



GREAT LAKE TAUPŌ
Taupō District Council

ANNUAL REPORT

2021/2022

Contents

A MESSAGE FROM YOUR MAYOR AND CHIEF EXECUTIVE.....	2
STATEMENT OF COMPLIANCE	4
INDEPENDENT AUDITOR’S REPORT	5
DISCLOSURE STATEMENT	11
OUR LONG-TERM DISTRICT STRATEGY	18
SURVEYS.....	21
GROUPS OF ACTIVITIES.....	22
COMMUNITY SERVICES.....	23
WATER.....	32
TRANSPORT	41
COMMUNITY FACILITIES.....	46
WASTEWATER	53
SOLID WASTE	59
STORMWATER.....	64
DEMOCRACY AND PLANNING.....	69
INVESTMENTS	76
ECONOMIC DEVELOPMENT	81
FINANCIAL STATEMENTS.....	87
COUNCIL CONTROLLED ORGANISATIONS	154
ELECTED MEMBERS	179

A message from your Mayor and Chief Executive

Welcome to our Annual Report for the 2021/22 year.

'Naku te rourou nau te rourou ka ora ai te iwi'

'With your basket and my basket the people will live'

Kia ora, tēnā koe, haere mai. Welcome to Taupō District Council's Annual Report 2021/22. 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.

For the third year in a row, Taupō District Council and its people had to dig deep to find the resilience and wherewithal to find a way forward through the challenges Covid continually posed. These included a nationwide lockdown in August 2021, an Omicron wave from February to April 2022 which caused significant staff absences and Covid-related shortages of everything from building supplies to concrete. On top of this, soaring inflation sent the cost of important projects sky-high.

During these testing times, Council continued to provide the key services our district needs. Vital infrastructure such as water, wastewater and rubbish services carried on and our pools, libraries and customer service centres remained largely open and operating. We thank our staff for constantly going the extra mile to cover for those who were off sick or isolating, as well as stepping up to volunteer with community-focused activities such as distributing RAT tests on behalf of Lakes District Health Board.

Despite Covid, we pushed on with our Taupō Town Centre Transformation project, a once-in-a-lifetime, \$20.6 million, government-funded opportunity to redefine our town centre and our waterfront as vibrant, people-centred environments that connect to our beautiful lake, marina and domain. Between July 2021 and June 2022, we completed the Spa Road/Tītīrapunga Street town centre bypass, revamped Tongariro Street to provide more parking and safer access to the Tongariro Domain and began work on the final and most exciting phase of the project, the Roberts Street waterfront precinct. The project has remained on schedule and on budget throughout and created more than 100 local jobs as well as creating attractive improvements to our town.

We are committed to putting co-governance at the heart of everything we do and in June 2022 the council embraced the opportunity to move Tūrangi township forward in a new era of co-governance with Ngāti Tūrangitukua, the hapū with mana whenua over the township and its surrounds. The resulting Mana Whakahono-a-Rohe agreement is one of the proudest achievements of the 2021/22 year and the formal signing of the agreement at a ceremony at Hīrangi Marae in June was the culmination of three years of negotiations and hard work on both sides. This Mana Whakahono is not only award-winning – it received the Te Tohu Waka Hourua – The Buddle Findlay Award for Māori-Council Partnerships in the Taituarā Local Government Awards in May – but also ground-breaking in New Zealand. We look forward to the benefits it will bring to the Tūrangi area and its people.

It was very satisfying to be able to sign off several major infrastructure projects in the 2021/22 year. The Kinloch Wastewater Treatment Plant project was completed and an official opening held on 20 June 2022. The community also enjoyed the opportunity to tour the new plant and see how it works during an open day. Planning continued for Kinloch's new water treatment plant, with the first stages of water main replacements kicking off.

In Tūrangi, the \$6.6 million street revitalisation project continued at pace, with new packages of streets coming in for treatment. The project has involved building new kerbing and channelling in several areas around the town, replacing older kerbs that were up to 60 years old. It has also involved removing 94 oversize trees that were causing much of the damage and replacing them with more suitable species that are of a better size for the street berms. Many of the residents have commented they are enjoying the extra sunlight and improved ambience of their streets.

Also at the southern end of the lake, design and planning for the new sports facility at Tūrangitukua Park continued, with site works underway by the end of the financial year. The Tūrangi community was enthused about having its say in the concept designs for the new papa takaro (playground) in the town, with more than 200 responses received. Planning work for a proposed Tūrangi Recreation and Activity Centre also continues.

In March, the site blessing for the new Waiora House was held, and work began the very next week to prepare the site. We look forward to once more providing a home for the Taupō district's social service agencies.

Taupō Airport's long-awaited new terminal also kicked off in earnest, with the builders on site in the second half of 2021 and the framing going up early in 2022. This project will provide a new and welcoming gateway to the Taupō District and is well-timed as New Zealand opened its borders to the world again on 1 July, with passenger numbers showing a steady recovery during the first half of 2022.

One of the biggest challenges last year, and one that Council continues to work hard to understand, is the Water Services Reform Programme. This was announced by central government to the public in 2021 and will mean a significant change to the way councils operate. We spent considerable time getting to grips with the reforms and educating ourselves and our community about the reforms, although information was limited. We acknowledge that there are currently challenges funding water services but believe the model being proposed will lead to a lack of local voice, especially for councils outside large urban centres.

Other challenges include our rapidly-growing population, which has swelled to 41,000 at the last estimate. This has put significant stress on our infrastructure which in turn requires continued long-term investment to ensure the growth occurs in the right place, our environment continues to be protected and Taupō District continues to be a home that can be enjoyed by all.

This is of course but a short summary of the obstacles Taupō District Council has overcome over the past 12 months and the many achievements it has marked; and the following report more fully documents our progress during this time. The hard mahi that has gone on in 2021/22 continues unabated and during this coming year and beyond, we will continue to work hard on behalf of our residents and communities to ensure that the Taupō District remains a great place to live, work and play. Arohanui ki a koutou katoa.

Ngā mihi nui,



David Trewavas

Mayor



Julie Gardyne

Acting 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 2022 fairly reflect the financial position and operations of Taupō District Council.



D Trewavas (JP)

Mayor

30 May 2023



Julie Gardyne

Acting Chief Executive Officer | Āpiha Iho Matua

30 May 2023



Sarah Matthews

General Manager Finance & Environment | Kaiwhakahaere Matua - Pūtea me te Taiao


30 May 2023



Libby O'Brien

General Manager People & Customer | Kaiwhakahaere Tangata, me te Kiritaki

30 May 2023



Andrew Moraes

General Manager Operations & Delivery | Kaiwhakahaere Tuku Mahi

30 May 2023

Independent Auditor's Report

To the readers of Taupō District Council's annual report for the year ended 30 June 2022

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.

Our audit was completed late

Our audit was completed on 30 May 2023. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

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 88 to 153:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2022;
 - 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 85, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan;
- the statement about capital expenditure for each group of activities on pages 23 to 84, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 30 to 84, 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 23 to 82:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

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 11 to 17, 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.

The basis for our opinion is explained below and we draw attention to other the uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

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 36, 37, 55 and 56, 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 2021.

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 – Uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to Note 31 on page 141 which outlines developments in the Government's water services reform programme which will affect the District Council in future years.

Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

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 4, 18 to 22, and 154 to 181 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand
7 July 2023

Disclosure statement

What is the purpose of this statement?

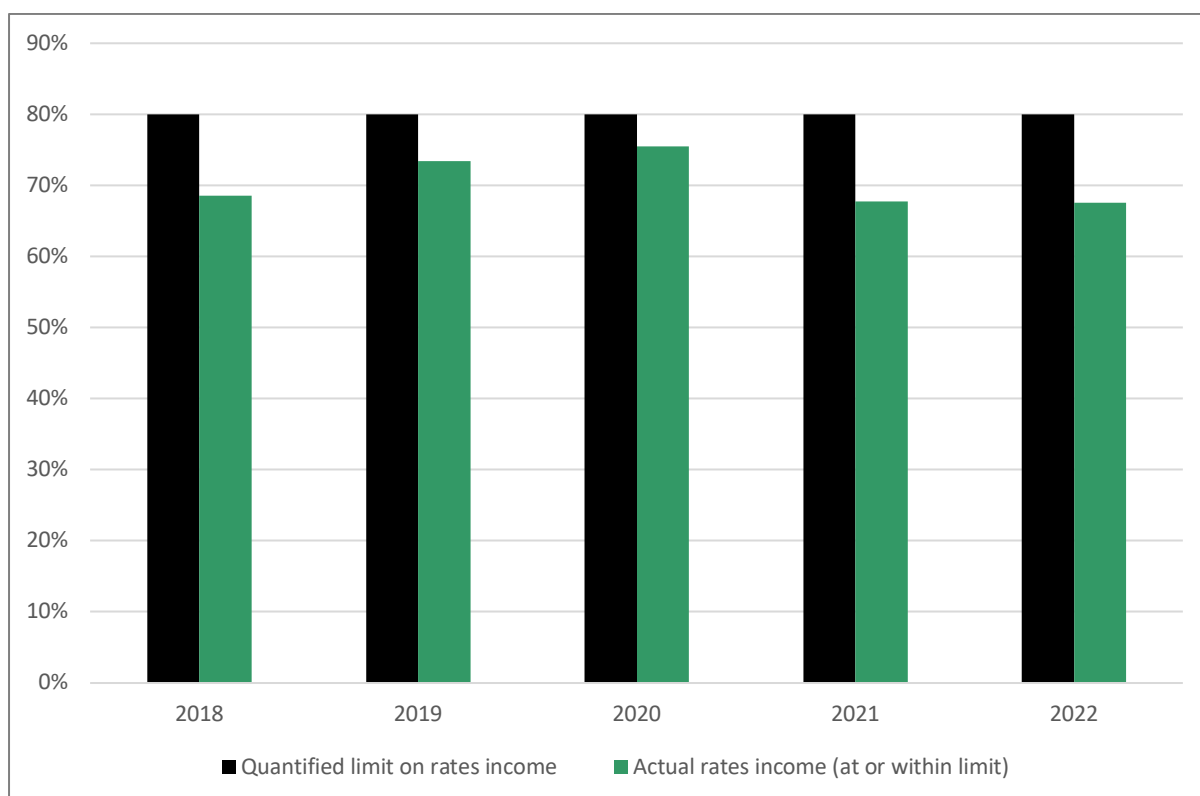
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. Council is required to include this statement in 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:

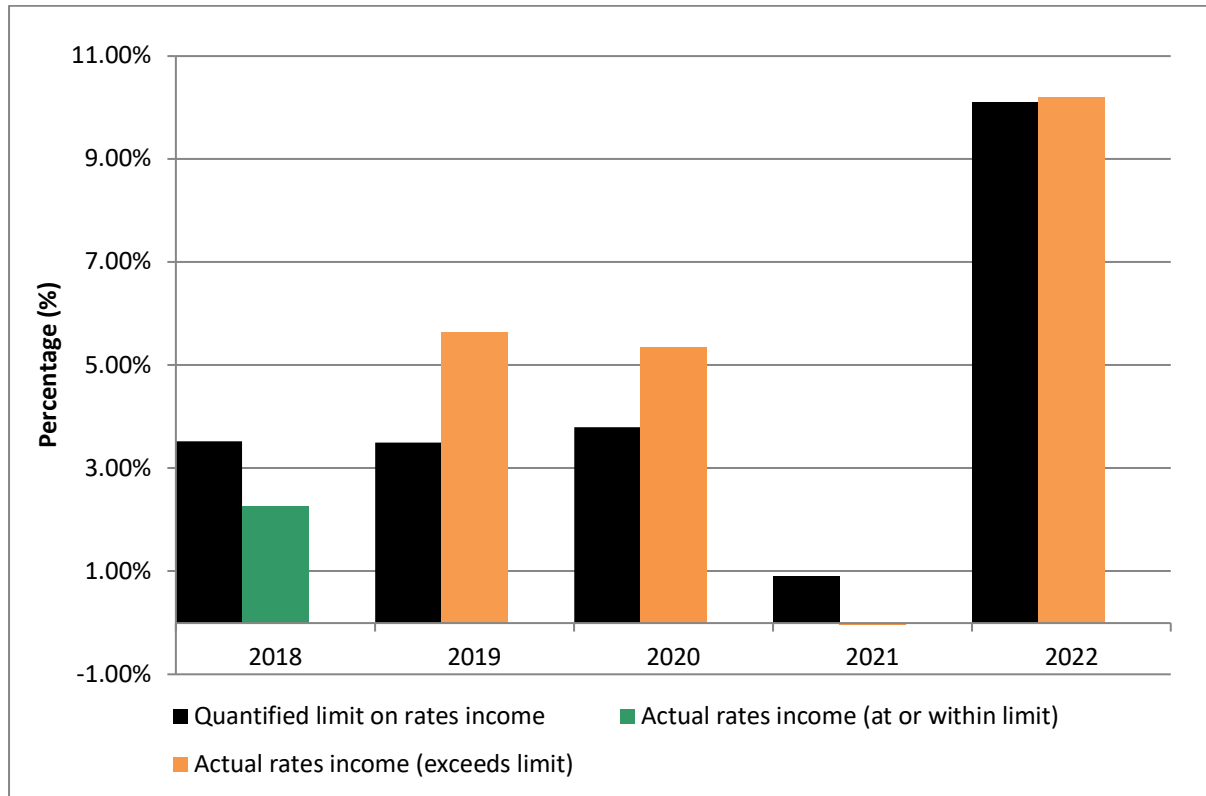
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rate increases.

