263	249
AC Baths reception refurbishment	-	55	-	55
AC Baths private pools upgrade	-	736	-	736
Taupō lakefront and reserve enhancement	-	1,231	-	1,231
Refuse	-	184	-	184
Tongariro Domain Playspace	547	-	547	-
Airport redevelopment	-	-	333	-
Taupō Town Centre Transformation	13,037	-	13,037	-
Waiora House	394	-	394	-
Turangi Kerb and Channel	8,649	-	8,649	-
Other capex/renewals	382	-	382	-
<b>Total capital commitments</b>	<b>34,061</b>	<b>11,787</b>	<b>34,394</b>	<b>11,787</b>

Since 30 June 2021 TDC has entered into construction contracts relating to the Taupō Airport redevelopment on behalf of the Taupō Airport Authority for \$71m.

## NOTE 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.



## NOTE 18. INTANGIBLE ASSETS (CONT.)

### 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%

### Impairment of intangible assets

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:

	Computer Software \$000	Capital Work in Progress \$000	Carbon Credits \$000	Total \$000
<b>Cost</b>				
<b>COUNCIL 2020</b>				
Balances at 1 July 2019	3,098	1,129	378	4,605
Additions	115	2,249	-	2,364
Disposals	(37)	-	(124)	(161)
Transfer to property, plant & equipment	-	(144)	-	(144)
<b>Balances as at 30 June 2020</b>	<b>3,176</b>	<b>3,234</b>	<b>254</b>	<b>6,664</b>
<b>COUNCIL 2021</b>				
Balances at 1 July 2020	3,176	3,234	254	6,664
Additions	-	2,450	355	2,805
Disposals	-	-	(254)	(254)
Transfer to property, plant & equipment	-	(127)	-	(127)
<b>Balances as at 30 June 2021</b>	<b>3,176</b>	<b>5,557</b>	<b>355</b>	<b>9,088</b>
<b>Accumulated amortisation and impairment</b>				
<b>COUNCIL 2020</b>				
Balances at 1 July 2019	(2,867)	-	-	(2,867)
Disposals*	37	-	-	37
Amortisation charge*	(221)	-	-	(221)
<b>Balances as at 30 June 2020*</b>	<b>(3,051)</b>	<b>-</b>	<b>-</b>	<b>(3,051)</b>
<b>COUNCIL 2021</b>				
Balances at 1 July 2020	(3,051)	-	-	(3,051)
Disposals	-	-	-	-
Amortisation charge	(62)	-	-	(62)
<b>Balances as at 30 June 2021</b>	<b>(3,113)</b>	<b>-</b>	<b>-</b>	<b>(3,113)</b>
<b>Carrying amounts</b>				
<b>As at 1 July 2019</b>	<b>231</b>	<b>1,129</b>	<b>378</b>	<b>1,738</b>
<b>As at 30 June 2020 &amp; 1 July 2020</b>	<b>31</b>	<b>3,234</b>	<b>254</b>	<b>3,519</b>
<b>As at 30 June 2021</b>	<b>63</b>	<b>5,557</b>	<b>355</b>	<b>5,975</b>

## NOTE 18. INTANGIBLE ASSETS (CONT.)

	Computer Software \$000	Capital Work in Progress \$000	Carbon Credits \$000	Total \$000
<b>Cost</b>				
<b>GROUP 2020</b>				
Balances at 1 July 2019	3,253	1,129	378	4,760
Additions	115	2,249	-	2,364
Disposals	(37)	-	(124)	(161)
Transfer to property, plant & equipment	-	(144)	-	(144)
<b>Balances as at 30 June 2020</b>	<b>3,331</b>	<b>3,234</b>	<b>254</b>	<b>6,819</b>
<b>GROUP 2021</b>				
Balances at 1 July 2020	3,331	3,234	254	6,819
Additions	1	2,450	355	2,806
Disposals	-	-	(254)	(254)
Transfer to property, plant & equipment	-	(127)	-	(127)
<b>Balances as at 30 June 2021</b>	<b>3,332</b>	<b>5,557</b>	<b>355</b>	<b>9,244</b>
<b>Accumulated amortisation and impairment</b>				
<b>GROUP 2020</b>				
Balances at 1 July 2019	(2,898)	-	-	(2,898)
Disposals	-	-	-	-
Amortisation charge*	(221)	-	-	(221)
<b>Balances as at 30 June 2020</b>	<b>(3,119)</b>	<b>-</b>	<b>-</b>	<b>(3,119)</b>
<b>GROUP 2021</b>				
Balances at 1 July 2020	(3,119)	-	-	(3,119)
Disposals	-	-	-	-
Amortisation charge	(99)	-	-	(99)
<b>Balances as at 30 June 2021</b>	<b>(3,218)</b>	<b>-</b>	<b>-</b>	<b>(3,218)</b>
<b>Carrying amounts</b>				
<b>As at 1 July 2019</b>	<b>355</b>	<b>1,129</b>	<b>378</b>	<b>1,862</b>
<b>As at 30 June 2020 &amp; 1 July 2020</b>	<b>212</b>	<b>3,234</b>	<b>254</b>	<b>3,700</b>
<b>As at 30 June 2021</b>	<b>114</b>	<b>5,557</b>	<b>355</b>	<b>6,026</b>

### 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.

\*2020 accumulated amortisation and impairment has been restated due to reporting errors discovered. The impact of this change is a decrease of \$90k to the 30 June 2020 accumulated depreciation balance.

## NOTE 19. DEPRECIATION AND AMORTISATION EXPENSE BY GROUP OF ACTIVITY

	Council	
	Actual	Actual
	2021	2020
	\$000	\$000
Water	3,541	3,435
Community Services	184	195
Transport	6,857	6,156
Community Facilities	4,721	4,840
Solid Waste	438	412
Stormwater	982	960
Wastewater	5,108	4,969
Economic Development	22	18
Democracy & Planning	13	21
Investments	128	191
Depreciation and amortisation not directly related to group of activities	893	1,339
<b>Total depreciation and amortisation</b>	<b>22,887</b>	<b>22,536</b>

## NOTE 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 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
Opening balance	7,601	7,848	7,601	7,848
Gains/(losses) arising from changes in fair value	1,554	(155)	1,554	(155)
Additions	86	18	86	18
Disposals	(1,643)	(110)	(1,643)	(110)
<b>Carrying amount at 30 June</b>	<b>7,598</b>	<b>7,601</b>	<b>7,598</b>	<b>7,601</b>

The forest estate comprises a number of relatively small forests and two larger forests (Rangitaiki & Tirohanga) in the Taupō basin of radiata pine. The total net stocked area of the estate is estimated to be 990 hectares (2020: 990 hectares).

Part of the tree crop (58.3 ha) in the Tirohanga forest has been sold to Oji Fibre Solutions under a 'Pay-as-cut' sale. The tree crop was originally contracted to be harvested by 30 June 2020 however delays arose due to the COVID-19 level 4 lockdown that took place in March 2020. The agreement was extended 12 months to 30 June 2021 with harvesting resuming during the current financial year. At balance date, harvesting is close to completion with 15.9ha of the original 58.3ha of standing timber remaining to be cut under the current contract terms. The estimated value of the area remaining under the contract at 30 June 2021 is \$551,000.

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 \$7,120,000 as at 30 June 2021. 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 8.5% (2020: 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 2021 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 (2020: 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.

## NOTE 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.

**The total value of investment property is shown in the table below:**

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Land	17,194	10,243	17,194	10,243
Buildings	916	901	916	901
<b>Balance at 30 June</b>	<b>18,110</b>	<b>11,144</b>	<b>18,110</b>	<b>11,144</b>

**The movement of investment property is as follows:**

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Opening balance	11,144	12,196	11,144	12,196
Fair value gains/(losses) on valuation	832	920	832	920
Additions	39	18	39	18
Disposals	-	(364)	-	(364)
Transfers (to)/ from property plant and equipment	3,870	(1,308)	3,870	(1,308)
Transfers (to)/from held for sale	2,225	(318)	2,225	(318)
<b>Balance at 30 June</b>	<b>18,110</b>	<b>11,144</b>	<b>18,110</b>	<b>11,144</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.

## NOTE 21. INVESTMENT PROPERTY (CONT.)

### AMOUNTS RELATING TO INVESTMENT PROPERTY AND RECOGNISED IN SURPLUS OR DEFICIT INCLUDE:

	Council		Group	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
	Rental revenue from investment property	126	104	126
Direct operating expenses related to investment property that generated rental revenue during the period	43	24	43	24
Direct operating expenses related to investment property that did not generate rental revenue during the period	64	67	64	67

## NOTE 22. TRADE AND OTHER PAYABLES

### Accounting policy

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

	Council		Group	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
	Trade payables	8,525	6,125	8,563
Amounts due to related parties	5	-	-	-
Accrued expenses	1,785	1,452	1,856	1,572
Councillor fees payable	3	3	3	3
Accrued interest on borrowings	203	174	203	174
Deposits and bonds	1,688	1,789	1,688	1,791
Revenue in advance	12,214	3,330	12,520	3,393
<b>Total trade and other payables</b>	<b>24,423</b>	<b>12,873</b>	<b>24,833</b>	<b>13,443</b>
Total creditors and other payables from exchange transactions	10,519	7,991	10,650	8,496
Total creditors and other payables from non-exchange transactions	13,904	4,882	14,183	4,947
<b>Total current creditors and other payables from exchange and non exchange transactions</b>	<b>24,423</b>	<b>12,873</b>	<b>24,833</b>	<b>13,443</b>

Included within revenue in advance is unspent government funding in relation to Three Waters and Taupō Town Centre Transformation programmes for \$1.83m and \$6.05m respectively.

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.



## NOTE 23. EMPLOYEE ENTITLEMENTS

### Accounting policy

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 0.22% (2020: 1.23%) and an inflation factor of 2% (2020: 2%) were used.

	Council		Group	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Current portion</b>				
Accrued pay	243	269	260	276
Annual leave	2,473	2,603	2,532	2,676
Lieu leave	150	139	152	206
Retirement gratuities & long service leave	460	464	460	464
Sick leave	116	88	116	88
<b>Total current portion</b>	<b>3,442</b>	<b>3,563</b>	<b>3,520</b>	<b>3,710</b>
<b>Non current portion</b>				
Retirement gratuities & long service leave	4	29	5	31
<b>Total non current portion</b>	<b>4</b>	<b>29</b>	<b>5</b>	<b>31</b>
<b>Total non current portion</b>	<b>3,446</b>	<b>3,592</b>	<b>3,525</b>	<b>3,741</b>

## NOTE 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	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
<b>Current portion</b>				
Commercial paper	38,000	32,000	38,000	32,000
Debentures	10,000	20,000	10,000	20,000
Finance lease liabilities	75	296	75	296
<b>Total secured current interest bearing borrowings</b>	<b>48,075</b>	<b>52,296</b>	<b>48,075</b>	<b>52,296</b>
<b>Non current portion</b>				
Debentures	115,000	95,000	115,000	95,000
Finance lease liabilities	148	-	148	-
<b>Total secured non current interest bearing borrowings</b>	<b>115,148</b>	<b>95,000</b>	<b>115,148</b>	<b>95,000</b>
<b>Total borrowings</b>	<b>163,223</b>	<b>147,296</b>	<b>163,223</b>	<b>147,296</b>

### Bank Facilities

Council has a total of \$50m committed bank/ LGFA facilities (2020: \$50m), \$40m bank facility expires December 2024 and \$10m LGFA expires Sept 2022. Of the facilities nil was drawn as at balance date (2020: \$nil).