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

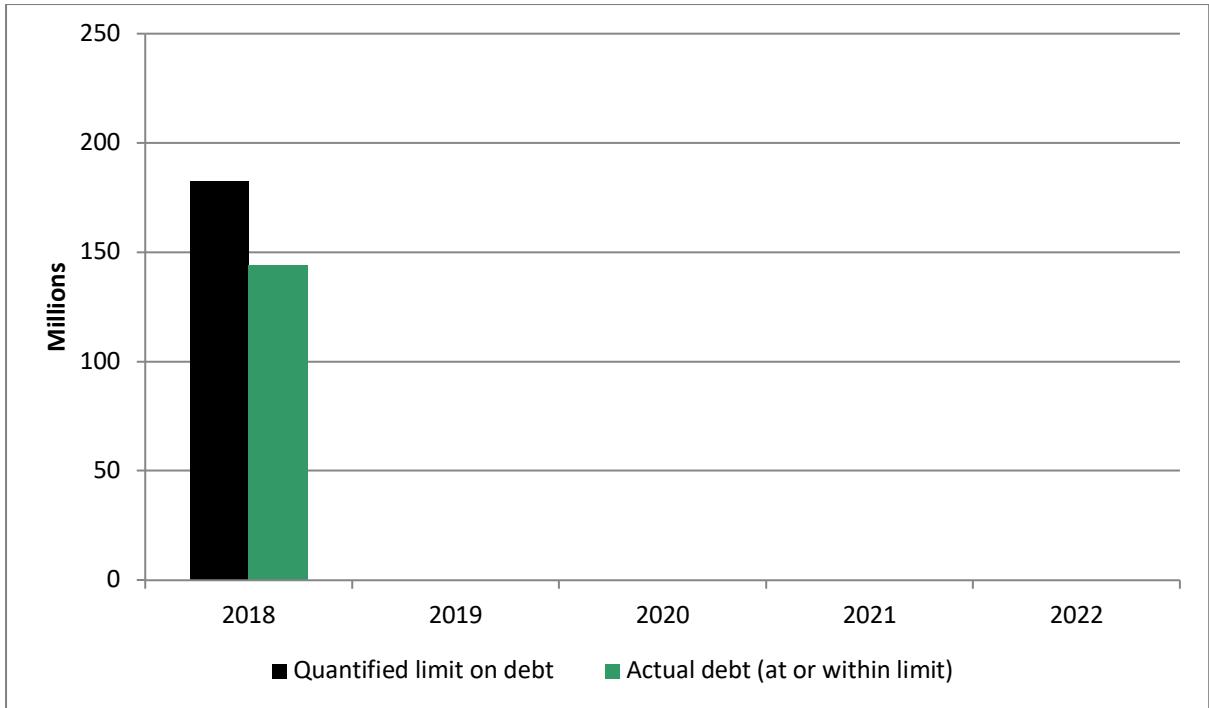
The following graph compares the council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s long-term plan. The quantified limit in the 2018-28 LTP and the 2021-31 LTP is that rate increases may not exceed LGCI + 1.5%. The 2019, 2020 and 2022 results exceed the limit due to a larger than normal growth in rateable properties which have contributed more rates revenue for those years. In 2021 a zero percent rates increase was targeted as a measure to alleviate Covid hardship.



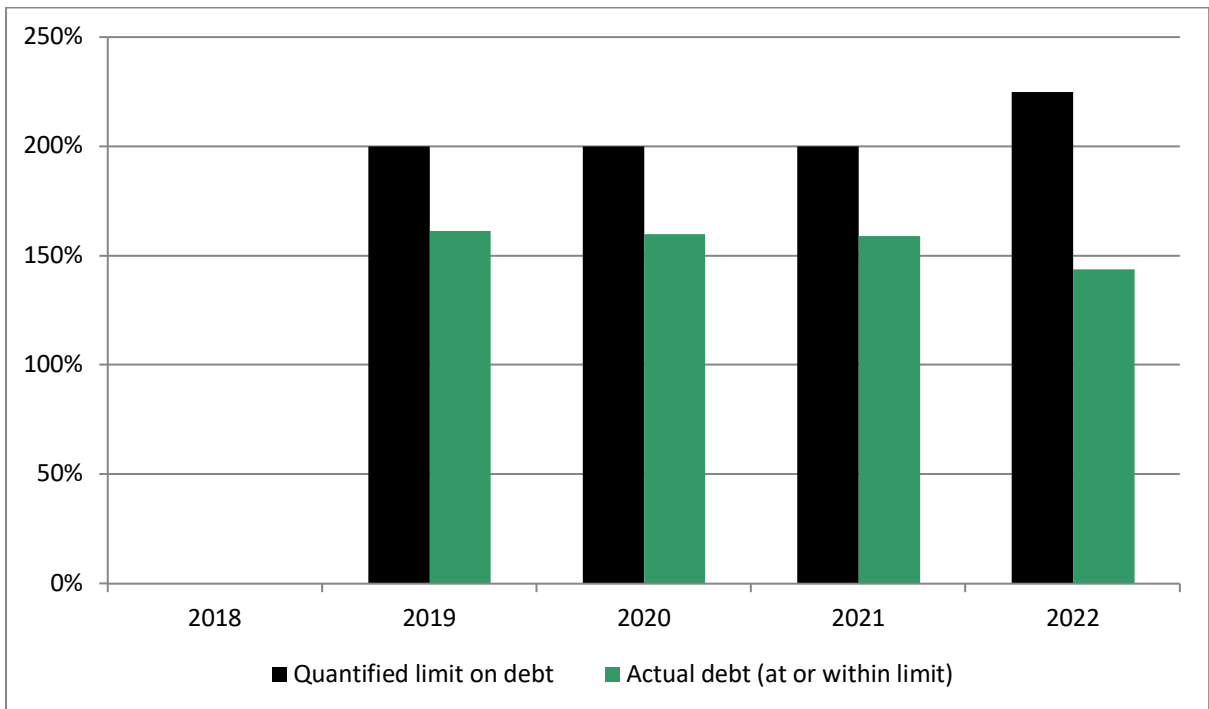
Debt affordability benchmark

The following graph compares the council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit in the 2018-18 LTP was that gross external borrowing may not be more than 200% of annual operating income. The quantified limit in the 2021-31 LTP was that gross external borrowing may not be more than 225% of annual operating income.

The following graph compares the council’s actual borrowing for 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 quantified limit in the 2021-31 LTP was that gross external borrowing may not be more than 225% 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 and 2021-31 LTP. Therefore the measurement against benchmark for 2019 to 2022 is shown separately in a second graph.

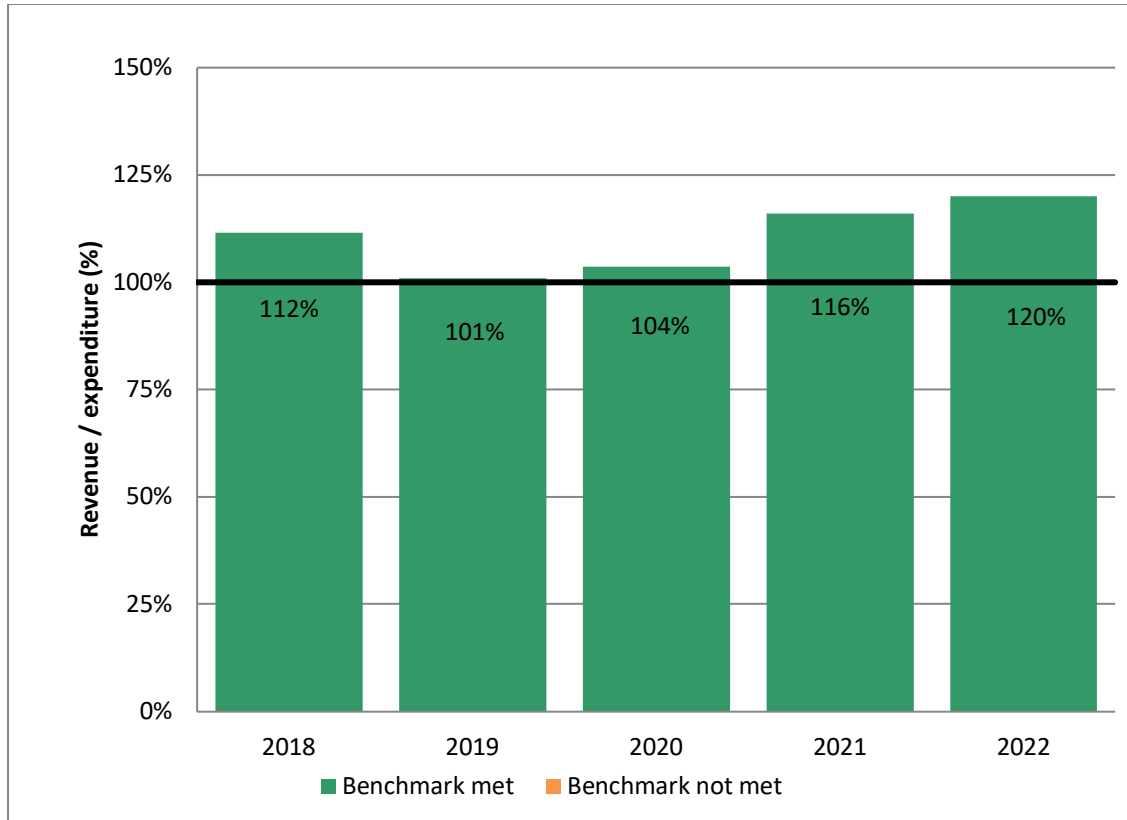


The following graph compares the council’s actual borrowing 2019 to 2022 with a quantified limit on borrowing stated in the financial strategy included in the council’s long-term plan. The quantified limit in the 2018-28 LTP was that gross external borrowing may not be more than 200% of annual operating income. The quantified limit in the 2021-31 LTP was that gross external borrowing may not be more than 225% of annual operating income. The unit of measure used in the 2018-28 LTP was percentage as opposed to dollars in prior LTP's.



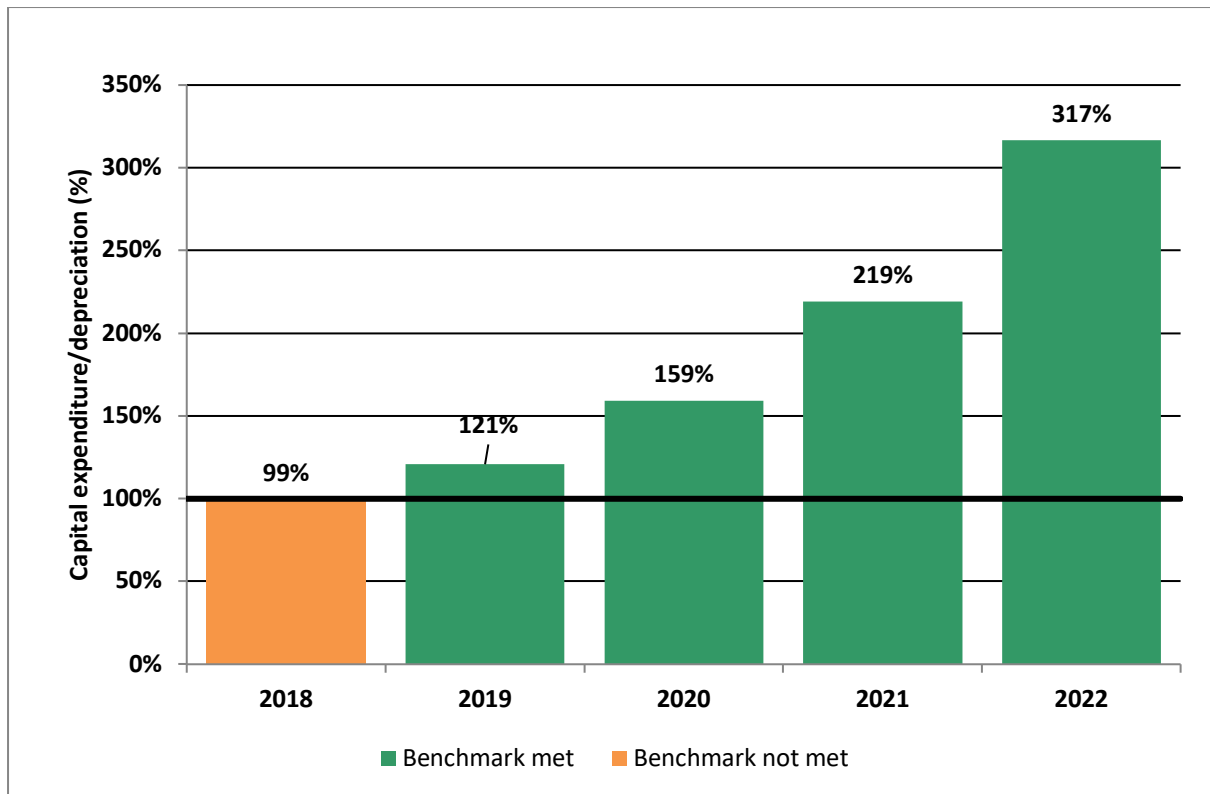
Balanced budget benchmark

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.



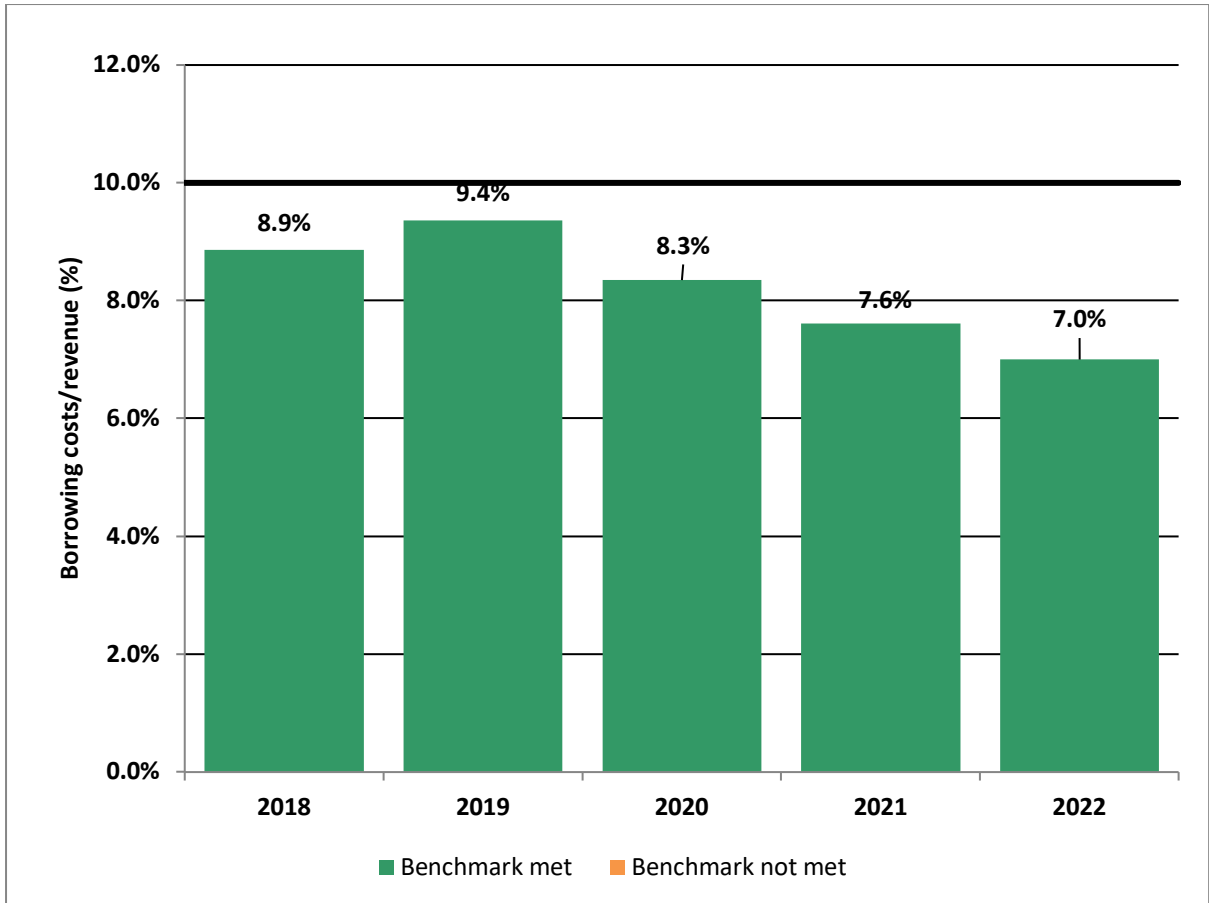
Essential services benchmark

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.



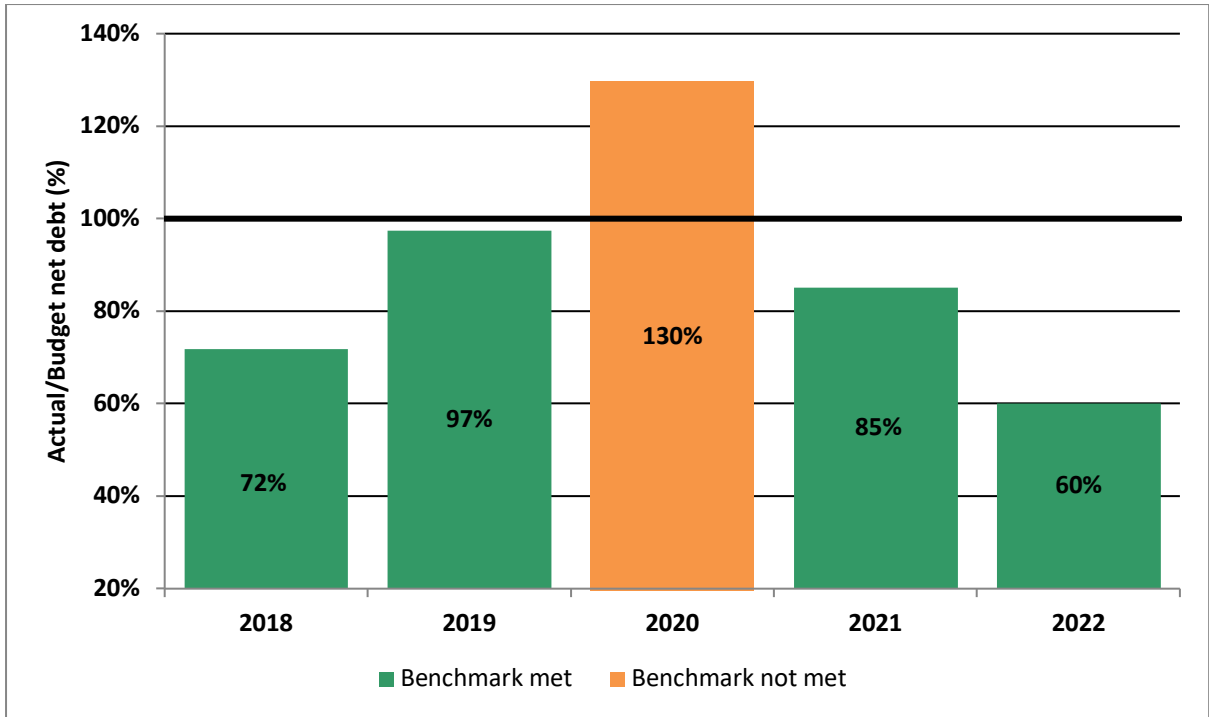
Debt servicing benchmark

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.



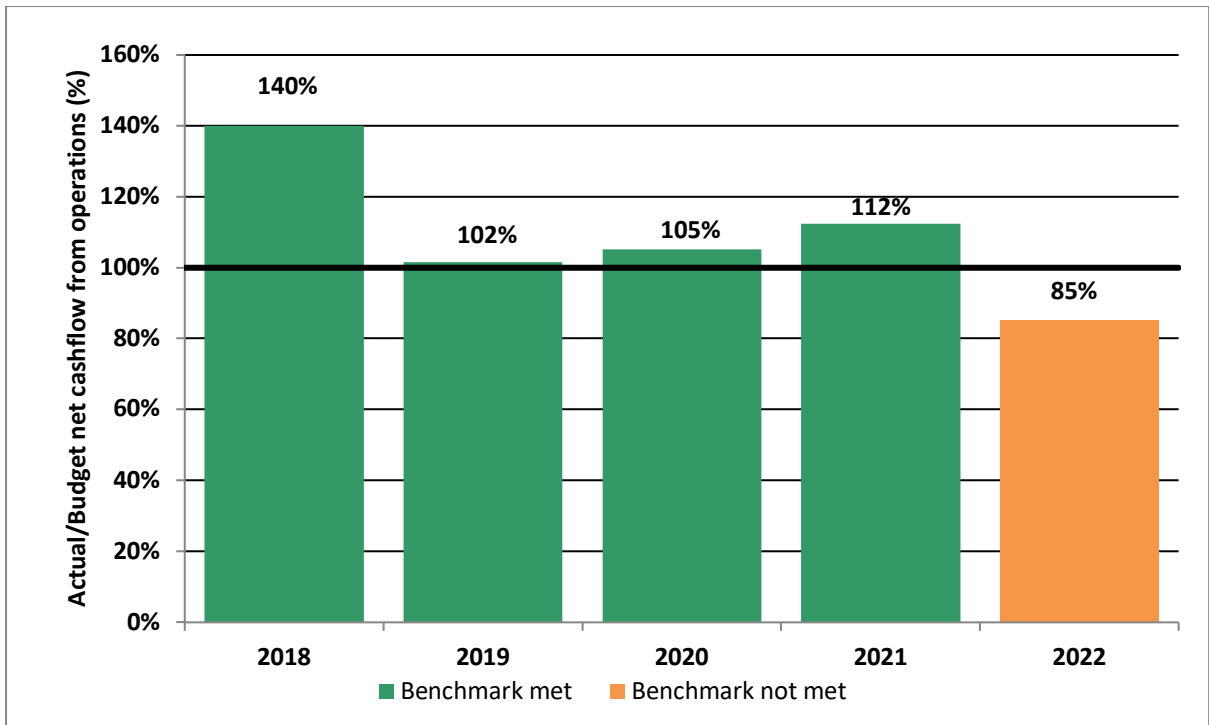
Debt control benchmark

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 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 LTP. 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.