### Commercial paper, fixed and floating rate notes

Council has issued nil of fixed and floating rate notes at balance date (2020: \$nil).

Council has commercial paper of \$38m currently on issue (2020: \$32m).

### NZ Local Government Funding Agency

Council has issued \$125m of floating rate debt securities as at balance date and these are mostly covered by interest rate swaps at fixed rates (2020: \$115m).

### 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 \$138.5 million at 30 June 2021 (2020: \$122.5 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.

## NOTE 24. BORROWINGS (CONT.)

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Payable no later than one year	48,000	52,000	48,000	52,000
Later than one, not later than two years	25,000	10,000	25,000	10,000
Later than two, not later than five years	39,000	34,000	39,000	34,000
Later than five years	51,000	51,000	51,000	51,000
<b>Total undrawn committed facilities</b>	<b>163,000</b>	<b>147,000</b>	<b>163,000</b>	<b>147,000</b>

### Analysis of Finance Leases

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
<b>Minimum lease payments payable</b>				
Payable no later than one year	84	86	84	86
Later than one, not later than two years	83	83	83	83
Later than two, not later than five years	69	153	69	153
<b>Total minimum lease payments payable</b>	<b>236</b>	<b>322</b>	<b>236</b>	<b>322</b>
Future finance charges	(13)	(25)	(13)	(25)
<b>Present value of minimum lease payments</b>	<b>223</b>	<b>297</b>	<b>223</b>	<b>297</b>
<b>Represented by:</b>				
Current	75	74	75	74
Non current	148	222	148	222
<b>Total finance leases</b>	<b>223</b>	<b>296</b>	<b>223</b>	<b>296</b>

At the Council, finance leases are largely related to the leasing of 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.

## NOTE 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 re-measured to their fair value at each balance date. The associated gains or losses are recognised in the surplus or deficit.

	Council		Group	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Current liability portion</b>				
Interest rate swaps	43	139	43	139
<b>Non current liability portion</b>				
Interest rate swaps	27,709	44,336	27,709	44,336
<b>Total derivatives</b>	<b>27,752</b>	<b>44,475</b>	<b>27,752</b>	<b>44,475</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 (Infoscan) market parameters such as interest rate yield curves. The interest rate swaps have been valued by Hedgebook as at 30 June 2021.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2021 were \$204,650,000 (2020: \$209,650,000).

At 30 June 2021, the fixed interest rates of interest rate swaps vary from 3.48% to 6.16% (2020: 3.7% to 6.16%).

## NOTE 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	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
<b>Non current portion</b>				
Value landfill - closure and post closure provision	146	140	146	140
Other provisions	-	-	17	21
<b>Total non current portion</b>	<b>146</b>	<b>140</b>	<b>163</b>	<b>161</b>
<b>Movements in provisions:</b>				
Opening balance	140	99	161	99
Additional provisions made during the year	6	41	2	62
<b>Closing balance</b>	<b>146</b>	<b>140</b>	<b>163</b>	<b>161</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 2021 is approximately 232,953 cubic metres (2020: 264,828 cubic metres).

The estimated remaining life as at 30 June 2021 is 6 years (2020: 7 years). Council is currently undertaking consultation regarding obtaining a new operating consent that would see the site continue to take waste until 2047. If a consent is unable to be obtained then the site would have to close at the end of the operating consent period which is December 2027.

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.

If resource consent is not obtained the cash outflows for landfill post-closure are expected to occur between 2027 and 2032. 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 4.30%.

## NOTE 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 AAA.

Council is one of 30 local authority shareholders and 67 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 2021, NZLGFA had borrowings totalling \$13,609m (2020: \$11,907m). This figure is made up of the face value of the LGFA's bonds on issue of \$12,810m (2020: \$10,990m), accrued interest on bonds on issue of \$79.6m (2020: \$75.7m), the face value of bills on issue of \$610m (2020: \$647.5m) and bonds LGFA lent to counterparties under bond repurchase transactions of \$110m (2020: \$194m).

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 (2020 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 unquantifiable liability issues. Taupō District Council does not believe it has any direct potential liability, specifically related to the causes of the subsidence. (2020 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 eventuate (2020: 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 no leaky building proceedings involving the Council (2020: 2 claims - since dismissed).

In August 2020 a wastewater spill at the Taupō Wastewater Treatment Plant led to the discharge of partially treated wastewater to the Waikato River. This spill presents some contingent liability risk related to Council's operations for which the Council may incur statutory liability. The maximum financial penalty under the Resource Management Act 1991 is a fine of up to \$600,000. It is not presently possible for Council to quantify the exact financial exposure for this matter which is under investigation by the Waikato Regional Council.

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. That information was communicated to the affected landowners and subsequently incorporated into the District Plan by way of a plan change. There were no appeals to that plan change, and it has become operative. Council also sought technical information related to erosion risks around the margins of Lake Taupō. That information was communicated to affected landowners and continues to be referenced on LIMs. 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, remains (2020: 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. Many of the Council's bigger venues were built after 1976 and are therefore deemed to be 34% NBS or more. DB Con Engineers undertook an Initial Seismic Report (ISR) on the Taupō Museum in May 2021 which determined that the building is 20% NBS and accordingly is considered a building with a high life-safety risk. DB Con are now undertaking a Detailed Seismic Report to be completed in August 2021 which will determine how much work is needed to bring this building up to the required NBS of 34%. Remediation costs are uncertain. Accordingly, the issue of contingent liability, if any, is currently unquantifiable.

A potential building defects claim alleging the Council was negligent in carrying out its building inspections duties under the Building Act 2004. Estimate of maximum financial exposure is \$500,000, inclusive of GST + legal costs and disbursements (assuming no insurance cover).

Council's decisions on the Taupō Town Centre Transformation Project and Lake Terrace becoming a pedestrian mall could result in litigation and if that risk is realised in future, could potentially delay the completion of construction or exposure for legal costs.

There are no contingent liabilities relating to the subsidiary entities (2020: nil).

### Contingent assets

There are no contingent assets for the Group as at 30 June 2021.



## NOTE 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.

## NOTE 28. NET ASSETS/EQUITY (CONT.)

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Accumulated funds	830,992	799,293	832,151	800,431
Reserves	515,820	442,751	518,283	445,533
<b>Balance at 30 June</b>	<b>1,346,812</b>	<b>1,242,044</b>	<b>1,350,434</b>	<b>1,245,964</b>

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

### Accumulated funds

Balance at 1 July	799,293	792,612	800,431	793,943
Transfer from special fund	20,207	18,645	20,207	18,645
Transfer to special fund	(30,318)	(11,656)	(30,318)	(11,656)
Deferred tax on disposal	-	-	-	-
Disposal of property, plant and equipment	1,393	(605)	1,649	(515)
Movements in valuation of associates	8	5	8	5
Surplus/(deficit) for the year	40,409	292	40,174	9
<b>Balance at 30 June</b>	<b>830,992</b>	<b>799,293</b>	<b>832,151</b>	<b>800,431</b>

### Reserves includes

Asset revaluation reserves	382,430	319,472	384,893	322,254
Available for sale investments revaluation reserve	-	-	-	-
Council created reserves (see analysis below)	133,390	123,279	133,390	123,279
<b>Total reserves</b>	<b>515,820</b>	<b>442,751</b>	<b>518,283</b>	<b>445,533</b>

### Property, plant and equipment revaluation reserve

Balance at 1 July	319,472	280,855	322,254	283,585
Revaluation gains/(losses)	64,351	38,012	64,201	38,408
Deferred tax on revaluation	-	-	42	(111)
Transfer to accumulated funds	(1,393)	605	(1,921)	512
Less non-controlling interest share in change in asset value	-	-	317	(140)
<b>Balance at 30 June</b>	<b>382,430</b>	<b>319,472</b>	<b>384,893</b>	<b>322,254</b>

## NOTE 28. NET ASSETS/EQUITY (CONT.)

### Asset revaluation reserves for each asset class consist of:

#### Operational assets

Operational land	10,190	10,452	11,356	11,562
Operational buildings	20,413	20,644	20,437	20,760
Fencing	-	-	27	30
Land improvements	-	-	69	65
Investment properties - land	8,375	8,204	8,375	8,204

#### Restricted assets

Reserves	30,595	30,595	30,595	30,595
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#### Infrastructure assets

Land under roads	75,271	75,271	75,271	75,271
Roading	93,579	93,806	93,651	93,835
Wastewater	92,215	45,812	92,215	45,812
Water	33,458	19,069	33,458	19,069
Stormwater	17,417	14,702	17,450	14,798
Runways	-	-	1,072	1,336
Infrastructure buildings	917	917	917	917

<b>Total asset revaluation reserves</b>	<b>382,430</b>	<b>319,472</b>	<b>384,893</b>	<b>322,254</b>
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#### Available for sale investments revaluation reserve

Balance at 1 July	-	50	-	50
Revaluation of corporate bonds	-	(50)	-	(50)
<b>Balance at 30 June</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTE 28. NET ASSETS/EQUITY (CONT.)

Council created reserves 2021	Activities to which the funds relate	Opening balance \$0	Additions \$0	Withdrawals \$0	Closing balance \$0
<b>Depreciation Reserves</b>					
Water Taupō	Water	602	2,472	(2,049)	1,025
Water Acacia Bay	Water	476	-	(60)	416
Water Kinloch	Water	2,094	160	(21)	2,233
Water Waitahanui	Water	119	-	(92)	27
Water River Road	Water	211	27	(2)	236
Water Mapara	Water	582	45	-	627
Water Whakamoenga	Water	95	19	-	114
Water Bonshaw Park	Water	103	26	(5)	124
Water Centennial Drive Bores	Water	2	-	-	2
Water Centennial Drive	Water	262	156	(30)	388
Water Whakaroa	Water	352	52	-	404
Water Mangakino	Water	429	146	(25)	550
Water Waihaha	Water	638	54	-	692
Water Tirohanga	Water	852	102	(18)	936
Water Atiamuri	Water	219	27	-	246
Water Whakamaru	Water	(121)	38	(3)	(86)
Water Motuoapa	Water	62	63	(32)	93
Water Turangi	Water	559	332	(60)	831
Water Omori	Water	1,091	116	-	1,207
Water Whareroa	Water	97	30	-	127
Water Hatepe	Water	107	30	(11)	126
Wastewater District	Wastewater	4,538	5,059	(6,911)	2,686
Solid Waste District	Solid Waste	1,305	336	(419)	1,222
Transport & Stormwater District	Transport	6,924	7,854	(6,890)	7,888
Forestry District	Investments	6,683	-	-	6,683
Buildings District	Community Facilities, Community Services, Water, Wastewater, Solid waste, Investments, Economic Development	5,938	3,080	(5,318)	3,700
Operational Assets	All activities with the exception of Democracy & Planning	2,540	2,658	(2,737)	2,461