Our Long-term District Strategy

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

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 \$1.68 billion in assets including land, infrastructure and buildings as at 30 June 2022. These include:

2020/21	2021/22	Description
99,059	99,059	m ² of parking (equal to about 14 rugby fields)
3,168 poles 4,448 lights	3,237 poles 4,517 lights	streetlights
800	806.8/52.9	km of roads (sealed and unsealed)
778	781.88	km of pipes supplying drinking water (includes service connections)
299	299	reserves including six sports grounds, three cemeteries and 57 playgrounds (Reporting has not yet been updated to reflect additional reserves established as part of Wharewaka East development)
414	412	street litter/recycling bins
532	628	km of pipes for wastewater (includes service connections)
356	367	km of footpaths
265	271	km of pipes for stormwater
29	27	pump stations for water supply boosting
123	122	pump stations for wastewater reticulation (includes 64 septic tank effluent pump stations)
58	57	social housing units, mainly occupied by elderly people
57	57	public toilets
41	43	km of cycleways and shared paths
43	61	km of culverts
25	25	bridges
19	18	water treatment plants (includes Taupō South – Rainbow Point WTP which is isolated)
11	11	community halls
5	5	transfer stations
3	3	libraries
3	3	swimming pools
2	2	fitness centres and one gymnasium
1	1	landfill
1	1	museum
1	1	events centre
1	1	entertainment centre (the Great Lake Centre)
1	1	airport

Surveys

Council 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

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 45 of its 67 performance measures in the Long-term Plan 2021-31, which it reports against annually (Council achieved 52 of 80 in 2020/21). 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

What we do

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

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

The community engagement activity involves working with our communities, developing partnerships and integrating co-governance to ensure people are supported and connected across our business. 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.

Past examples of our community engagement work have included building strong local neighbourhoods through the “Our Neighbourhood, Our Future” programme, working alongside Māori to ensure that they are informed and engaged in decision making, and providing community grants to help achieve community aspirations. Our focus this year has shifted slightly and we have built on this work to integrate localism into how we work with our communities. We have looked to provide opportunities to give smaller communities a voice in what we do while ensuring we are establishing and leveraging relationships regionally and nationally. We have also placed a particular emphasis on integrating a co-governance approach with iwi into how we work.

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 Tūrangi-Tongariro Community Board and the Mangakino-Pouākani Representative Group.

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

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.’

Strong and connected communities can help people to feel safe and engaged, which will help to make sure the Taupō district is a great place to live.

What we did this year

We were involved with the following community projects, initiatives and events:

- Strategic planning and governance workshops for community groups (with Inspiring Communities) to facilitate community-led change.
- Continued with Smoke Free 2025 action plan.
- Safe Communities, annual report survey, and Safe Tūrangi support. Safe Community engagement with Taupō communities in partnership with New Zealand Police and Oranga Tamariki.
- Added staff resourcing into the Southern Lake Taupō rohe to improve engagement across Tūrangi and the southern lake settlements.
- Brought a new focus on localism to Taupō District Council, with increased staff resourcing in Community Development and Community Engagement to allow the community to have more of a say in everything we do.
- Facilitated regular Access Taupō hui and actions.
- Taupō Youth Network participation.
- Taupō Council of Social Service Network participation.
- Distribution of community and partnership grants, including Tūrangi-Tongariro, Mangakino-Pouakani, Creative Communities, Rural Travel Fund. Supported distribution agencies, social service, sport and arts sectors.
- Facilitated and supported community groups with various community events.
- Supported various place-based neighbourhood requests for events across the district.
- Worked with Taupō Council of Social Services to co-facilitate Covid impacts on community groups.
- 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 as part of the Age-Friendly District, and helped Council support the community-led Age-Friendly District Plan.
- Continued CBD Ambassadors programme over summer.
- Facilitated forum support of regional presentations/workshop, Civil Defence Welfare, Collective Impact, Church & Government/Local Government, Police/Church community relationships.
- Council Annual Plan engagement and submission process with interest groups, communities, partners and representative groups.
- Supported engagement around the draft Sport and Recreation strategy.
- Grants and Partnership audit actions
- Grants and Partnership policy review

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.
- With an increase in our Compliance Team members we were not only able to better patrol our open spaces to support our community more effectively, we now work in pairs which provides a safer working environment for our officers.
- Enforced limited-time parking spaces in the Taupō Central Business District and worked with businesses affected by the town centre redevelopment to make concessions to mitigate the effects of the construction works.
- 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	2021/22	2020/21	
Issued	1,024	1,116	Building consents
	1,021	1,194	Code of compliance certificates
	378	325	Resource consents
	6,618	6,593	Parking infringement notices
Dealt with	1,149	1,053	Noise complaints
	1,580	1,110	Animal control complaints
Audited	362	317	BWOF inspections/audits
Made	545	603	Food/Health inspections
	183	163	Liquor outlet inspections

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 Tūrangi 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.
- Instigated new ways to get increased numbers of volunteers for Emergency Operations Centre.
- Staff training continues for Civil Defence 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	Results	Explanation
Support of community initiatives.	The number of community-led events, projects and initiatives.	A combination of 13 community-led events, projects and initiatives.	2020/21 – Not Achieved (10 community-led events) 2021/22 – Achieved (13 community-led events)	While Covid did have some impact in 2021/22, we were still able to support a number of community events and initiatives across the year.
Community grants are provided and those who receive a grant are held accountable.	Percentage of distributing agencies that report annually to Council on the distribution of grants and costs of service for the distribution.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	All agencies reported to Council.
We process resource consents within legislative timeframes which ensures that property developments are in line with District Plan policy goals.	Percentage of resource consents processed within statutory timeframes as specified under the Resource Management Act 1991.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 - Achieved (100 per cent)	In 2021/22 we processed 378 resource consent applications. All were processed within the statutory timeframes specified under the RMA 1991.
	Percentage of resource consents monitored to ensure they comply with the conditions of consent. the	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	All resource consents were monitored or are scheduled to be monitored depending on project timeframes.

Level of service	Performance measures	Target	Results	Explanation
	conditions, then appropriate.			
We process building consents within legislative timeframes.	Percentage of all building consents applications processed within 20 working days as specified under the Building Act 2004 Section 48(1)	100 per cent.	2020/21 – Not achieved (95 per cent) 2021/22 – Not Achieved (79.4 per cent)	We processed 1,024 building consents with 16 days the average processing time. However 223 building consents took longer than 20 days to process due to staff shortages and difficulty recruiting staff with suitable skills and experience. Internal customer services staff were promoted, requiring experienced staff to focus on training new team members, thus reducing their own work capacity. Other factors outside our control included staff illness and losing key staff to the private sector for more competitive salaries.
	Percentage of Building Warrants of Fitness audited yearly.	At least 20 per cent.	2020/21 – Achieved (50 per cent) 2021/22 – Achieved (57 per cent)	There were 362 BWOFF audits completed out of 630 buildings. The new BWOFF officer has learned the role and has increased audits.
We maintain a register of dogs in the district.	Percentage of known dogs that are registered each year.	At least 99 per cent.	2020/21 – Achieved (99.6 per cent) 2021/22 – Not Achieved (98 per cent)	7393 dogs were registered from a total of 7532 known dogs in the district.
We respond promptly to food safety, dogs and noise complaints.	Percentage of noise complaints that are responded to within two hours.	At least 95 per cent. [previous target 99 per cent]	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	1149 noise complaints responded to within two hours.

Level of service	Performance measures	Target	Results	Explanation
	Food safety – Percentage of food complaints responded to within two working days.	At least 80 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	We received 18 food complaints in 2021/22. 100 percent of these were responded to within two days. Six of these related to businesses registered to MPI rather than Council.
	Dog control – percentage of initial response within 24 hours for dog control complaints.	95 per cent. [previous target 100 per cent]	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (99 per cent)	1580 animal control requests responded to within 24 hours.
We inspect health, liquor and food premises regularly.	Percentage of health (funeral homes, camping grounds, hairdressers) premises that are registered and inspected annually to ensure they meet minimum legislative standards.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	100 percent of funeral homes, camping grounds, hairdressers were inspected. We inspected : <ul style="list-style-type: none"> • 19 campgrounds • 43 hairdressers • 1 funeral home • Some hairdressers were visited prior to the start of the financial year and are not included in these figures.
	Percentage of food premises that are registered and inspected/audited as required to ensure they meet minimum legislative standards.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	There were 349 food premises who were scheduled for their required verification this year by their Food Control Plan or National Programme. All were verified for a total of 478 visits including documentation,

Level of service	Performance measures	Target	Results	Explanation
				close out inspections and revisits.
	Percentage of liquor premises that are registered and inspected annually to ensure they meet the legislative minimum standards.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	All licensed premises were inspected during this calendar year for a total of 185 inspections consisting of: <ul style="list-style-type: none"> • 20 club Inspections • 39 off-licences • 119 on-licence inspections • 9 temporary authorities • 2 special licences.
We educate our communities on preparing for emergencies.	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 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	The evaluation of our annual exercise as a measure of effectiveness of training delivery.	Baseline assessment	New Measure 2021/22 – Achieved (100 per cent)	The actions completed included: engaging with the community, providing community response plans within our communities, working alongside marae; and training council staff to operate within the EOC.

Funding impact statement for Community Services
For the year ended 30 June 2022

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	4,367	5,459	5,697
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	35
Fees and charges	2,404	3,093	3,835
Internal charges and overheads recovered	-	-	1,179
Local authorities fuel tax, fines, infringement fees, and other receipts	373	466	440
Total operating funding (A)	7,144	9,018	11,186
Applications of operating funding			
Payments to staff and suppliers	3,329	4,521	6,975
Finance costs	43	36	37
Internal charges and overheads applied	3,624	4,291	3,873
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,996	8,848	10,885
Surplus (deficit) of operating funding (A – B)	148	170	301
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	300
Development and financial contributions	-	-	-
Increase (decrease) in debt	(28)	86	(21)
Gross proceeds from sale of assets	-	-	29
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(28)	86	308
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	34	165	102
• to replace existing assets	81	250	152
Increase (decrease) in reserves	5	(159)	355
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	120	256	609
Surplus (deficit) of capital funding (C – D)	(148)	(170)	(301)
Funding balance ((A – B) + (C – D))	-	-	-

Community Services Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Community Services	Additional CCTV cameras for NZ Police	ILOS	X	19	20	1	
Community Services	Dog Pound refurbishment	ILOS	MY	9	106	97	1
Community Services	Access steps x2 for Unimogs	ILOS	A	5	7	2	
Community Services	Mobile flood barriers	ILOS	X	-	25	25	
Community Services	Lone worker monitoring system	ILOS	A	15	7	(8)	
Community Services - District	Renewals	Renewal	X	112	250	138	1
Total Community Services				160	414	254	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Fit for purpose project review completed, currently in design phase.

Water

What we do and why 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, Tūrangi, 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 18 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 Tūrangi and Tirohanga resource consents for water take 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:

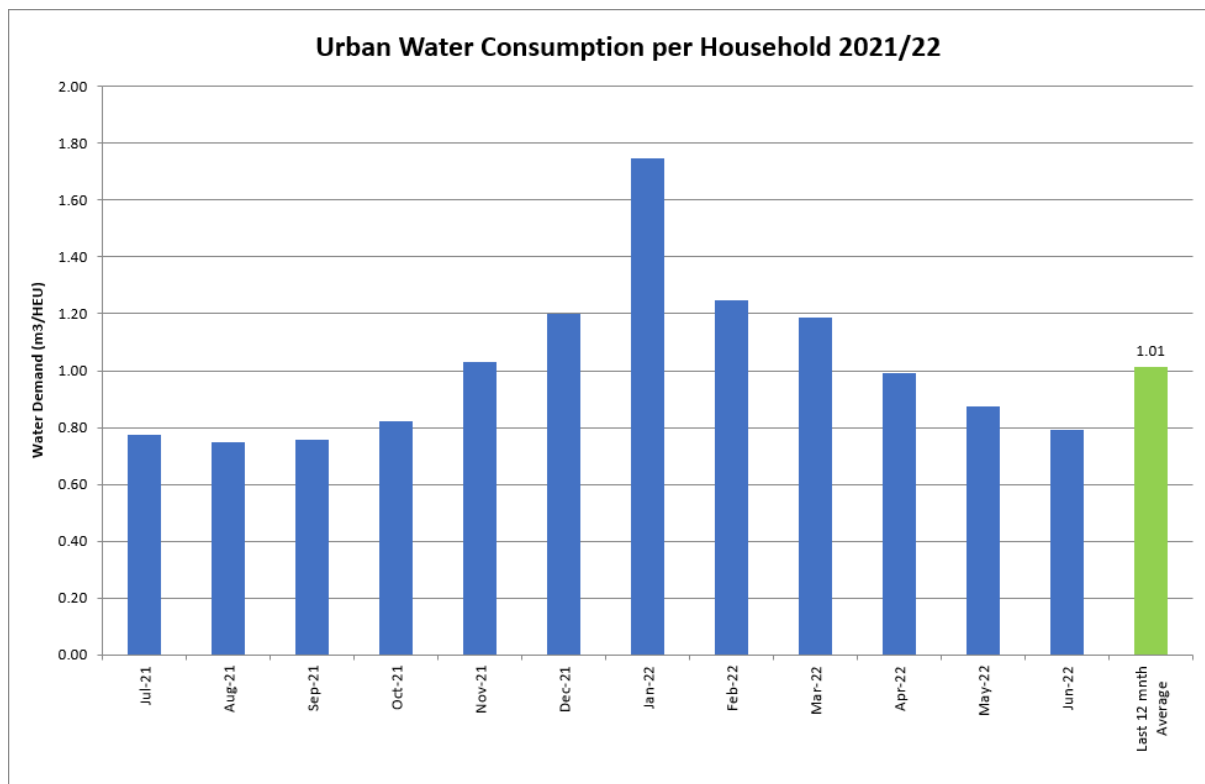
- Environment – a shared responsibility for places we are proud of.
- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.

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 environmental by using our water responsibly.

What we did this year

- Connected the Acacia Bay community to the Taupō water supply to enable supply of improved quality water to the Acacia Bay and Mapara areas.
- Upgraded the water supply pipeline across the Control Gates Bridge to improve resilience and cater for growth.
- Upgraded pipelines in the Richmond Heights area of Taupō to cater for growth.
- Replaced a rising main up a 50m vertical cliff face in Mangakino.
- Awarded a contract for the design and construction of five new membrane water treatment plants across the district.
- Constructed two new water treatment plants for our Whakamaru and River Rd communities that will provide enhanced treatment to enable compliance with the drinking-water standards.
- Upgraded the Whakamaru water supply bore heads in line with best practice.
- Purchased a future reservoir site to service the Taupō southern development areas
- Amalgamated a further three of our water take consents into our combined Lake Taupō water take consent.
- Delivered more than 20km of water pipeline renewals across the District including:
 - 7.7km of pipelines in Tūrangi
 - 6.5km of pipelines in Taupō
 - 3km in Acacia Bay and Mapara
 - 3km of pipelines in Kinloch
 - 0.1km in Mangakino.
 - 0.2km in Tirohanga
- Reconfigured our pipeline networks in Taupō, Tūrangi and Mangakino including installation of zone flow meters to support our water loss improvement strategy
- Significantly improved our process control and data systems across the District including upgrading our network communications and servers, developing standards, procuring licensing, and implementing the changes on a number of sites.



Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
We provide safe drinking water to communities connected to a Council drinking water scheme.	The extent to which the Council's drinking water supply complies with: Part 4 of the Drinking-water Standards for New Zealand (Bacteria compliance criteria) • All schemes.	All schemes compliant with Part 4 of the DWSNZ.	2020/21 – Not Achieved (15 of 17 supplies passed) 2021/22 – Not Achieved (13 of 18 supplies passed) <i>The assessment of compliance with the DWSNZ(2018) was based on monthly internal auditing of TDC compliance data and corrective action reporting. WaiC omply were engaged by TDC December 2022 to provide an external and ISO Accredited audit of 2021/2022 compliance for all schemes and review final compliance status reported by TDC.</i>	Final result is that compliance achieved at all sites excluding: <ul style="list-style-type: none"> • Centennial, Kinloch, River Road, and Whakamoenga due to turbidity events. Plans are in place to manage events in future. • Tirohanga due to a positive E.coli sample. Plans are in place to reduce risk of this occurring in future. • Bonshaw Park and Omori due to sampling requirements not being met. Sampling schedules have been improved to reduce risk of a repeat.
The drinking water that Council provides is safe and treated to the appropriate standards.	The extent to which The Council's drinking water supply complies with: Part 5 of the Drinking water Standards for New Zealand (Protozoal compliance criteria).	All schemes are compliant with Part 5 of the DWSNZ as per upgrade plan	2020/21 – Not Achieved (Taupō and Mangakino did not achieve the target) 2021/22 – Not Achieved (3 of 18 supplies passed) As per the upgrade plan Taupō and Mangakino did not achieve the target.	Upgrade plan sites include Taupō, Mangakino and Tūrangi. Control and data acquisition issues were encountered through the year at the Taupō and Mangakino sites that have affected compliance. Changes have been implemented to prevent further non-compliance. Protozoa compliance was achieved at three sites, namely Tūrangi,

Level of service	Performance measures	Target	Results	Explanation
			<i>The assessment of compliance with the DWSNZ(2018) was based on monthly internal auditing of TDC compliance data and corrective action reporting. WaiC omply were engaged by TDC December 2022 to provide an external and ISO Accredited audit of 2021/2022 compliance for all schemes and review final compliance status reported by TDC.</i>	Atiamuri, and Bonshaw Park.
	The extent to which Council's drinking water supply complies with: Part 8 of the Drinking-water Standards for New Zealand (chemical compliance criteria).	All schemes excluding Motutere are compliant with Part 8 of the DWSNZ as per upgrade plan.	2020/21 – Partially Achieved 2021/22 – Not Achieved	The final result is that the following sites have achieved chemical compliance: Taupō, Tūrangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru. 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 risk.
Our water reticulation network is efficient.	Percentage of real water loss from the Council's networks reticulation system. Methodology in line with Water NZ "Water Loss guidelines".	Urban Schemes – Target Current Annual Real Loss = 160 l/connection/day Rural Schemes – Target Current Annual Real Loss = 4.2	2020/21 – Not Achieved. <ul style="list-style-type: none"> • Taupō: 202 l/connection/day • Tūrangi: 707 l/connection/day 	Water loss analysis is carried out by an independent external consultant. Water meter reading results are used in the analysis noting that only 12 per cent of our customers have water meters. Unmetered water use is assessed

Level of service	Performance measures	Target	Results	Explanation
		m3/km watermain/day	<ul style="list-style-type: none"> • Average of Other Urban Networks: 143 l/connection/day • Average of Rural Networks: Not Calculated 2021/22 – Not Achieved. <ul style="list-style-type: none"> • Taupō: 173 l/connection/day • Tūrangi: 637 l/connection/day • Average of Other Urban Networks: 128 l/connection/day • Average of Rural Networks: 6.2 m3/km/day 	via the following two industry accepted approaches: <ul style="list-style-type: none"> - analysing daily water use during winter months (when outdoor and irrigation use is at a minimum), and - analysing minimum night flows. Use of these two approaches allows the level of water loss to be determined with some degree of certainty.
We respond to faults with our water reticulation network promptly.	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 one hour.	2020/21 – Not Achieved (0.78 hours) 2021/22 – Not Achieved (0.65 hours)	Although the reported resolution time is under one hour, issues with the data recording system mean we are unable to accurately verify all fault resolution times.
	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 six days.	2020/21 – Not Achieved (1.1 days) 2021/22 – Not Achieved (2.0 days)	Although the reported resolution time is under six days, issues with the data recording system mean we are unable to accurately verify all fault resolution times.
We resolve faults in our water reticulation network promptly.	Median time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that the	Less than four hours.	2020/21 – Not Achieved (4.48 hours) 2021/22 – Not Achieved (6.5 hours)	Due to some issues with the data recording system we are unable to accurately verify all fault response times.

Level of service	Performance measures	Target	Results	Explanation
	service personnel confirms resolution of the fault or interruption.			
	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 seven days.	2020/21 – Not Achieved (2.0 days) 2021/22 – Not Achieved (3.2 days)	Although the reported resolution time is under seven days, issues with the data recording system mean we are unable to accurately verify all fault resolution times.
Customers are satisfied with the drinking water that they receive.	<p>The number of complaints received by Council on:</p> <ul style="list-style-type: none"> a) Drinking water clarity. b) Drinking water taste. c) Drinking water odour. d) Drinking water pressure or flow. e) Continuity of supply. f) Council response to these issues. <p>The number of complaints is expressed per 1000 connections to Council networked reticulation.</p>	Less than 8 complaints per 1000 connections.	2020/21 –Not achieved (13.9 complaints per 1000 connections) 2021/22 – Not Achieved (14.6 complaints per 1000 connections)	<p>We received 296 complaints for the 2021/22 year.</p> <p>As at 30 June 2022, there were 20,340 connections to our water supply network.</p>
Potable water is used sustainably.	The average consumption of drinking water per day per resident within the district expressed as m ³ /day/HEU	Less than or equal to 1.5m ³ /day/HEU.	2020/21 – Achieved (0.95m ³ /day/HEU) 2021/22 – Achieved (1.01m ³ /day/HEU)	The average consumption of drinking water per day per resident was 1.01m ³ /day/HEU.

Level of service	Performance measures	Target	Results	Explanation
There is adequate water for firefighting in urban areas.	Percentage of hydrants tested annually to ensure water pressure in urban areas meets FW2 firefighting code of practice standards.	At least 5 per cent.	2020/21 Not Achieved (3.9 per cent) 2021/22 Not Achieved (< 1.0 per cent)	Due to contractor performance (jobs raised were not completed within the year) an insufficient number of hydrants were tested in 2021/22.

Funding impact statement for Water Supply
For the year ended 30 June 2022

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	10,856	11,584	11,475
Subsidies and grants for operating purposes	-	-	58
Fees and charges	111	111	65
Internal charges and overheads recovered	1,667	2,448	1,934
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	63
Total operating funding (A)	12,634	14,143	13,595
Applications of operating funding			
Payments to staff and suppliers	3,720	3,844	4,772
Finance costs	2,148	2,223	2,243
Internal charges and overheads applied	2,996	4,258	2,208
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,864	10,325	9,222
Surplus (deficit) of operating funding (A – B)	3,770	3,818	4,373
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	2,338
Development and financial contributions	771	2,146	821
Increase (decrease) in debt	7,420	5,186	1,754
Gross proceeds from sale of assets	-	-	18
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,191	7,332	4,931
Application of capital funding			
Capital expenditure			
• to meet additional demand	500	1,250	846
• to improve the level of service	7,140	9,159	6,900
• to replace existing assets	3,136	5,779	5,209
Increase (decrease) in reserves	1,185	(5,038)	(3,651)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	11,961	11,150	9,304
Surplus (deficit) of capital funding (C – D)	(3,770)	(3,818)	(4,373)
Funding balance ((A – B) + (C – D))	-	-	-