## NOTE 28. NET ASSETS/EQUITY (CONT.)

Council created reserves 2021	Activities to which the funds relate	Opening balance \$0	Additions \$0	Withdrawals \$0	Closing balance \$0
<b>Development Contribution Reserves</b>					
Community Infrastructure District	Community Facilities	743	23	-	766
Parks & reserves Land (Residential)	Community Facilities	2,492	71	-	2,563
District Wide Parks	Community Facilities	411	190	-	601
Water Taupō	Water	845	1,276	-	2,121
Water Kinloch	Water	1,194	99	(162)	1,131
Water River Road	Water	5	-	-	5
Water Mapara	Water	49	202	-	251
Water Turangi	Water	14	-	-	14
Water Omori	Water	99	-	-	99
Wastewater Taupō	Wastewater	3,664	1,686	-	5,350
Wastewater Kinloch	Wastewater	832	233	-	1,065
Wastewater Mangakino	Wastewater	-	-	-	-
Wastewater Atiamuri	Wastewater	2	-	-	2
Wastewater Turangi	Wastewater	-	-	-	-
Stormwater Taupō Industrial	Stormwater	(4)	-	-	(4)
Transport District Wide	Transport	1,583	1,115	-	2,698
<b>Other Reserves</b>					
Disaster Recovery Fund	All Activities	2,001	200	(13)	2,188
District Airport Reserve	Taupō Airport (CCO)	67	-	-	67
Parking	Community Services	69	-	-	69
Forestry Silviculture & Tending	Investments	(866)	-	(138)	(1,004)
Strategic Property Purchase - District	Investments	11,486	2,178	(5,215)	8,449
TEL	Investments	61,829	1,439	38	63,306
CIP Funding reserves		-	18,840	(10,145)	8,695
<b>Total reserves at 30 June 2021</b>		<b>123,274</b>	<b>50,434</b>	<b>(40,318)</b>	<b>133,390</b>

## NOTE 28. NET ASSETS/EQUITY (CONT.)

Council created reserves 2020	Activities to which the funds relate	Opening balance \$0	Additions \$0	Withdrawals \$0	Closing balance \$0
<b>Depreciation Reserves</b>					
Water Taupo	Water	(1,014)	2,135	(519)	602
Water Acacia Bay	Water	404	120	(48)	476
Water Kinloch	Water	1,902	174	18	2,094
Water Waitahanui	Water	90	96	(67)	119
Water River Road	Water	160	27	24	211
Water Mapara	Water	521	61	-	582
Water Whakamoenga	Water	76	18	1	95
Water Bonshaw Park	Water	70	25	8	103
Water Centennial Drive Bores	Water	1	1	-	2
Water Centennial Drive	Water	110	150	2	262
Water Whakaroa	Water	297	50	5	352
Water Mangakino	Water	234	142	53	429
Water Waihaha	Water	581	52	4	637
Water Tirohanga	Water	687	98	67	852
Water Atiamuri	Water	186	25	7	218
Water Whakamaru	Water	(160)	36	3	(121)
Water Motuoapa	Water	26	84	(48)	62
Water Turangi	Water	217	322	21	560
Water Omori	Water	949	109	33	1,091
Water Whareroa	Water	62	29	6	97
Water Hatepe	Water	60	41	5	106
Wastewater District	Wastewater	8,058	4,871	(8,391)	4,538
Solid Waste District	Solid Waste	1,358	326	(379)	1,305
Transport & Stormwater District	Transport	10,779	3,037	(6,892)	6,924
Forestry District	Investments	6,683	-	-	6,683
Buildings District	Community Facilities, Community Services, Water, Wastewater, Solid waste, Investments, Economic Development	4,101	4,491	(2,653)	5,939
Operational Assets	All activities with the exception of Democracy & Planning	4,322	3,229	(5,010)	2,541



## NOTE 28. NET ASSETS/EQUITY (CONT.)

Council created reserves 2020	Activities to which the funds relate	Opening balance \$0	Additions \$0	Withdrawals \$0	Closing balance \$0
<b>Development Contribution Reserves</b>					
Community Infrastructure District	Community Facilities	731	13	-	744
Parks & reserves Land (Residential)	Community Facilities	2,500	(8)	-	2,492
District Wide Parks	Community Facilities	268	143	-	411
Water Taupo	Water	1,154	271	(580)	845
Water Kinloch	Water	1,213	(18)	-	1,195
Water River Road	Water	5	-	-	5
Water Mapara	Water	(35)	84	-	49
Water Turangi	Water	14	-	-	14
Water Omori	Water	37	63	-	100
Wastewater Taupo	Wastewater	3,164	1,154	(653)	3,665
Wastewater Kinloch	Wastewater	669	163	-	832
Wastewater Mangakino	Wastewater	-	-	-	-
Wastewater Atiamuri	Wastewater	2	-	-	2
Wastewater Turangi	Wastewater	-	-	-	-
Stormwater Taupo Industrial	Stormwater	(17)	14	-	(3)
Transport District Wide	Transport	1,553	720	(690)	1,583
<b>Other Reserves</b>					
Disaster Recovery Fund	All Activities	1,906	150	(54)	2,002
District Airport Reserve	Taupo Airport (CCO)	67	-	-	67
Parking	Community Services	69	-	-	69
Forestry Silviculture & Tending	Investments	(811)	-	(56)	(867)
Strategic Property Purchase - District	Investments	16,118	15	(4,647)	11,486
TEL	Investments	60,899	2,756	(1,826)	61,829
<b>Total reserves at 30 June 2020</b>		<b>130,266</b>	<b>25,269</b>	<b>(32,256)</b>	<b>123,279</b>

## NOTE 28. NET ASSETS/EQUITY (CONT.)

### 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 \$150,000 (2020: \$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.

## NOTE 29. NET ASSETS/EQUITY (CONT.)

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	-	-	4,179	3,224
Share of revaluation reserve change in asset value	-	-	(320)	54
Revaluation reserve transfer to appropriations	-	-	263	-
Equity injection by Crown	-	-	-	870
Share of surplus/(deficit)	-	-	(323)	31
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>	<b>3,799</b>	<b>4,179</b>

## NOTE 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.

	Council	
	Actual	Actual
	2021	2020
	\$000	\$000
<b>Council members</b>		
Remuneration (Council Elected Members)	620	575
Full-time equivalent members	12	12
<b>Executive team, including the Chief Executive</b>		
Remuneration (CEO & ET)	1,598	1,806
Full-time equivalent members	7	8
<b>Total full time equivalent personnel</b>	<b>2,218</b>	<b>2,381</b>
<b>Total key management personnel compensation</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 31. EVENTS AFTER BALANCE DATE

### Three waters reform:

In July 2020, the Government launched the Three Waters Reform Programme - a three year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner. The reform programme, mandated in October 2021, proposes to transfer the three-water delivery from the 67 councils to four Water Service Entities (WSEs). In June 2021, the Government announced the proposed regional boundaries for each entity A, B, C and D, which would manage water assets for the country. Council would belong to WSE 'B', along with 22 other Councils. The WSE would be independent with a separate Board of Directors and participating councils would have no shareholding and no financial interest. At the date of this annual report being approved for issue there is still considerable uncertainty in respect of the extent of the likely outcomes and potential impacts on Council, including whether the reforms will proceed as currently proposed.

## NOTE 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.

	Held for trading	Assets at fair value through surplus or deficit	Loans and Receivables	Available for Sale	Total
	\$000	\$000	\$000	\$000	\$000
<b>ASSETS</b>					
<b>COUNCIL 2021</b>					
Cash and cash equivalent	-	-	5,939	-	5,939
Receivables and prepayments	-	-	6,037	-	6,037
<b>Other financial assets:</b>					
Term Deposits	-	-	126,821	-	126,821
Borrowers Notes	-	-	2,426	-	2,426
Community Loans	-	-	734	-	734
Other Loans	-	-	1,002	-	1,002
Listed shares	-	7,543	-	-	7,543
Unlisted shares	-	-	-	203	203
<b>Balance at the end of the year</b>	<b>-</b>	<b>7,543</b>	<b>142,959</b>	<b>203</b>	<b>150,705</b>
<b>COUNCIL 2020</b>					
Cash and cash equivalent	-	-	12,505	-	12,505
Receivables and prepayments	-	-	5,637	-	5,637
<b>Other financial assets:</b>					
Term Deposits	-	-	99,598	-	99,598
Borrowers Notes	-	-	2,022	-	2,022
Community Loans	-	-	707	-	707
Other Loans	-	-	1,000	-	1,000
Listed shares	-	7,660	-	-	7,660
Unlisted shares	-	-	-	192	192
<b>Balance at the end of the year</b>	<b>-</b>	<b>7,660</b>	<b>121,469</b>	<b>192</b>	<b>129,321</b>

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

ASSETS	Held for trading	Assets at fair value through surplus or deficit	Loans and Receivables	Available for Sale	Total
	\$000	\$000	\$000	\$000	\$000
<b>GROUP 2021</b>					
Cash and cash equivalents	-	-	10,946	-	10,946
Receivables and prepayments	-	-	6,127	-	6,127
<b>Other financial assets:</b>					
Term Deposits	-	-	126,821	-	126,821
Borrowers Notes	-	-	2,426	-	2,426
Community Loans	-	-	734	-	734
Other Loans	-	-	1,002	-	1,002
Listed shares	-	7,543	-	-	7,543
Unlisted shares	-	-	-	203	203
<b>Total assets</b>	<b>-</b>	<b>7,543</b>	<b>148,056</b>	<b>203</b>	<b>155,802</b>
<b>GROUP 2020</b>					
Cash and cash equivalent	-	-	15,663	-	15,663
Receivables and prepayments	-	-	5,823	-	5,823
<b>Other financial assets:</b>					
Term Deposits	-	-	99,598	-	99,598
Borrowers Notes	-	-	2,022	-	2,022
Community Loans	-	-	707	-	707
Other Loans	-	-	1,000	-	1,000
Listed shares	-	7,660	-	-	7,660
Unlisted shares	-	-	-	192	192
<b>Total assets</b>	<b>-</b>	<b>7,660</b>	<b>124,813</b>	<b>192</b>	<b>132,665</b>

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

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

<b>LIABILITIES</b>	<b>Held for trading</b>	<b>Measured at amortised cost</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>COUNCIL 2021</b>			
Borrowings			
Derivative financial instruments	27,751	-	27,751
Debentures & Commercial paper	-	163,000	163,000
Payables and accruals	-	12,209	12,209
<b>Total liabilities</b>	<b>27,751</b>	<b>175,209</b>	<b>202,960</b>
<b>COUNCIL 2020</b>			
Borrowings			
Derivative financial instruments	44,475	-	44,475
Debentures & Commercial paper	-	147,000	147,000
Payables and accruals	-	9,543	9,543
<b>Total liabilities</b>	<b>44,475</b>	<b>156,543</b>	<b>201,018</b>
<b>GROUP 2021</b>			
Borrowings			
Derivative financial instruments	27,751	-	27,751
Debentures & Commercial paper	-	163,000	163,000
Payables and accruals	-	12,313	12,313
<b>Total liabilities</b>	<b>27,751</b>	<b>175,313</b>	<b>203,064</b>
<b>GROUP 2020</b>			
Borrowings			
Derivative financial instruments	44,475	-	44,475
Debentures & Commercial paper	-	147,000	147,000
Payables and accruals	-	10,050	10,050
<b>Total liabilities</b>	<b>44,475</b>	<b>157,050</b>	<b>201,525</b>



## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

### **(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.

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

### 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.

Council and Group	2021				2020			
	100BPS		+100BPS		100BPS		+100BPS	
	Profit \$000	Other Equity \$000	Profit \$000	Other Equity \$000	Profit \$000	Other Equity \$000	Profit \$000	Other Equity \$000
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Local authority stock (4)	-	-	-	-	-	-	-	-
Bonds (4)	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>								
Borrowings (5)	-	-	-	-	-	-	-	-
Interest rate derivatives (6)	(9,907)	-	9,001	-	(12,696)	-	11,441	-
<b>Total sensitivity to interest rate risk</b>	<b>(9,907)</b>	<b>-</b>	<b>9,001</b>	<b>-</b>	<b>(12,696)</b>	<b>-</b>	<b>11,441</b>	<b>-</b>

Council and Group	2021				2020			
	100BPS		+100BPS		100BPS		+100BPS	
	Profit \$000	Other Equity \$000	Profit \$000	Other Equity \$000	Profit \$000	Other Equity \$000	Profit \$000	Other Equity \$000
<b>Interest Rate Risk</b>								
<b>Financial assets</b>								
Quoted share investments (7a)	381	-	(345)	-	403	-	(365)	-
<b>Total sensitivity to foreign exchange risk</b>	<b>381</b>	<b>-</b>	<b>(345)</b>	<b>-</b>	<b>403</b>	<b>-</b>	<b>(365)</b>	<b>-</b>
<b>Equity price risk financial assets</b>								
Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Local authority stock (4)	-	-	-	-	-	-	-	-
Bonds (4)	-	-	-	-	-	-	-	-
<b>Financial liabilities</b>								
Borrowings (5)	-	-	-	-	-	-	-	-
Interest rate derivatives (6)	(362)	-	362	-	(383)	-	383	-
<b>Total sensitivity to interest rate risk</b>	<b>(362)</b>	<b>-</b>	<b>362</b>	<b>-</b>	<b>(383)</b>	<b>-</b>	<b>383</b>	<b>-</b>

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

### Explanation of sensitivity analysis - Council & Group

#### 1. Cash and Cash Equivalents

Cash and cash equivalents include deposits at call of \$ 5,934,711 (2020: \$5,409,573), which are at an interest rate close to the Official Cash Rate and term deposits of less than three months from acquisition date of \$Nil (2020: \$7,013,297). 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 \$126,821,168 (2020: \$99,598,076). A movement of plus or minus 1% in the interest rate has nil effect on the profit and loss (2020: \$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 \$158,779 (2020: \$145,531) at balance date. Taupō District Council has lent TMP Properties Ltd \$568,365 (2020: \$611,601) 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 (2020: \$1,000,000). 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 (2020: \$Nil). A movement of plus or minus 1% in the interest rate has an effect on other equity of (\$Nil)/\$Nil (2020: (\$Nil)/\$Nil).

#### 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 \$27,751,107 (2020: \$44,475,189). A movement in interest rate of plus/minus 1% has an effect on the unrealised value of the derivatives of \$9,000,505 / \$9,906,860 (2020: \$11,440,911/ \$12,695,810).

#### 8. Quoted Share Investments

a) Taupō District Council holds listed equity instruments in Adelaide Brighton Concrete, AGL Energy, Amcor Limited, ANZ, APA Group, Brambles, Bunzl, Costa Group, Estia Health, Link Administration Holdings, Pact Group, South 32, Scentre Group, Syrah Resources and Tesco Ltd 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 \$345,371/\$381,726 in the fair value through profit. (2020: 364,772/\$403,169)

b) For these same shares and the NZ shareholdings in A2 Milk, Gentrack, Synlait Milk and Tourism Holdings if the share price moved plus or minus 5% the effect has an impact of \$362,640/ \$362,640 in the fair value through profit, (2020: \$383,010/ \$383,010).

#### (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:

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

	Council		Group	
	Actual	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
Cash at bank and term deposits	132,760	112,102	133,765	115,261
Debtors and other receivables*	5,236	6,677	5,325	6,863
Community & other loans	1,733	1,708	1,733	1,708
Local authority & government stock (NZLGFA)	2,426	2,022	2,426	2,022
<b>Balance at the end of the year</b>	<b>142,155</b>	<b>122,509</b>	<b>143,249</b>	<b>125,854</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	Actual	Actual	Actual
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
<b>Counterparties with credit ratings</b>				
<b>Cash at bank and term bank deposits</b>				
AA-	102,199	99,986	133,765	103,144
A	30,561	12,116	-	12,117
<b>Total cash at bank and term bank deposits</b>	<b>132,760</b>	<b>112,102</b>	<b>133,765</b>	<b>115,261</b>
<b>LGFA Borrower Notes</b>				
AAA	2,426	2,022	2,426	2,022
<b>Total LGFA</b>	<b>2,426</b>	<b>2,022</b>	<b>2,426</b>	<b>2,022</b>

### Counterparties without credit ratings

Community and other loans	1,733	1,708	1,733	1,708
<b>Total community and related party loans</b>	<b>1,733</b>	<b>1,708</b>	<b>1,733</b>	<b>1,708</b>

\* Prior year values have been restated to correct for reporting errors.

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 2021, had \$50m of un-drawn committed bank facilities (2020: \$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.

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying Amount Assets/ Liabilities
	\$000	\$000	\$000	\$000	\$000	\$000

### COUNCIL 2021

#### Financial assets

Cash and cash equivalents	5,939	-	-	-	5,939	5,939
Debtors and other receivables	5,236	-	-	-	5,236	5,236
Term deposits	122,819	4,002	-	-	126,821	126,821
Community and other loans	158	158	475	1,266	2,057	1,733
Local authority stock (NZLGFA)	167	470	439	1,008	2,084	2,428
<b>Total financial assets</b>	<b>134,319</b>	<b>4,630</b>	<b>914</b>	<b>2,274</b>	<b>142,137</b>	<b>142,157</b>

#### Financial liabilities

Creditors and other payables	11,972	-	-	-	11,972	11,972
Net settled derivative liabilities	6,398	6,355	15,308	16,683	44,744	27,709
Secured loans	110	95	135	-	340	340
Debentures & commercial papers	49,085	25,998	50,805	41,935	167,823	163,000
Finance leases	84	83	69	-	236	223
<b>Total financial liabilities</b>	<b>67,649</b>	<b>32,531</b>	<b>66,317</b>	<b>58,618</b>	<b>225,115</b>	<b>203,244</b>

### COUNCIL 2020

#### Financial assets

Cash and cash equivalents	12,505	-	-	-	12,505	12,505
Debtors and other receivables	6,677	-	-	-	6,677	6,677
Term deposits	99,598	-	-	-	99,598	99,598
Community and other loans	101	116	348	448	1,013	1,707
Local authority stock (NZLGFA)	360	168	629	931	2,088	2,022
<b>Total financial assets</b>	<b>119,241</b>	<b>284</b>	<b>977</b>	<b>1,379</b>	<b>121,881</b>	<b>122,509</b>

#### Financial liabilities

Creditors and other payables	9,543	-	-	-	9,543	9,543
Net settled derivative liabilities	6,641	6,459	17,795	20,164	51,059	44,336
Secured loans	118	90	135	-	343	-
Debentures & commercial papers	52,993	10,866	35,800	52,079	151,738	147,000
Finance leases	86	83	153	-	322	297
<b>Total financial liabilities</b>	<b>69,381</b>	<b>17,498</b>	<b>53,883</b>	<b>72,243</b>	<b>213,005</b>	<b>201,176</b>



## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying Amount Assets/ Liabilities
	\$000	\$000	\$000	\$000	\$000	\$000

### GROUP 2021

#### Financial assets

Cash and cash equivalents	10,946	-	-	-	10,946	10,946
Debtors and other receivables	5,325	-	-	-	5,325	5,325
Term deposits	122,819	4,002	-	-	126,821	126,821
Community and other loans	158	158	475	1,266	2,057	1,733
Local authority stock (NZLGFA)	167	470	439	1,008	2,084	2,428
<b>Total financial assets</b>	<b>139,415</b>	<b>4,630</b>	<b>914</b>	<b>2,274</b>	<b>147,233</b>	<b>147,253</b>

#### Financial liabilities

Creditors and other payables	12,076	-	-	-	12,076	12,076
Net settled derivative liabilities	6,398	6,355	15,308	16,683	44,744	27,709
Secured loans	110	95	135	-	340	340
Debentures & commercial papers	49,085	25,998	50,805	41,935	167,823	163,000
Finance leases	84	83	69	-	236	223
<b>Total financial liabilities</b>	<b>67,753</b>	<b>32,531</b>	<b>66,317</b>	<b>58,618</b>	<b>225,219</b>	<b>203,348</b>

### GROUP 2020

#### Financial assets

Cash and cash equivalents	15,663	-	-	-	15,663	15,663
Debtors and other receivables	6,863	-	-	-	6,863	6,863
Term deposits	99,598	-	-	-	99,598	99,598
Community and other loans	101	116	348	448	1,013	1,707
Local authority stock (NZLGFA)	360	168	629	931	2,088	2,022
<b>Total financial assets</b>	<b>122,585</b>	<b>284</b>	<b>977</b>	<b>1,379</b>	<b>125,225</b>	<b>125,853</b>

#### Financial liabilities

Creditors and other payables	10,050	-	-	-	10,050	10,050
Net settled derivative liabilities	6,641	6,459	17,795	20,164	51,059	44,336
Secured loans	118	90	135	-	343	-
Debentures & commercial papers*	52,993	10,866	35,800	52,079	151,738	147,000
Finance leases	86	83	153	-	322	297
<b>Total financial liabilities</b>	<b>69,888</b>	<b>17,498</b>	<b>53,883</b>	<b>72,243</b>	<b>213,512</b>	<b>201,683</b>

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

### (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:

#### 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:

	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000
<b>30 June 2021 - Council</b>				
<b>Financial assets</b>				
Local government and corporate bonds	2,426	2,426	-	-
Other loans	1,002	-	-	1,002
Listed shares	7,543	7,543	-	-
Unlisted shares	203	-	100	103
<b>Total financial assets</b>	<b>11,174</b>	<b>9,969</b>	<b>100</b>	<b>1,105</b>
<b>Financial liabilities</b>				
Derivative financial instruments	27,752	27,752	-	-
<b>Total financial liabilities</b>	<b>27,752</b>	<b>27,752</b>	-	-
<b>30 June 2020 - Council - Restated</b>				
<b>Financial assets</b>				
Local government and corporate bonds	2,022	2,022	-	-
Other loans	1,000	-	-	1,000
Listed shares	7,660	7,660	-	-
Unlisted shares	192	-	100	92
<b>Total financial assets</b>	<b>10,874</b>	<b>9,682</b>	<b>100</b>	<b>1,092</b>
<b>Financial liabilities</b>				
Derivative financial instruments	44,475	44,475	-	-
<b>Total financial liabilities</b>	<b>44,475</b>	<b>44,475</b>	-	-