Water Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Water Supply Kinloch	Kinloch Low Zone reservoir construction	ILOS	M	-	1,200	1,200	1
Water Supply Kinloch	Kinloch Low Zone reservoir land purchase	ILOS	M	17	550	533	1
Water Supply Taupo	Taupo Control Gates Bridge pipeline upgrade	ILOS	A	435	200	(235)	2
Water Supply Taupo	Taupo Tauhara Ridge reservoir land purchase	Growth	A	269	350	81	3
Water Supply Atiamuri	Atiamuri DWSNZ bore head upgrade	ILOS	M	31	20	(11)	
Water Supply Bonshaw Park	Bonshaw Park DWSNZ project	ILOS	M	54	230	176	4
Water Supply Kinloch	Kinloch DWSNZ upgrade	ILOS	MY	-	3,700	3,700	5
Water Supply Omori	Omori DWSNZ upgrade	ILOS	MY	259	800	541	5
Water Supply Taupo	Taupo low pressure project	Growth	X	577	900	323	6
Water Supply Taupo	Taupo decommissioning programme	ILOS	X	-	86	86	7
Water Supply Taupo	Taupo Napier Road reservoir land purchase	ILOS	X	25	50	25	
Water Supply Taupo	Taupo Poihipi reservoir land purchase	ILOS	X	20	50	30	
Water Supply Turangi	Waihi Village supply	ILOS	X	-	1,220	1,220	8
Water Supply Taupo	Water loss strategy implementation	ILOS	M	146	550	404	9
Water Supply Taupo	Reservoir emergency storage	ILOS	A	41	70	29	
Water Supply Whakamaru	Whakamaru DWSNZ bore head upgrade	ILOS	A	30	25	(5)	
Water Supply Whakamaru	Whakamaru network extension	ILOS	X	9	238	229	10
Water Supply Whakamoenga Point	Whakamoenga Point DWSNZ project	ILOS	MY	124	150	26	
Water Supply Whareroa	Whareroa DWSNZ bore head upgrade	ILOS	X	6	20	14	
Water - District	Renewals	Renewal	X	4,707	5,780	1,073	11
Total Water				6,750	16,189	9,439	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Land acquisition taking longer than expected
2. Project complexities underestimated when setting budget. Overspend covered by savings in Water projects
3. Saving. Completed under budget
4. Design phase underway. Resourcing challenges with consultants meant work has not progressed as quickly as expected
5. Initial design and procurement phase took longer than planned. Main contract has been awarded. Expenditure will increase considerably in the 2022/23 year
6. Construction taking longer than projected. Expected savings with project due for completion October 2022
7. Saving. Project deemed operational, budget released
8. Project cancelled
9. Planning work delayed due to resourcing issues. Multi-year project with expenditure picking up in the 2022/23 year
10. Public consultation process precedes capital construction and was delayed due to COVID
11. Renewals delayed due to global supply issues with pumps, valves and filter membranes. Electrical and Telemetry upgrades were deferred due to inability to secure contractors

Transport

What we do and why we do it

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

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

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

Passenger transport including the Total Mobility Scheme within the district is funded by Waka Kotahi NZTA and Council and administered by Waikato Regional Council. We currently fund two bus services, one which covers Wharewaka to Wairākei Village and the Mangakino 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
- Completed Kiddle Drive, Napier Road and Arrowsmith Avenue Safe Intersection Treatment
- Completed the conversion of streetlights to LED
- Completed Acacia Bay Road shared path
- Continued with road safety campaigns
- Adopted a transport strategy in December 2020.
- Renewed Taupō Connector bus contract to begin in November 2022.

Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
The number of serious and fatal crashes on district roads is falling.	Reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	Decrease from previous year.	2020/21 – Not Achieved (2 deaths and 14 serious crashes) 2021/22- Not Achieved (6 deaths and 16 serious crashes)	The target of there being an overall decrease in serious and fatal crashes when compared to the previous year was not met.
That our roading network is adequately maintained and in good condition.	The average quality of ride on a sealed road network, measured by percentage of smooth travel exposure. Methodology in line with NZTA Smooth Travel Exposure (STE) Index for sealed roads.	At least 90 per cent.	2020/21 – Achieved (91 per cent) 2021/22-Achieved (92 per cent)	The inputs for this NZTA report are based on road roughness and traffic counts. The latest roughness inspection was complete mid-2022. The latest traffic counts inspection was undertaken in April 2022 Subsequent to balance date, Council's contractor completed a portion of the traffic count. Council is working to catch-up on its 2020/21 traffic count programme. This has no effect on the contents of the 2021/22 Annual Report.
	The percentage of the sealed local road network that is resurfaced.	At least 3 per cent.	2020/21 – Achieved (4.1 per cent) 2021/22- Achieved (3.5 per cent)	In 2021/22 205,521m ² of the local road network was surfaced.

Level of service	Performance measures	Target	Results	Explanation
Footpaths are maintained and in good condition.	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 is greater than 10mm for Taupō CBD, Taupō urban areas and Tūrangi and other urban areas).	80 per cent.	2020/21 - Achieved (91 per cent) 2021/2022 – Achieved (91 per cent)	No condition rating was carried out in the 2022 financial year. Footpath condition rating occurs every 2-3 years.
We will respond to customer service requests.	Percentage of customer service requests relating to roads and footpaths that are responded to within five working days.	At least 90 per cent.	2020/2021 – Achieved (92 per cent) 2021/2022 – Achieved (90 per cent)	In 2021/22 we received 1480 customer service requests relating to roads and footpaths.

**Funding impact statement for Transport
For the year ended 30 June 2022**

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	7,282	6,158	6,630
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,033	2,336	2,060
Fees and charges	142	171	157
Internal charges and overheads recovered	425	425	65
Local authorities fuel tax, fines, infringement fees, and other receipts	350	450	412
Total operating funding (A)	10,232	9,540	9,324
Applications of operating funding			
Payments to staff and suppliers	4,218	4,891	5,366
Finance costs	1,303	818	1,080
Internal charges and overheads applied	1,463	1,709	1,377
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,984	7,418	7,823
Surplus (deficit) of operating funding (A – B)	3,248	2,122	1,501
Sources of capital funding			
Subsidies and grants for capital expenditure	1,605	3,718	12,389
Development and financial contributions	689	1,594	667
Increase (decrease) in debt	(2,665)	(1,544)	(2,327)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(371)	3,768	10,729
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	1,077	6,068	19,606
• to replace existing assets	3,439	3,173	218
Increase (decrease) in reserves	(1,639)	(3,351)	(7,594)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,877	5,890	12,230
Surplus (deficit) of capital funding (C – D)	(3,248)	(2,122)	(1,501)
Funding balance ((A – B) + (C – D))	-	-	-

Transport Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Transport	Whangamata Road improvements	ILOS	MY	45	100	55	
Transport	Poihipi Road seal widening	ILOS	M	-	440	440	1
Transport	Acacia Bay cycle path	ILOS	X	480	600	120	2
Transport	Anzac Memorial Drive	ILOS	M	60	425	365	3
Transport	Broadlands Road widening	ILOS	X	-	50	50	
Transport	Bus infrastructure	ILOS	X	1	60	59	
Transport	Lake Terrace footpath	ILOS	X	-	50	50	
Transport	Kiddle/Arrowsmith roundabout	ILOS	X	1,372	1,950	578	4
Transport	Paetiki Suburban Shopping Centre enhancements	ILOS	X	14	50	36	
Transport	RSA carpark	ILOS	X	-	350	350	5
Transport	Tirohanga Road Stage two design	ILOS	A	36	50	14	
Transport	Wairakei Dr/Huka Falls Rd (north)	ILOS	M	63	250	187	6
Transport	Wairakei Drive & Karetoto Road	ILOS	M	16	255	239	7
Transport	Minor improvements	ILOS	M	-	228	228	8
Transport	On street parking	ILOS	X	-	40	40	
Transport	New signs & road marking	ILOS	X	19	25	6	
Transport	Pedestrian facilities	ILOS	X	0	200	200	9
Transport	Mangakino streets - upgrade program	ILOS	X	-	5	5	
Transport	Seal extension	ILOS	MY	537	550	13	
Transport	Cycle facilities	ILOS	X	-	150	150	9
Transport	Horomatangi Street additional parking	ILOS	A	200	200	-	
Transport	Cycle instructors vehicle	ILOS	M	-	40	40	
Transport - District	Renewals	Renewal	X	2,544	3,173	629	10
Total Transport				5,388	9,241	3,853	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Weather delays have resulted in and expected completion date of December 2022
2. Saving. Remainder to be utilised for new footpaths
3. Saving. Project has changed, no longer going ahead
4. Expected saving. Roundabout complete, awaiting availability of contractor to finalise fencing
5. Saving. Carpark not going ahead as site will become Councils leased offices
6. Detailed design and costing complete however budget constraints have meant project has been deferred
7. Saving. Timing mismatch. Project to be reworked into future Annual Plan
8. Lack of contractor availability delays. Projects have now been packaged to appeal more to contractors.
9. Delays due to scope review, aligning project with connectivity to the shared path currently underway
10. \$629k to be carried forward. Includes pavement rehabilitation \$134k contractors struggled with lack of staff due to Covid, sealed road resurfacing \$258k Lake Terrace portion deferred to review scope based on budget constraints

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

- Rolled out new APNK computer hardware.
- Introduced new online library reading programme – Beanstack.
- Completed the Taupō Museum & Art Gallery artefact inventory.
- Secured funding through New Zealand Libraries Partnership Programme to carry out community engagement work and purchase equipment.
- Installed new artefact shelving and environmental monitoring equipment in the libraries and museum.
- Completed the upgrade of the private pools at AC Baths in July 2021.
- Completed the point of sale system upgrade of the Great Lake Centre

Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
The library is accessible and offers a range of services for the community.	Percentage of the users/visitors that are satisfied with the range of services and variety of the collection.	At least 75 per cent.	2020/21 – Achieved (92 per cent) 2021/22 – Measure deleted	This measure has been removed from the Long-Term Plan 2021-31.
The library is accessible and offers a range of services for the community.	The total number of items loaned to library members (physical and e-books) is maintained or increased.	At least 227,303 physical items, and 30,367 e-books/e-audio items loaned.	New measure. 2021/22 – Achieved	2021/22 – 227,725 physical items and 50,627 e-books/e-audio items loaned.
	The number of active library card users is maintained or increased.	At least 8285 members used their library card.	New measure. 2021/22 – Achieved	10,089 members used their library card.
The Great Lake Centre and Taupō Events Centre are accessible and provide the community with a range of services.	The Great Lake Centre retains its Qualmark New Zealand four star rating.	Four-star rating.	2020/21 – Achieved 2021/22 – Measure deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of the users/visitors that are satisfied with the Taupō Events Centre.	At least 85 per cent.	2020/21 – Not Achieved (82 per cent) 2021/22 – Measure deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of the users/visitors that are satisfied with the Great Lake Centre	At least 85 per cent.	2020/21 – Achieved (86 per cent) 2021/22 – Measure deleted	This measure has been removed from the Long Term Plan 2021-31.
The Great Lake Centre and Taupō Events Centre are accessible and provide the community with a range of services.	The occupancy rate of the Great Lake Centre and Taupō Events Centre.	The Great Lake Centre and Taupō Events Centre are occupied at least 84 percent of the time.	New measure. 2021/22 – Not Achieved (93 per cent for TEC, 62 per cent for GLC.	Partially achieved. Indoor events at the Great Lake Centre affected by shutdown and Covid traffic light system restrictions.
Residents and visitors are satisfied with the exhibitions at the Taupō Museum and Art Gallery.	Percentage of the visitors to the museum that are satisfied	At least 55 per cent.	2020/21 – Achieved (78 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.

Level of service	Performance measures	Target	Results	Explanation
Residents and visitors are satisfied with the exhibitions at the Taupō Museum and Art Gallery.	Total number of visitors (physical and virtual) to the museum is maintained or increased	Visits are maintained or increased.	New measure. 2021/22 – Achieved (Total visitors 24,270)	14,124 physical visitors, 4611 website homepage visits and 5535 people engaged with Facebook pages. Impact of Covid resulted in fewer physical visitors to the museum. This was largely reflected in the decrease in the number of international visitors and older visitors who were less present in museum throughout the Covid traffic light levels.
	Number of exhibitions is maintained or increased.	Exhibitions are maintained or increased.	2020/21 – Not Achieved (three in-house exhibitions; seven local/visitor exhibitions; one touring exhibition) 2021/22 – Achieved (three in-house exhibitions; seven local /visitor exhibitions; one touring exhibition)	Number of exhibitions maintained.
We provide a range of public open spaces that are accessible and enjoyed by our users.	Percentage of residential dwellings in urban areas that are within 400 metres of a publicly-owned open space.	At least 85 per cent.	2020/21 – Not measured this year 2021/22 –Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of users that are satisfied with the current availability of Council open spaces.	At least 85 per cent.	2020/21 – Achieved (86 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.

Level of service	Performance measures	Target	Results	Explanation
	Percentage of users that are satisfied with Council-owned parks and open space.	At least 85 per cent	2020/21 – Not achieved (84 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of users that are satisfied with Council playgrounds.	At least 85 per cent.	2020/21 – Not achieved (67 per cent) 2021/22 – Measure deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of sportsgrounds users that are satisfied with Council's sportsgrounds.	At least 85 per cent.	2020/21 – Not achieved (73 per cent) 2021/22 – Measure deleted	This measure has been removed from the Long Term Plan 2021-31.
Our open spaces are well cared for.	Percentage of service requests responded to relating to Council-owned parks and open space.	At least 90 per cent responded to within five working days.	New measure. 2021/22 – Achieved (96 per cent)	A total of 1475 calls were received, with 1423 responded to in less than five days.
	Percentage of service requests responded to relating to Council playgrounds.	At least 90 per cent responded to within five working days.	New measure. 2021/22 – Achieved (99 per cent)	A total of 71 calls were received with 70 responded to in less than five days.
	Percentage of service requests responded to relating to sportsgrounds.	At least 90 per cent responded to within five working days.	New measure. 2021/22 – Achieved (100 Per cent)	A total of 13 calls were received with all being responded to in less than five days.
Our pools are safe, well-maintained, and attractive for users.	We maintain Pool Safe accreditation at AC Baths and Turtle Pools.	Pool Safe accreditation maintained.	2020/21 – Achieved 2021/22 – Achieved	Pool Safe accreditation achieved for both AC Baths and Turtle Pools.
	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 per cent.	2020/21 – Achieved (82 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
Public conveniences are clean, safe and fit for purpose.	Percentage of users that are satisfied with Council's public conveniences.	At least 80 per cent.	2020/21 – Not achieved (77 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.

Level of service	Performance measures	Target	Results	Explanation
Public toilets are clean, safe and fit for purpose.	Percentage of service requests responded to relating to public toilets.	At least 90 per cent responded to within five working days.	New Measure. 2021/22 - Achieved (98 per cent)	A total of 118 calls were received with 116 responded to in less than five days.
Council provides well-maintained and accessible cemeteries.	Percentage of users that are satisfied with the appearance and accessibility of Council's cemeteries.	At least 85 per cent.	2020/21 – Achieved (87 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.

**Funding impact statement for Community Facilities
For the year ended 30 June 2022**

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	17,055	19,932	19,934
Targeted rates	-	-	-
Subsidies and grants for operating purposes	171	141	318
Fees and charges	2,569	2,565	2,280
Internal charges and overheads recovered	955	1,230	685
Local authorities fuel tax, fines, infringement fees, and other receipts	11	9	2
Total operating funding (A)	20,761	23,877	23,219
Applications of operating funding			
Payments to staff and suppliers	9,904	12,140	11,235
Finance costs	1,516	1,214	1,256
Internal charges and overheads applied	4,908	5,758	5,238
Other operating funding applications	-	-	-
Total applications of operating funding (B)	16,328	19,112	17,728
Surplus (deficit) of operating funding (A – B)	4,433	4,765	5,491
Sources of capital funding			
Subsidies and grants for capital expenditure	339	151	3,148
Development and financial contributions	326	2,514	203
Increase (decrease) in debt	(1,492)	514	(971)
Gross proceeds from sale of assets	-	-	315
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(827)	3,179	2,695
Application of capital funding			
Capital expenditure			
• to meet additional demand	935	2,254	148
• to improve the level of service	3,380	3,840	6,158
• to replace existing assets	2,549	3,992	1,965
Increase (decrease) in reserves	(3,258)	(2,142)	(85)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3,606	7,944	8,186
Surplus (deficit) of capital funding (C – D)	(4,433)	(4,765)	(5,491)
Funding balance ((A – B) + (C – D))	-	-	-

Community Facilities Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Cemeteries - District	District interment infrastructure	ILOS	S	9	31	22	
Parks Development Contribution	New playgrounds on neighbourhood reserves	Growth	X	-	120	120	1
Parks Development Contribution	New neighbourhood reserves	Growth	X	-	2,134	2,134	1
AC Baths - Pools	Lifeguard elevated poolside chairs	ILOS	S	0	17	17	
AC Baths - Pools	Mobility access hoist	ILOS	A	17	17	(0)	
AC Baths - Pools	Floor scrubbing machine	ILOS	A	7	8	1	
Community Halls - District	Turangi Events Centre	ILOS	MY	172	250	78	2
Housing for the Elderly - District	HFE - Structural uprgade/insulate/reclad/re-roof	ILOS	X	169	1,432	1,263	3
Libraries - District	Library books	ILOS	S	290	310	20	
Museum - Taupo	Digitisation of local history material	ILOS	X	20	20	(0)	
Libraries - District	External signage upgrade - Taupo Library	ILOS	X	1	8	7	
Museum - Taupo	Artefact shelving	ILOS	A	10	10	(1)	
Museum - Taupo	Environmental monitoring equipment	ILOS	A	8	8	(0)	
Museum - Taupo	Goldie artwork display	ILOS	M	15	25	10	
Parks & Reserves - District	Flag Track system	ILOS	X	-	50	50	
Public Conveniences - District	Kinloch Eastern toilet	ILOS	X	1	35	34	
Parks & Reserves - District	Playground improvements	ILOS	X	38	250	212	4
Parks & Reserves - District	Tongariro Domain playground wet pour safety surfacing	ILOS	X	-	179	179	5
Parks & Reserves - District	Waikato River erosion control	ILOS	X	-	55	55	
Parks & Reserves - District	Fencing contributions (Fencing Act requirement)	ILOS	A	13	20	7	
Parks & Reserves - District	Public Art	ILOS	M	-	25	25	
Parks & Reserves - District	Lone worker monitoring system	ILOS	A	9	7	(2)	
Parks & Reserves - District	New plant & equipment	ILOS	A	15	13	(2)	
Parks & Reserves - District	Mangakino Basketball Court	ILOS	X	-	100	100	6
Parks & Reserves - District	Mangakino Lakefront Res Road realign	ILOS	M	-	38	38	
Parks & Reserves - District	Mangakino Recreation Reserve entrance	ILOS	M	-	7	7	
Project Watershed	Erosion Control - Kuratau foreshore	ILOS	A	11	71	60	
Project Watershed	Erosion Control - Tapuaeoharuru Bay	ILOS	X	40	165	125	7
Project Watershed	Erosion Control - Lakewide soft options	ILOS	A	1	100	99	7
Public Conveniences - District	Vault Toilet - Mangakino	ILOS	M	-	350	350	8
Sportsgrounds - District	Mangakino open space upgrades	ILOS	S	57	41	(16)	
Sportsgrounds - District	Turangitukua Park fencing	ILOS	M	-	140	140	9
Taupo Events Centre - Stadium	TEC accessibility ramp	ILOS	X	-	15	15	
Taupo Events Centre - Stadium	TEC/ACB external digital display board	ILOS	X	-	20	20	
Turangi Turtle Pools	Mobility access hoist	ILOS	A	16	17	1	
Turangi Turtle Pools	Sun shade covers	ILOS	X	-	6	6	
Community Facilities - District	Renewals	Renewal	X	998	3,992	2,995	10
Total Community Facilities				1,918	10,086	8,168	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Savings - No suitable projects identified within the 2021/22 year
2. Multi year project. Initial scoping and discovery phase of the project completed under budget.
3. \$32k carried forward for completion of external painting. Saving, scope reviewed with balance of \$1.232m released
4. Considerable cost increases have affected progress. Expected completion early 2023
5. Saving. Tongariro Domain playground completed within initial project budget
6. Community engagement complete with scoping underway. Due for completion in the 2023/24 year
7. Saving. Projects under review with WRC to be reworked in to future Annual Plan(s)
8. Scope now finalised with construction expected to begin May 2023
9. Contractor availability - due to be completed early 2023
10. \$219k saving with \$2,859k to be carried forward. Including \$729k Great lake Centre HVAC renewals & \$494k District Library HVAC renewals - both experiencing significant shipping delays, \$262k District Pools - advised major delays of the USA sourced Geo Bore pumps (x2), \$393k awaiting completion of the TTCT upgrade to proceed, \$232k District Parks vehicle & plant renewals - items ordered with increasing lead times being experienced, \$73k Owen Delany Park Stadium renewals - project currently under review

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. We are also responsible for reducing nitrogen discharge from our wastewater treatment plants into the Lake Taupō catchment by at least 29.2 per cent of 2005 levels by 2020, as part of the Lake Taupō Protection project. Data for 2021/22 29.2% reduction.

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 maintenance and 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. Council has a Trade Waste Bylaw to control these discharges. To improve performance in this area we are partnering with Waikato Local Authority Shared Services (CoLAB) 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:

- Tūrangi 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 construction of the Kinloch Wastewater Treatment Plant.
- 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 inspect and assess the condition of wastewater mains using CCTV.
- Started a program to renew wastewater water pump station electrical and telemetry hardware.
- Continued to develop future wastewater disposal options for Tūrangi Wastewater Treatment Plant along with steering group partners; Ngāti Tūrāngitukua, Ngāti Karauia, and Tūwharetoa Māori Trust Board.

Levels of service, performance measures and targets

Level of service	Performance measures	Targets	Results	Explanation
We comply with the resource consents conditions relating to our sewerage systems.	Number of abatement notices received by Council in relation to sewerage system resource consents.	≤ 1 abatement notices received.	2020/21 – Achieved 2021/22 – Achieved	No abatements received in 2020/21. Council received an abatement notice in 2018/19 for the Rakaunui Road irrigation site that is still in force however the issues have been resolved and we are working with Waikato Regional Council to have this lifted. An abatement notice for the Kinloch WWTP was lifted this year following completion of the upgrade works.
	Number of infringement notices received by Council in relation to sewerage system resource consents.	0 infringements.	2020/21 – Achieved 2021/22 – Achieved	No infringement notices were received from Waikato Regional Council.
	Number of enforcement orders received by Council in relation to sewerage system resource consents.	0 enforcement orders.	2020/21 – Achieved 2021/22 – Achieved	No enforcement orders were received from Waikato Regional Council.
	Number of successful convictions received by Council in relation to	0 successful convictions.	2020/21 – Achieved 2021/22 – Achieved	No convictions were received

Level of service	Performance measures	Targets	Results	Explanation
	sewerage system resource consents.			from Waikato Regional Council.
We will maintain the reduction in nitrogen discharged from wastewater treatment plants in the Lake Taupō catchment.	Maintain the reduction of total nitrogen discharged from wastewater treatment plants within the Lake Taupō catchment. Reduction of 20 per cent of the benchmark average has been achieved.	Maintain the reduction.	2020/21 – Achieved (22.9 per cent) 2021/22 – Achieved (29.2 per cent)	The nitrogen discharge is monitored from all wastewater treatment plants in the Taupō Catchment. The reduction of Nitrogen is 29.2 per cent comparative to benchmarking period.
Our sewerage system is maintained to prevent sewerage overflows.	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 three.	2020/21 – Achieved (1.12 dry weather overflows per thousand connections) 2021/22 – Achieved (1.47 dry weather overflows per thousand connections)	There are 19.11 active sewer connections. Total dry weather overflows =28. 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 = 49 meaning 2.56 dry weather overflows per thousand connections.
We respond to faults with our sewerage system promptly	Median attendance 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 reach	Less than 1 hour.	2020/21 – Not Achieved 2021/22 – Not Achieved	Due to some issues with the data recording system we are unable to accurately verify all fault response times.