## NOTE 32. FINANCIAL INSTRUMENTS (CONT.)

	<b>Total \$000</b>	<b>Level 1 \$000</b>	<b>Level 2 \$000</b>	<b>Level 3 \$000</b>
<b>30 June 2021 - Group</b>				
<b>Financial assets</b>				
Local government and corporate bonds	2,426	2,426	-	-
Other loans	1,002	-	-	1,002
Listed shares	7,543	7,543	-	-
Unlisted shares	203	-	100	103
<b>Total financial assets</b>	<b>11,174</b>	<b>9,969</b>	<b>100</b>	<b>1,105</b>
<b>Financial liabilities</b>				
Derivative financial instruments	27,752	27,752	-	-
<b>Total financial liabilities</b>	<b>27,752</b>	<b>27,752</b>	<b>-</b>	<b>-</b>
<b>30 June 2020 - Group</b>				
<b>Financial assets</b>				
Local government and corporate bonds	2,022	2,022	-	-
Other loans	1,000	-	-	1,000
Listed shares	7,660	7,660	-	-
Unlisted shares	192	-	100	92
<b>Total financial assets</b>	<b>10,874</b>	<b>9,682</b>	<b>100</b>	<b>1,092</b>
<b>Financial liabilities</b>				
Derivative financial instruments	44,475	44,475	-	-
<b>Total financial liabilities</b>	<b>44,475</b>	<b>44,475</b>	<b>-</b>	<b>-</b>

## NOTE 33. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Council's budget figures in the 2020/21 Annual Plan to 30 June 2021 actual are as follows:

Statement of Comprehensive Revenue and Expense	Council	
	2021 \$000	2020 \$000
<b>Budget - surplus before tax</b>	<b>9,206</b>	<b>9,964</b>
<b>Unbudgeted gains/(losses) of:</b>		
First time recognition of assets	1,196	215
Realised & unrealised gains & losses on shares and bonds	688	(682)
Gain on valuation of investment properties and non-current assets held for sale	13	3,632
Dividends	(25)	18
Gain/(loss) on revaluation of interest rate derivatives	16,724	(8,803)
Subsidies and grants higher than plan due to COVID-19 related capital grants, TTCT, Kerb and Channel, Three Waters	12,238	1,120
Revenue from Developer Agreements	2,627	1,209
Leaky home settlements	-	(176)
Rates revenue higher than plan	251	520
Subsidies and grants behind plan due to timing delays on capital projects	-	(379)
Development and financial contributions behind plan due to several new subdivisions being completed in previous period and COVID-19 delays	(1,204)	(1,355)
Fees and charges ahead of plan	2,750	(56)
Finance revenue behind plan	(783)	(251)
Gain on sale of property, plant and equipment	173	(169)
Gain on sale of properties intended for resale	(590)	-
Vested assets behind plan due to subdivisions completed in prior period	(936)	(1,638)
Forestry valuation ahead of/(behind) plan	1,019	(797)
Petrol tax and donations ahead of plan	215	-
Other revenue behind plan	366	19
Loss on disposal/impairment of assets	(2,628)	(3,482)
Employee benefit expenses higher than plan	(323)	(1,527)
Depreciation lower than plan	555	2,041
Finance costs lower than plan	357	(74)
Increased maintenance costs	(974)	-
Reduced Administration Costs	-	1,096
Increased professional/legal fees	(398)	-
Increased insurance costs	(53)	-
Other operational costs	(55)	(153)
<b>Actual surplus before tax</b>	<b>40,409</b>	<b>292</b>

**Council**

**Statement of Comprehensive Revenue and Expense**

2021 \$000	2020 \$000
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**Statement of Financial Position**

**Budget - total net assets**

	<b>1,260,681</b>	<b>1,160,496</b>
Property, plant & equipment revaluations higher than plan	28,907	81,548
Other financial assets	28,464	-
Movement in derivative financial instruments	7,920	(8,803)
Cash and investments higher than budget	1,371	5,445
Investment in CCO and other similar entities	1,883	-
Non-current assets held for sale	7,414	-
Investment property	7,258	-
Trade and other payables	(11,490)	-
Borrowings	10,184	-
Other movements	76	485
Intangible assets higher than budget	4,144	2,873
<b>Actual - total net assets</b>	<b>1,346,812</b>	<b>1,242,044</b>

## NOTE 34. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

### Accounting policy

#### Associate

An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting.

#### Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the agreed sharing of control of an arrangement by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

#### Equity method of accounting in group financial statements

Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

#### Waikato Local Authority Shared Services Limited (WLASS)

WLASS Ltd is a company owned by twelve councils, Waikato Regional Council, Hamilton City Council, Rotorua District Council, Waikato District Council, Thames Coromandel District Council, Waipa District Council, Matamata Piako District Council, South Waikato District Council, Hauraki District Council, Waitomo District Council, Taupō District Council and Otorohanga District Council.

The company has been established to promote shared services between local authorities in the Waikato Region.

TDC owns 1.2% of the shares of WLASS. WLASS is deemed to be an associate of Taupō District Council.

#### Bay of Plenty Local Authority Shared Services Limited (BOPLASS)

BOPLASS Ltd is a company owned by nine councils - Bay of Plenty Regional Council, Rotorua Lakes Council, Western Bay of Plenty District Council, Kawerau District Council, Tauranga City Council, Opotiki District Council, Whakatane District Council, Taupō District Council and Gisborne District Council.

The company has been established to promote shared services between local authorities in the Bay of Plenty/Gisborne Regions and elsewhere.

TDC owns 9.68% of the shares of BOPLASS. BOPLASS is deemed to be an associate of Taupō District Council.

	Waikato Local Authority Shared Services Ltd. (WLASS) \$000	Bay of Plenty Local Authority Shared Services Ltd. (BOPLASS) \$000	Total \$000
<b>Investment in associates</b>			
Balance at 1 July 2020	11	3	14
Share of 2021 next profit/(loss)	6	2	8
<b>Balance at 30 June 2021</b>	<b>17</b>	<b>5</b>	<b>22</b>



## NOTE 34. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Waikato Local Authority Shared Services Ltd. (WLASS)		Bay of Plenty Local Authority Shared Services Ltd. (BOPLASS)	
	Actual 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
<b>Current</b>				
Cash and cash equivalents	1,802	1,128	369	329
Other current assets (excluding cash)	1,974	1,491	1,109	1,038
<b>Total current assets</b>	<b>3,776</b>	<b>2,619</b>	<b>1,478</b>	<b>1,367</b>
Current liabilities	(2,394)	(1,744)	(1,447)	(1,355)
<b>Total current liabilities</b>	<b>(2,394)</b>	<b>(1,744)</b>	<b>(1,447)</b>	<b>(1,355)</b>
<b>Non current</b>				
Assets	58	59	14	18
<b>Total non current assets</b>	<b>58</b>	<b>59</b>	<b>14</b>	<b>18</b>
Non current liabilities	-	-	-	-
<b>Total non current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>1,440</b>	<b>934</b>	<b>45</b>	<b>30</b>
Revenue	6,930	5,328	1,563	1,405
Depreciation and amortisation	(23)	(56)	(5)	(8)
Other expenses	(6,399)	(5,620)	(1,542)	(1,412)
<b>Net profit after tax</b>	<b>508</b>	<b>(348)</b>	<b>16</b>	<b>(15)</b>

## NOTE 35. COVID-19 IMPACT

**During August and September 2020 and February and March 2021, the Taupō District moved into Alert Level 2 along with other parts of the country. In all other parts of the year, the Taupō District remained in Alert Level 1.**

- At Alert Level 2, the Council enforced stronger social distancing practices and noted lowered patronage at community facilities such as the museum, library, swimming pools, and use of community halls. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.
- At Alert Level 1, the Council continued to run business as usual.

The financial reports continue to be impacted by COVID-19 and associated lockdowns in several ways:

- In response to the COVID-19 pandemic, the Council reset the 2020/21 Annual Plan to a zero percent rates increase in order to assist rate payers to manage the crisis. This has impacted revenue in 2020/21, however expenses have been reduced to compensate.
- Historically low interest rates continue to impact investment income, borrowing costs, and the Council's interest rate swaps.
- Capital programme delays continue, as work to clear backlogs from the 2019/20 schedule disruptions from level 3 & 4 lockdowns are addressed impacting the 2020/21 capital programme.
- Grant revenue has had a significant boost due to COVID-19 relief funding available from central government for capital projects.







**CONSTRUCTION  
SITE**

**UNAUTHORISED PERSONS  
KEEP OUT**



# 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 settlors 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 2020/21 financial year.

## TAUPŌ AIRPORT AUTHORITY (TAA)

*Please note that the information relating to TAA is still draft. At the time that Council's Annual Report was adopted, the TAA Annual Report had not yet been audited.*

### 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

<b>Taupō Airport</b>		
<b>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.</b>		
<b>Performance targets</b>	<b>Results</b>	<b>Achievement</b>
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 (2020: 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 (2020: 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 Rule Part 100 Compliant (2020: Achieved)
The TAA will be self-funding in terms of its own cash flow.	Not Achieved	Operating cash flow for the year is \$-31k (June 2020: \$-37k, Not Achieved)

<b>Financial performance for the year ended 30 June 2021</b>	<b>Actual 2021 \$</b>	<b>Budget 2021 \$</b>
Total revenue	442,719	384,587
Total expenditure	1,086,801	643,298
<b>Net surplus (deficit) before taxation</b>	<b>(644,082)</b>	<b>(258,711)</b>

# DESTINATION (GREAT) LAKE TAUPŌ TRUST (DGLT)

*Please note that the information relating to DGLT is still draft. At the time that Council's Annual Report was adopted, the DGLT Annual Report had not yet been audited.*

**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 2021 (based on the 2021-24 Statement of Intent).



Measure of Success	Measure of Success/Goals	Results/Actuals 2020/21	2019/20 Year
<b>Objective 1 - Grow the value of the local tourism economy</b>			
Growth in tourism expenditure Measured by the Monthly Regional Tourism Estimates	4.1% annual growth	Total expenditure: N/A Domestic: \$363M (+40%) International: \$14M (-80%)  Closed borders have meant international visitor spend has contributed just \$14m to the local economy. However, domestic visitors have shown strong support for the region and spend is up 41% on 2020 and up over 30% compared to pre-COVID-19 spend YE June 2019. MBIE has advised not to add international and domestic figures together to provide a total spend as measurement metrics are not comparable between the two data sources	Total expenditure: \$330M (-7%) Domestic: \$260M (-8%) International: \$70M (-13%)  Note: The MBIE MRTE data used last year has been converted in TECT data to enable more accurate trend data analysis pre and post COVID-19
<b>Objective 2 - Sustainably manage and develop the destination as an international quality resort style destination</b>			
Visitor experience / satisfaction	Net promoter score of 50 as measured via the AA Travel Monitor	Net promoter score of 54.  AA monitor ceased measuring Net promoter scores in November 2020.  Scores ranged between 52 - 54 each month from Jul - Nov 2020	Net promoter score of 52
<b>Objective 3 - Run an efficient and effective regional tourism organization, strongly supported by the local tourism industry</b>			
Support for DGLT marketing initiatives	\$95,000	<ul style="list-style-type: none"> <li>\$90,908, including:</li> <li>\$34,377 in-kind support for media famils</li> <li>\$23,153 membership for BE Partnership Group</li> <li>\$33,378 industry advertising sales for lovetaupo.com website</li> </ul> <p>Closed borders have meant there have been no international travel agent or media famils this year - reducing the in-kind support figure compared to 2020. However, an increase in domestic media famils has offset some of this loss.</p>	\$122,149
Industry Stakeholders are satisfied with DGLT performance	85% Industry satisfaction score as measured by Annual Visitor Industry Survey	82% (+6%) The survey conducted via Survey Monkey was sent out to 333 industry operators across the Taupō District. 39 responses were received. 10% margin of error at 95% confidence level.	76% (+9%)

# 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 170,300kgs. During the ensuing four-year period, the remaining annual N reduction payments were completed and 'on farm' N reductions were achieved in accordance with the requirements of the N reduction agreements.

## NATURE AND SCOPE OF ACTIVITIES

The Trust's Treasury Policy (incorporating Liability Management and Investment Policies) guides the Trust investments and financial transactions; the review was deferred until the decision as to the Trust's future was notified in June 2021; the policy has now been reviewed.

The Trust has in place a projected cash flow analysis which indicates projected income, operating costs, and potential call on funds. The Trust's cash flow projection will be updated to reflect the 24-month extension period to 30 June 2023. This document allows Trustees to both measure financial projection forecasts and the big picture.

## PERFORMANCE MEASURES

The following performance measures were incorporated into the Statement of Intent for the 2020/21 financial year:

<b>Action</b>	<b>Performance Measures</b>	<b>Performance Against Targets</b>
Oversee the financial position of the Trust to meet and maintain a positive projected cash flow projection.	Cash flow projection in place updated and reported to Trustees quarterly; and Trust operations performed to achieve a positive financial outcome.	Achieved. The cash flow projection was reported to Trustees on a quarterly basis.
Ensure that all nitrogen reduction contracts are being complied with the achieve the overall nitrogen reduction target of 170,300 kgs and where relevant in conjunction with Waikato Regional Council.	Nitrogen reduction agreements are compliant; any contractual failure is addressed and if relevant to achieve repatriation of any loss of nitrogen.	Achieved. All parties the Trust contracted with were compliant with their total annual nitrogen discharge allowance as confirmed by Waikato Regional Council. Trustees were updated monthly and the Joint Committee quarterly.
Monitor/track that compliance monitoring results are received on an ongoing basis for nitrogen reduction agreements.	Monitoring compliance results are received in accordance with the monitoring plan timeframes; are reported to trustees and results provided to Audit NZ for audit purposes.	Achieved.
Participation and assistance in the annual audit of the Trust.	Positive audit opinion.	Audit outstanding. Audit NZ will undertake the audit before 30.11.2021
Report the cash flow projection to the Joint Committee (to show the ability of the project to complete within budget).	Cash flow projection reported to Joint Committee before balance date.	Achieved. Cash flow reported to the March 2021 meeting of the Joint Committee.
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 Trust's support of the Lake Taupō Protection Projects Communication Plan,	Trust actions completed and the Taupō Catchment Compliance 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 Lake Taupō Catchment Compliance Framework.	Ongoing.
Continue to support and provide assistance in the project transition process as required.	Trust actions relating to the project transition decision process are undertaken under Officials Working Group.	Achieved.
Keep the Joint Committee up to date with planned or proposed monitoring activities in relation to the nitrogen reduction agreements as prescribed in the Deed of Variation - Schedule of Changes.	Joint Committee up to date with any Trust monitoring activities undertaken or proposed by way of quarterly reporting.	Achieved. Ongoing. The Trust kept the Joint Committee up to date with the setting out compliance or otherwise with obligations set out in the nitrogen reduction agreements.
Keep up to date with progress on the Regional Plan review as it relates to the Taupō Catchment to ascertain any impacts on the Nitrogen Reduction Agreements.	The Nitrogen Reduction Agreements are not compromised as a result of the Regional Plan review.	Achieved.
Continue to liaise with Waikato Regional Council Staff regarding Overseer version change process and any impacts that may affect the Nitrogen Reduction Agreements.	Trustees are kept up to date on progress with the implementation of OverseerFM.	Achieved.
Be operationally ready to embark on changes as they relate to the Trust and the projects transition process.	Seek to have Trust affairs in order.	The Trust had its affairs in order in readiness for the decision of Settlers.

# WAIKATO LOCAL AUTHORITY SHARED SERVICES LIMITED (WLASS)

*Please note that the information relating to Waikato LASS is still draft. At the time that Council's Annual Report was adopted, the Waikato LASS Annual Report had not yet been audited.*

## 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 noted in the table below were included in the 2020 Statement of Intent covering the financial years ended 30 June 2021-2023. The company has assessed whether each target has, or has not, been achieved.

**Achieved**



**Unable to currently measure**











**Partially achieved: Activity remains in progress**




**Not achieved**



Performance measure	Target	Outcome (progress toward target)	
Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k+	<p>The WLASS Water Services Business Case was delivered in September 2020. The benefits are linked to all three of the outcomes sought. In particular, KPI's will measure improvements in trade waste management, water usage and regulatory compliance. Although these will provide a measure of the realized benefits, it is difficult to readily quantify this in dollar terms.</p> <p>The business case for WLASS Learning &amp; Development Shared Services (LDSS) was approved by the Board in June 2021. Collectively, the projected savings (including monetised time savings), to Waikato councils from the opportunity are ~\$2.4m over the first three years.</p> <p>Other projects are at various stages of development. While indicatively, on some, the quantifiable benefits to councils are potentially significant, further work is required before the company can confidently state a projected saving.</p>	
Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	<p>Following consultation with council CEs and GMs in April, the BCSS project has progressed under an increased scope and changed focus.</p> <p>9 of 10 councils have engaged WLASS to undertake one or more of the service offerings contained in the WLASS Water Services business case.</p> <p>The opportunity assessment for LDSS was presented to the Board in June 2021. The project was approved to progress to the next stage on the back of 9 councils indicating they wish to participate.</p>	
Opportunities / projects are developed / delivered within agreed timelines	80%	<p>63%: Three of the eight projects under development that had a milestone during the year, had some delays in their progress. The most significant delay was a three-month lag in relation to the Building Consent Shared Services project, for which the Board agreed to extend beyond the original timeframe to allow greater time to engage with councils.</p> <p>The transition of all councils across to the new waters services has taken three months longer than anticipated. While most councils had transitioned, some had to be deferred as HCC recruited the required resources to meet expected service delivery levels.</p>	
Opportunities / projects are developed / delivered, within approved budget	90%	100%: The five completed projects all came within budget.	
Measurable benefits are actively monitored and reported against	Six-monthly	<p>Project benefit assessments are now being presented to the Audit &amp; Risk Committee. These assessments report on whether the benefits noted in project business cases have been realised. They also contain 'lessons learnt' to take forward to future projects.</p> <p>The first such assessment related to the Waikato Data Portal (WDP) and was considered by the Committee in June 2021.</p> <p>As these assessments are completed the measurable benefits will then be monitored ongoing.</p>	

Performance measure	Target	Outcome (progress toward target)	
Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised)	For \$200k+ Projects (based on cost of opportunity development and ongoing investment)	Project benefit assessments are now being undertaken at each Audit & Risk Committee meeting. The first of these, which considered the WDP, took place in June 2021.	
	Within 15 months 90% of projected quantifiable benefits are realised	10 of the 15 stated benefits of the WDP are assessed as having been realised. A further 4 are considered difficult to measure, and 1 has not been achieved.  The original business case did not include projected quantifiable benefits, or at least baselines for these to measure against. For that reason, we are unable to attribute a percentage to the extent to which the benefits have been achieved, although evidence shows that there have been time and cost savings for councils because of the WDP.	
The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):  <ul style="list-style-type: none"> <li>• RATA - roading &amp; waters</li> <li>• Waikato Building Cluster</li> <li>• Regional Infrastructure Technical Specifications</li> <li>• Energy &amp; Carbon Management</li> <li>• Professional Services Panel</li> <li>• Health &amp; Safety pre-qualification</li> </ul>	80% of councils	A stakeholder survey was undertaken in May 2021. The survey was sent to 220 council staff with 68 responses (~31%).  81% of respondents said that the services they received either met or exceeded their expectations.  The 80% target was also met for each of the services individually, other than the Waikato Building Consent Group.  While the result for that service offering was disappointing, it was not unexpected. The prospect of change from the Building Consent Shared Services project has been unsettling for some council staff and this is reflected in the feedback on Waikato Building Consent Group.	



Performance measure	Target	Outcome (progress toward target)	
<p>Across these groups, ideas for future consideration and/or initiatives are identified each year</p>	<p>Six per annum</p>	<p>Initiatives have arisen during the year from the Shared Services Working Party (SSWP), Waikato IT Managers, Procurement Managers and Legal Services groups.</p> <p>Discussion at the SSWP led to the priority project “Customer Digital Enablement”.</p> <p>The Procurement Managers group have commenced a review of the Professional Services Panel, and the tender for the data, print and mailhouse contract (awarded in August 2021).</p> <p>The performance measure was established to ensure that the working groups:</p> <ol style="list-style-type: none"> <li>1) were action-orientated; and</li> <li>2) acted as a feeder for WLASS priority projects.</li> </ol> <p>Various other smaller initiatives have also come from the working parties (e.g. critical roles stocktake, development of a psychological wellbeing best practice document).</p> <p>The working groups fill an important role of helping WLASS develop opportunities, through providing resource, acting as a sounding board for ideas and helping manage the potential for change within their councils.</p> <p>Meetings of the groups also play an important role in fostering relationships and learning from the experience of their colleagues at other councils. They are therefore fulfilling the priority area of ‘fostering and promoting cross-council collaboration and networking’</p>	

# BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LIMITED (BOPLASS)

*Please note that the information relating to BOPLASS is still draft. At the time that Council's Annual Report was adopted, the BOPLASS Annual Report had not yet been audited.*

## 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 2020-23:

Targets 2020-21	Result	Narration
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness.</p> <p>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	<p>Achieved</p>	<p><b>Contracts negotiated and/or renewed for:</b></p> <p><b>Video Conferencing Services</b> - Canon video conferencing infrastructure was moved from a Canon managed service to a BOPLASS hosted service. This provided further cost savings to councils and acknowledged the global move from vendor hosted video conferencing solutions to cloud-based technologies, e.g. Zoom, Teams.</p> <p><b>ESRI Enterprise Licensing Agreement</b> - Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed. No increases in cost to councils. No alternative provider in NZ.</p> <p><b>GIS software and services</b> - FME Geocortex Essentials Geocortex Analytics X-Tools NZ Archaeological Association RetroLens. Contracts renegotiated and renewed - no alternative suppliers.</p> <p><b>Health and Safety Training provider</b> - BOPLASS has renewed the collective agreement with Vertical Horizonz for H&amp;S training across the BOPLASS councils. The agreement provides tailored training and discounted rates. (WCLASS have aligned their contract dates with BOPLASS, providing for opportunities to procure collectively at the end of the new contract term.)</p> <p><b>Print Media Copyright Agency (PMCA)</b> - a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services. Sole NZ provider of print and media copyright services.</p> <p><b>Treasury Staff Briefings</b> - BOPLASS coordinated presentations and workshops with senior NZ economists to better inform councils on the financial outlooks for local communities and the national economy. The workshops are provided at no cost to BOPLASS councils and have proven to be particularly valuable given the current international and local economic challenges.</p> <p><b>Aerial Imagery</b> - As part of the BOPLASS regional imagery programme a contract for orthophotography was awarded to AAM NZ Ltd on behalf of TCC and WBOPDC. The flying and imagery included specific requirements to capture high growth areas.</p> <p><b>N3 (previously known as GSB)</b> - Purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates. Sole NZ provider.</p> <p><b>Media Monitoring Services</b> - BOPLASS continues to manage a collective media monitoring service with Isentia that automatically monitors and reports on broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal resource requirements. Council agreement to renew for another year. Same rates negotiated. Service to be put to open tender in 2022.</p> <p><b>Zoom Services</b> - Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure. Enterprise contract renegotiated and renewed. No alternative providers.</p> <p><b>Standards NZ</b> - BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. No alternative provider in NZ.</p>

Targets 2020-21	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils</p>	<p>Achieved</p>	<p><b>The new procurement initiatives which have been investigated during the year are as follows:</b></p> <p><b>Waste Operator Licencing and Data System</b> - An ROI was undertaken by BOPLASS on behalf of all the BOPLASS and Waikato councils for a data management system and administration services to support the development of a region-wide waste operator licencing and data service. The collective approach to the ROI provided savings to all councils and garnered significant attention from suitable vendors due to the size of the aggregated opportunity.</p> <p>The ROI process will be followed by a closed RFP.</p> <p><b>Skin Scans / Mole Mapping</b> - BOPLASS explored opportunities for a collective contract to enable councils to offer a subsidised rate to their staff for mole mapping. A provider has not yet been appointed as the project has expanded to investigate health insurance options across the BOPLASS group of councils.</p> <p><b>Infrastructure Insurance</b> - Councils infrastructure insurance was placed into the London markets in late 2020 through direct engagement with the London underwriters and Lloyds syndicates. Exceptional outcomes were achieved for all councils - both in insurance rates and the cover achieved. Due to a continued unprecedented level of international natural disaster claims, insurance markets have become extremely cautious about the risk they are prepared to write. The high standard of the information being provided by BOPLASS councils and our historical relationships with the international markets have proven to be a strength for us at renewal time.</p> <p>Securing councils' insurance cover requires a new procurement process to be undertaken every 12-months and includes investigating, or engaging with, alternative markets.</p> <p><b>GIS Technical Support</b> - The majority of core GIS software used within councils is now procured through collective BOPLASS agreements. On behalf of the councils BOPLASS undertook procurement to appoint a Regional Technical Advisor to be used as a shared resource and provide technical support across all BOPLASS councils. Eagle Technology were appointed under a discounted enterprise agreement. In addition to the cost savings, the service helps facilitate further sharing of information and expertise across the GIS teams.</p> <p><b>Website Quality Assurance</b> - BOPLASS has established a collective agreement for website quality assurance. Monsido is the incumbent provider to several BOPLASS councils and discounted pricing has been negotiated, dependent on the number of councils participating.</p> <p>This project is still under action.</p> <p><b>IPWEA Membership</b> - BOPLASS engaged with the Institute of Public Works Engineering Australasia on behalf of our constituent councils to establish a single BOPLASS portal to allow all councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements.</p> <p><b>Courier Services</b> - BOPLASS has led a procurement process across the three North Island LASS and Hawke's Bay councils for the appointment of a courier services provider.</p>

Targets 2020-21	Result	Narration
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.</p> <p>BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.</p> <p>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p>	<p>Achieved</p>	<p><b>Debt Recovery Services</b> - Additional BOPLASS councils have moved to the shared service established by MW LASS. As an inter-LASS service this negates duplication across the regions and provides cost-effective specialised local government debt recovery services.</p> <p><b>Insurance Renewals Standardisation</b> - BOPLASS led a project across the three North Island LASS to develop scorecards to assist councils with the preparation of accurate and timely renewal data for their annual insurance renewals. The scorecards help councils identify the required standards and any potential gaps in their processes. They will be used across all LASS participating in our collective insurance programme - BOPLASS, MW LASS and WLASS - ensuring a consistent and best-practice approach to renewal processes, ultimately assisting in achieving the best outcomes.</p> <p><b>Inter-LASS meetings</b> - A number of procurement projects are underway covering multiple LASS and leveraging benefits of aggregated volumes. Collaboration across the regions drives greater efficiencies and often allows projects to be better resourced. BOPLASS has been working particularly closely with MW LASS and Waikato LASS and this group meet on a quarterly basis. BOPLASS has recently provided information to South Island councils that are investigating collective opportunities.</p> <p><b>Waste Operator Licensing and Data Collection</b> - BOPLASS is leading a joint BOPLASS/WLASS project to establish a cross-regional entity to administer licensing conditions on behalf of territorial authorities. The entity will also manage and collect waste data to assist councils in preparing detailed waste assessments and identification of priority waste management and minimisation actions. BOPLASS is leading the associated procurement exercises and is also engaging with other councils interested in participating in the project. The project includes continued engagement with MfE and WasteMINZ to ensure that the proposed approach is aligned with national strategies.</p> <p><b>Waste Minimisation Fund Application</b> - On behalf of the BOPLASS and WLASS councils, BOPLASS has submitted an application to the MfE Waste Minimisation Fund to support the development of collective projects across the two regions.</p> <p><b>Occupational Health Services</b> - BOPLASS has renewed the agreement with Waikato Occupational Safety Services for discounted occupational health services across the BOPLASS councils. This agreement is now undertaken in conjunction with WLASS.</p> <p><b>Cross Council H&amp;S audits and Safety Performance Indicators</b> - Waikato LASS and BOPLASS have collectively developed H&amp;S projects to support best practice and shared learnings across councils in the greater region. The projects assist in identifying skills, processes or procedures that can be shared across the regions.</p> <p><b>Courier Services</b> - BOPLASS coordinated activity across the central North Island councils to establish confirmed participation in joint procurement for the appointment of a courier services provider.</p> <p><b>Insurance Forum</b> - BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.</p>

Targets 2020-21	Result	Narration
<p>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.</p> <p>Increase usage of the Collaboration Portal by providing support and training material for new and existing users.</p> <p>Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 10% per year.</p> <p>Number of active users to increase by 20% per year.</p>	<p>Achieved</p>	<p>Active promotion of the MahiTahi Collaboration Portal over the last 12 months has resulted in a 71% increase in the number of local government users with 161 new members joining.</p> <p>The increased membership is primarily a result of ongoing development of on-boarding and training material. Additionally, non-member councils have been proactively contacted to highlight the benefits and encourage participation.</p> <p>Five additional projects added to the MahiTahi Collaboration Portal, increasing from 48 to 53 lodged projects.</p> <p><b>RSIP Redevelopment</b> - The Regional Sector Information Portal is a collaboration tool used by regional and unitary councils. The RSIP Portal has been migrated to be hosted by BOPLASS on the same platform as the MahiTahi Collaboration Portal.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<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>In addition to these regular meetings, the BOPLASS chair and CE undertook a roadshow to directly engage with executive staff across all shareholding councils. These meetings were used to provide an update on BOPLASS initiatives and to gain further insights into additional collaboration opportunities. New opportunities in both shared services and procurement were identified through these workshops.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<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>Funding model reviews were undertaken by the board during the 2020-2021 financial year with two changes undertaken to ensure the continued financial viability of the organisation:</p> <ul style="list-style-type: none"> <li>• A one-off \$50,000 contribution to the BOPLASS aerial imagery programme received from LINZ was retained as income in advance to assist with funding the BOPLASS aerial imagery programme over the next five years.</li> <li>• The BOPLASS Board approved for a CPI adjustment to be included with council annual contributions.</li> </ul> <p>Financial position year end 30 June 2021: \$15,970 surplus.</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+/AAA. As at the 30 June 2021 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 2021 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.

The SOI set out two primary performance objectives and eight additional objectives for LGFA for the year ended 30 June 2021:

## PRIMARY OBJECTIVES

LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

- Providing interest cost savings relative to alternative sources of financing;
- Offering flexible short and long-term lending products that meet Participating Borrowers' borrowing requirements;
- Delivering operational best practice and efficiency for its lending services;
- Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's

financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

- Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;
- Analyse finances at the Council group level where appropriate and report to shareholders;
- Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and
- Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.

LGFA continues to borrow at very competitive spreads compared to the AAA rated sovereign/supranational/ agency (SSA) issuers (who borrow in the New Zealand debt capital markets) and to the domestic banks.

## ADDITIONAL OBJECTIVES

LGFA has the following seven measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually.

LGFA will:

- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.
- Provide at least 85% of aggregate long-term debt funding to the Local Government sector.
- Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.
- Meet or exceed the Performance Targets.
- Comply with the Health and Safety at Work Act 2015.
- Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.
- Assist the local government sector with their COVID-19 response.

## PERFORMANCE AGAINST PRIMARY OBJECTIVES

This section sets out LGFA's performance for the year ended 30 June 2021 against the two primary objectives set out in the 2020-21 SOI. LGFA will optimise the debt funding terms and conditions for Participating Borrowers. Among other things, this includes:

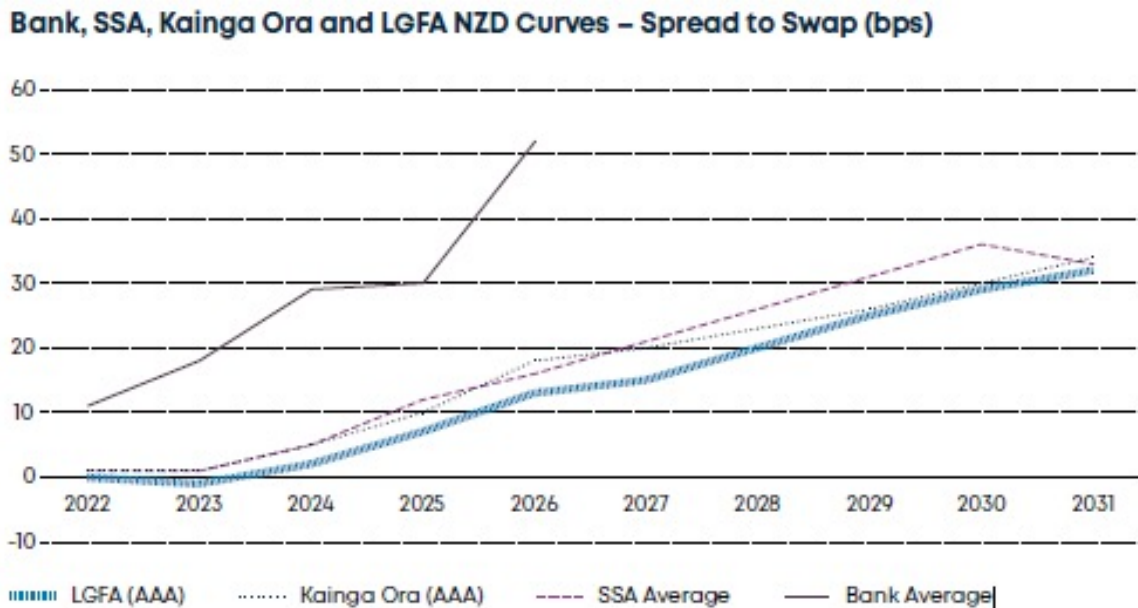
### **Providing interest cost savings relative to alternative sources of financing;**

LGFA continues to borrow at very competitive spreads compared to the AAA rated Supranational, Sovereign and Agency (SSA) issuers (who borrow in the New Zealand debt capital markets), the domestic banks and our closest peer issuer Kainga Ora.

LGFA lending base margin was 20 bps for all borrowing terms for the 2020-21 year, which covers our operating costs and also provides for capital to grow in line with increases in our balance sheet.

There is an additional credit margin added to the base margin depending upon whether a council has a credit rating or is a guarantor or non-guarantor of LGFA.

The following chart shows a comparison of LGFA borrowing spreads to swap compared with bank, Kainga Ora and SSA issuers in the New Zealand domestic market.



**Offering flexible short and long-term lending products that meet Participating Borrowers’ borrowing requirements;**

Both short and long-term borrowing have been well supported by member councils:

- As at 30 June 2021 there were \$287 million of short-term loans outstanding to 25 councils, with loan terms ranging between one month and 12 months.
- Over the year ended 30 June 2021, 57 councils borrowed \$2,858 million in 421 new long-term loans, across 62 maturity dates ranging between 2021 and 2037.

In July 2020, LGFA issued a new April 2037 bond providing councils with the opportunity to extend their long-term borrowing. The weighted average borrowing term by councils over the year ended 30 June 2021 (excluding short-dated borrowing) was 6.9 years.

In December 2020, LGFA launched Standby Facility Agreements as a new product that will help reduce overall financing costs for councils. As at 30 June 2021, seven councils had entered into standby agreements with LGFA totalling \$515 million.

**Delivering operational best practice and efficiency for its lending services;**

Over the 12 months, LGFA operations successfully settled, without error, 1,407 new trades and 11,368 cash flows in excess of \$24 billion.

In the latest stakeholder survey result in August 2020, respondents recorded a 94% satisfaction result to the question “How satisfied are you with the LGFA settlement process?”

**Ensuring certainty of access to debt markets, subject always to operating in accordance with sound business practice.**

For LGFA to provide certainty of access to markets for our council borrowers we need to have a vibrant primary and secondary market in LGFA bonds. The primary market is the new issuance market and we measure strength with participation by investors at our tenders through bid-coverage ratios and successful issuance yield ranges. The secondary market is the trading of LGFA bonds following issuance and a healthy market implies high turnover.

Over the twelve months, LGFA issued a record \$3,270 million in bonds, through nine tenders and two syndications. There were twelve bill tenders over the year, with \$610 million of bills on issue at 30 June 2021. LGFA uses proceeds from LGFA bills and LGFA bond issuances to fund lending to councils and invests the balance in our liquid asset portfolio.

LGFA maintains an Australian Medium-Term Notes Programme which, to date, has not been used but which provides LGFA with additional flexibility if there is a market disrupting event in the future.

LGFA will ensure its asset book remains at a high standard by ensuring it understands each Participating Borrower's financial position, as well as general issues confronting the Local Government sector. Amongst other things, LGFA will:

**Proactively monitor and review each Participating Borrower's financial position, including its financial headroom under LGFA policies;**

LGFA reviews all councils' financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils on the LGFA borrower watch-list.

Participating Borrowers are required to complete annual compliance certificates by the end of November each year.

We have received compliance certificates from all Participating Borrowers and all remained compliant as at 30 June 2020.

**Analyse finances at the Council group level where appropriate and report to shareholders;**

No council has yet to request to LGFA that they be measured on a group basis.

**Endeavour to visit each Participating Borrower annually, including meeting with elected officials as required, or if requested; and**

Following the lifting of COVID-19 travel restrictions, LGFA commenced council visits in the later months of 2020. Notwithstanding the later start to visits, LGFA met with all council members over the 12 months.

**Take a proactive role to enhance the financial strength and depth of the local government debt market and work with key central government and local government stakeholders on sector and individual council issues.**

Over the year, LGFA management met with representatives from Reserve Bank of New Zealand, Department of Internal Affairs, Office of the Auditor General, Taituarā, the New Zealand Debt Management section of the Treasury (NZDM) and members of the Three Waters Reform Group. We held investor conference calls for investors and banks relating to bond issuance and provided updates on the impact on the local government sector from COVID-19 and the proposed water industry reforms.

LGFA continue to assist the sector and the advisers in finding ways for LGFA to play a supporting role in providing solutions to off balance sheet financing for councils and are currently providing technical input into the Cameron Partners proposed Ratepayer Financing Scheme.

## ADDITIONAL OBJECTIVES

LGFA has the following seven measurable and achievable additional objectives which complement the primary objective. Performance against these objectives is reported annually. LGFA will:

**Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.**

LGFA has an annual review process for our credit ratings from S&P Global Ratings and Fitch Ratings and meets with both agencies at least annually. Formal review meetings were last held in November 2020 with S&P Global Ratings and in October 2020 with Fitch.

- S&P Global Ratings. On 22 February 2021, S&P Global Ratings raised their long-term ratings on LGFA to 'AA+' foreign-currency and 'AAA' local-currency and affirmed the short-term ratings at 'A-1+'. Both ratings are on stable outlook and the same as the New Zealand Government.
- Fitch Ratings (Fitch). On 4 November 2020, Fitch reaffirmed our long-term local currency credit rating as 'AA+' and classified LGFA as a government related entity (GRE) under its GRE rating criteria. Fitch equalises our ratings with those of the New Zealand Government. Our foreign currency credit rating of 'AA' remains on positive outlook.

**Provide at least 85% of aggregate long-term debt funding to the Local Government sector.**

LGFA's estimated market share of 79% for the rolling twelve-month period to 30 June 2021 and our market share is strong compared to our global peers.

Over the 12 months, five new councils became members of LGFA, lifting total participating members to 72. Napier City Council, South Waikato, Waitaki and Central Otago District Councils joined as guarantors and Kawerau District Council joined as a non-guarantor.

**Achieve the financial forecasts for net interest income and operating expenses, including provision for a shareholder dividend payment in accordance with approved dividend policy.**

Net interest income (NII) for the year was \$19.537 million, which was \$0.708 million over budget, while expenses of \$7.714 million were \$0.255 million below budget. Net operating profit of \$12.007 million was \$1.146 million above budget.

Included in the NII is the unrealised mark-to-market movement in fixed rate swaps that are not designated effective for hedge accounting purposes. These swaps reduce exposure to fixed rate loans made outside of the normal tender process and to reduce mismatches between borrowing and on-lending terms in our balance sheet. Over the year, there was an unrealised gain on these swaps of \$1.12 million.

Operating expenses for the year were \$7.714 million which is \$0.255 million below budget.

- Issuance and on-lending costs at \$2.621 million were \$0.090 million below budget. Higher issuance and lending volumes than forecast resulted in higher costs for NZX, legal and registry, offset by lower costs for the NZDM facility fee.
- Other operating costs at \$4.038 million were \$0.013 million below budget. Lower travel / accommodation and information technology costs were key drivers for the overall positive variance, offset by higher legal costs than forecast and personnel costs, primarily due to the recruitment of new positions which were not included in budget.
- Approved Issuer Levy (AIL) payments of \$1.055 million were \$0.152 million below budget. We pay AIL on behalf of offshore investors at the time of semi-annual coupon payment and offshore investor holdings are just below our SOI forecasts.

**Comply with the Health and Safety at Work Act 2015.**

LGFA has a Health and Safety Staff Committee and reporting on health and safety issues are made to the LGFA board on a regular basis by the Risk and Compliance Manager. There were no health and safety incidents during the year.

**Comply with the Shareholder Foundation Policies and the Board-approved Treasury Policy at all times.**

There were no compliance breaches during the year.

**Assist the local government sector with their COVID-19 response.**

On 30 June 2020, in response to COVID-19, shareholders approved a change to LGFA's Foundation Policy covenants to provide short term relief to councils from any temporary reduction in revenue and to allow councils to coinvest alongside central Government in infrastructure projects. For the financial year ending 30 June 2021, the net debt/total revenue covenant for borrowers with an external credit rating of at least 'A+' has been increased from 250% to 300%.

In addition to this direct response:

- LGFA continues to provide input into the Ratepayer Financing Scheme project that, if successful, could offer temporary financial relief to ratepayers via rates postponement.
- The new Standby Facility Agreement product will provide greater certainty of access to emergency funding for councils at a lower cost than going to the traditional bank provider.
- LGFA has extended the longest dated borrowing maturity for councils from 2033 to 2037 to enable councils to better match assets with liabilities and to benefit from record lows in interest rates and borrowings spreads.

Performance measure	Result for the 12 month period to 30 June 2021	Outcome
LGFA net interest income for the period to June 2021 will be greater than \$18.8 million	\$19.537 million	✓
Annual issuance and operating expenses (excluding AIL) will be less than \$6.8 million	\$6.659 million	✓
Total nominal lending (short and long term) to participating councils to be at least \$11.66 billion	\$12.039 billion	✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	August 2020 survey outcome of 98.8%	✓
Meet all lending requests from PLAs	100%	✓
Achieve 85% market share of all council borrowing in New Zealand	79%	✗
Review each PLA financial position, its headroom under LGFA policies and arrange to meet each PLA at least annually	All councils visited	✓
No breaches of Treasury Policy, any regulatory or legislative requirements including H&S	No breaches	✓
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due	100%	✓
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating entity	'AA+/AAA'	✓



# DATA CAPTURE SYSTEMS LIMITED (DCSL)

## BACKGROUND

**Taupō District Council is the 100 percent 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 percent 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 2021



**DAVID TREWAVAS**

**MAYOR**

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**JOHN MACK**

**TURANGI-TONGARIRO WARD COUNCILLOR**

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**CHRISTINE RANKIN**

**DEPUTY MAYOR**

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**KYLIE LEONARD**

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# TURANGI TONGARIRO

## COMMUNITY BOARD MEMBERS AS AT 30 JUNE 2021

### CLINT GREEN

#### CHAIRPERSON

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Phone: 021 104 8669

### ROB SEVERNE

#### DEPUTY CHAIR

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### TANGONUI KINGI

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Phone: 021 253 3343

### JOHN MACK

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### TE TAKINGA NEW

#### COMMUNITY BOARD MEMBER

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Phone: 0210 291 4186

### DONNA SEARANCKE

#### COMMUNITY BOARD MEMBER

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### GEORGE O'CONNOR PATENA

#### COMMUNITY BOARD MEMBER

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# COUNCIL DIRECTORY

## TAUPŌ DISTRICT COUNCIL

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Taupō 3352  
New Zealand

Tel 0800 ASK TDC (0800 275 832) | 07 376 0899 | Fax 07 378 0118

## SERVICE CENTRES:

Turangi  
Turangi Town Centre  
Turangi 3334  
Tel 07 386 7017  
Fax 07 386 8449

## MANGAKINO

Civic Centre, Rangātira 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  
KiwiBank Limited

## AUDITOR:

Audit New Zealand, on behalf of the Auditor-General

## INSURANCE BROKER:

Aon New Zealand Limited





**GREAT LAKE TAUPŌ**  
Taupō District Council