Level of service	Performance measures	Targets	Results	Explanation
	the site of the overflow or other fault.			
We resolve faults with our sewerage system promptly.	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 fault or blockage.	Less than four hours	2020/21 – Not Achieved (3.62 hours) 2021/22 – Not Achieved (3.3 hours)	Although the reported resolution time is under four hours, issues with the data recording system mean we are unable to accurately verify all fault resolution times.
Our customers are satisfied with the sewerage network.	The number of complaints received by Council on: a) Sewerage odour, b) Sewerage system faults, c) Sewerage system blockages; and d) Council's response to issues with its sewerage system. This is expressed per 1000 connections to the sewerage system.	Less than eight.	2020/21 – Not Achieved (9.04 per 1000) 2021/22 – Not Achieved (9.16 per 1000 connections)	Between 1 July 2021 and 30 June 2022. Council was notified of 175 issues. There are 19,109 connections to our sewerage systems. 9.16 complaints received per 1000 connections.

Funding impact statement for Wastewater
For the year ended 30 June 2022

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	13,515	14,049	14,085
Subsidies and grants for operating purposes	-	-	402
Fees and charges	265	265	214
Internal charges and overheads recovered	1,013	1,455	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	6
Total operating funding (A)	14,793	15,769	14,707
Applications of operating funding			
Payments to staff and suppliers	5,034	5,447	6,094
Finance costs	2,225	2,098	2,322
Internal charges and overheads applied	2,580	3,520	1,483
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,839	11,065	9,899
Surplus (deficit) of operating funding (A – B)	4,954	4,704	4,808
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	515
Development and financial contributions	983	2,591	2,049
Increase (decrease) in debt	3,800	8,466	4,337
Gross proceeds from sale of assets	-	-	12
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,783	11,057	6,913
Application of capital funding			
Capital expenditure			
• to meet additional demand	850	-	10
• to improve the level of service	6,460	12,100	12,621
• to replace existing assets	3,520	5,063	674
Increase (decrease) in reserves	(1,093)	(1,402)	(1,584)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	9,737	15,761	11,721
Surplus (deficit) of capital funding (C – D)	(4,954)	(4,704)	(4,808)
Funding balance ((A – B) + (C – D))	-	-	-

Wastewater Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Wastewater Taupo	Taupo Control Gates Bridge siphon	Growth	MY	-	750	750	1
Wastewater Taupo	Taupo Southern trunk main upgrade (stage 1)	ILOS	MY	-	800	800	2
Wastewater Atiamuri	Atiamuri WWTP upgrade	ILOS	X	-	50	50	
Wastewater Kinloch	Kinloch WWTP MBR	ILOS	MY	10,193	9,000	(1,193)	3
Wastewater Taupo	Taupo Wastewater - WWTP overflow risk reduction	ILOS	X	5	100	95	4
Wastewater Taupo	View Road Land Disposal System Expansion	ILOS	MY	-	200	200	5
Wastewater Turangi	Waihi Village connection to Turangi	ILOS	X	-	1,200	1,200	6
Wastewater - District	Renewals	Renewal	X	1,681	5,063	3,382	7
Total Wastewater				11,879	17,163	5,284	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Project on hold, replaced with an engagement process
2. Underway, currently in design phase with major capital spend expected to begin early 2023
3. Due for completion late 2022. \$2m of unbudgeted funding approved by Council resolution TDC202203/03. Required due to increased construction costs
4. Saving. Project under review to be reprogrammed into future Annual Plan(s)
5. Contract awarded with construction to commence early 2023
6. Project cancelled
7. Delays with plant equipment availability and lack of resources to progress reticulation renewals. Issues being addressed and progress increasing

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 and a district kerbside collection in our urban areas. 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 Tūrangi. Closed landfills have closure consents which requires Council to monitor them to ensure that there are no adverse environmental effects from these sites.

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

Community Outcomes

This activity contributes to the following community outcome:

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

Contribution to the well-beings

The solid waste group of activities contributes 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 including Waste Free Parenting, Waste Free Living and Food Lover's Masterclass.
- Ran a Teacher Professional Development and a Waste Minimisation for Events training workshop.
- Ran a Business Waste Workshop in partnership with the Taupō Business Chamber.
- Ran home composting workshops in Tūrangi and Taupō.
- Supported district schools with composting programmes.
- Supported district marae by supporting Para Kore waste minimisation programme.
- Supported the Enviroschools programme.
- Bread Bag Challenge litter pick up event.
- Pick and Treat Halloween litter pick up event.
- Passed a waste levy audit from the Ministry for the Environment.
- Undertook environmental monitoring for the three closed landfills and the Broadlands Road Landfill.
- Achieved 'fully compliant' status on all solid waste consents.
- Continued 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 including Whānau Nature Day.
- Facilitated educational group trips to the Broadlands Road Transfer Station.
- Installed new street recycling bins and upgraded high-traffic area bins to Big Belly bins.
- Started building a new recycling shed at the Omori Transfer Station.
- Worked with operational contractors to maintain service levels
- Replaced damaged load-out wall at Broadlands Road Landfill
- Installed emergency fire pond at Broadlands Road landfill
- Installed new weighbridge software at Broadlands Road landfill
- Expanded the types of E-waste accepted at Broadlands Road Landfill and Tūrangi Transfer Station.
- Implemented a battery recycling program at the Taupō and Tūrangi transfer stations.
- Trialled a car seat recycling program in conjunction with SeatSmart.

Levels of service, performance measures and targets

Level of service	Performance measure	Targets	Results	Explanation
We will divert suitable waste from landfill.	The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream.	At least 47.5 per cent.	2020/21 – Achieved (49 per cent) 2021/22 – Achieved (48 per cent)	There were 28,068 tonnes of waste disposed to landfill and 25,044 tonnes of waste was diverted from landfill. We achieved the diversion target.
The district has a high level of satisfaction with their waste and recycling services.	Percentage of surveyed users that are satisfied with our recycling and refuse services.	At least 85 per cent	2020/21 – Not achieved (80 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
Our residents are satisfied with the waste and recycling services.	Percentage of service requests relating to waste and recycling that are responded to.	At least 90 per cent responded to within two working days.	New Measure. 2021/22 Not Achieved (66 per cent)	We received a total of 358 service requests related to refuse. A large proportion of waste-related service requests are sent to the contractor to resolve and due to the time taken for the contractor to provide feedback Council has been unable to achieve this measure.
We comply with the resource consent conditions for our landfills.	Percentage of resource consent conditions for our landfills that are complied with.	100 per cent	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	We received full resource consent compliance.

**Funding impact statement for Solid Waste
For the year ended 30 June 2022**

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	633	762	762
Targeted rates	1,164	1,512	1,514
Subsidies and grants for operating purposes	130	132	243
Fees and charges	2,873	3,353	3,896
Internal charges and overheads recovered	-	-	53
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	1
Total operating funding (A)	4,800	5,759	6,469
Applications of operating funding			
Payments to staff and suppliers	3,816	4,715	5,866
Finance costs	140	105	121
Internal charges and overheads applied	486	547	523
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,442	5,367	6,510
Surplus (deficit) of operating funding (A – B)	358	392	(41)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(350)	81	(281)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(350)	81	(281)
Application of capital funding			
Capital expenditure			
• to meet additional demand	50	-	-
• to improve the level of service	10	514	141
• to replace existing assets	121	200	136
Increase (decrease) in reserves	(173)	(241)	(599)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	8	473	(322)
Surplus (deficit) of capital funding (C – D)	(358)	(392)	41
Funding balance ((A – B) + (C – D))	-	-	-

Solid Waste Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Solid Waste	Big Belly, refuse, recycling bins	ILOS	A	36	35	(1)	
Solid Waste	Gas flare & liner cover	ILOS	X	-	25	25	
Solid Waste	Broadlands Rd Landfill-infrared camera(fire prevention)	ILOS	M	4	71	67	
Solid Waste	Broadlands Rd Landfill-lined pond(fire prevention)	ILOS	M	61	118	57	
Solid Waste	Broadlands Road Landfill - Cell 2E	ILOS	A	2	25	23	
Solid Waste	Omori Refuse Transfer Sation upgrade	ILOS	M	38	230	192	1
Solid Waste	New street recycling bins	ILOS	X	-	10	10	
Solid Waste - District	Renewals	Renewal	X	136	200	64	
Total Solid Waste				277	714	437	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Delays due to land access negotiations and contractor availability

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 one quality improvement device into the stormwater network, at the end of Nukuhau Street.
- 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 pest trapping 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.
- Worked with Water Services Reform Programme maintenance contractor to maintain the stormwater network.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Target	Results	Explanation
We manage the stormwater network to protect public health and property without compromising the environment	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 flooding events	2020/21 – Achieved (0 flooding events) 2021/22 Achieved (0 flooding events)	There were no flooding events.
	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	0 properties affected by flooding inside the habitable dwelling	2020/21 – Achieved (0 flooding events) 2021/22 Achieved (0 flooding events)	No properties were affected by flooding from stormwater inside the habitable dwelling (one habitable floor).
	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	≤1hour	2020/21– Achieved 2021/22 Achieved (0 flooding events)	There were no flooding events.
	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. *Please note that Council's stormwater network drains the roading network so there are no properties	Less than 8	2020/21 – (no target) (2.7 per 1000 properties) 2021/22 – Achieved (3.3 per 1000 properties)	In 2021/22 we received 60 complaints in relation to our stormwater network. And we have 18,262 residential properties in our rates data base.

Level of service	Performance measures and targets	Target	Results	Explanation
	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.			
We will comply with our Resource Consent for discharge from our stormwater system.	Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0 abatement notices	2020/21 – Achieved 2021/22 – Achieved	In 2021/22, Council did not receive any abatement notices in relation to the discharge from our stormwater network.
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0 infringement notices	2020/21 – Achieved 2021/22 – Achieved	In 2021/22, Council did not receive any infringement notices in relation to the discharge from our stormwater network
	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	0 enforcement orders	2020/21 – Achieved 2021/22 – Achieved	In 2021/22, Council did not receive any enforcement orders in relation to the discharge from our stormwater network
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	0 convictions	2020/21 – Achieved 2021/22 – Achieved	In 2021/22, 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 2022**

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,893	2,105	2,105
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	-	-	-
Total operating funding (A)	1,893	2,105	2,105
Applications of operating funding			
Payments to staff and suppliers	439	545	433
Finance costs	100	120	111
Internal charges and overheads applied	352	399	519
Other operating funding applications	-	-	-
Total applications of operating funding (B)	891	1,064	1,063
Surplus (deficit) of operating funding (A – B)	1,002	1,041	1,042
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	668	211	(66)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	668	211	(66)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	735	353	53
• to replace existing assets	281	88	207
Increase (decrease) in reserves	654	811	716
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,670	1,252	976
Surplus (deficit) of capital funding (C – D)	(1,002)	(1,041)	(1,042)
Funding balance ((A – B) + (C – D))	-	-	-

Stormwater Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Stormwater	Mangakino flood mitigation	ILOS	A	1	25	24	
Stormwater	Mangakino Golf Club pond reticulation	ILOS	X	39	90	51	
Stormwater	Waikato Street improvement device	ILOS	X	14	238	224	1
Stormwater - District	Renewals	Renewal	X	72	88	16	
Total Stormwater				125	441	316	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

1. Delayed due to timelag in device fabrication and lack of contractor availability

Democracy and Planning

Democracy – 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 environment, engagement and economy community 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, 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.

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-functioning democratic services contributes to social and cultural well-beings. Planning contributes to all of the well-beings.

Opportunities for Māori to contribute to decision-making processes

Our relationships with 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 TDC 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 councils to understand Māori values, issues and aspirations as they relate to the four wellbeings - 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 Ariki, Tā Tumu te Heuheu.

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

Collaboration with our iwi partners is an ongoing priority across the organisation, and not restricted to meeting our respective statutory requirements.

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 wellbeing 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** has completed 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.

- **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 Taupō Museum's management by Ngāti Tūwharetoa members on the governance group. Membership and structure are under review.

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 will soon be 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 will be working alongside Ngāti Tūrangitukua to implement the Mana Whakahoho-ā-Rohe.
The agreement reflects the aspirations of both parties to enhance their working partnership on a range of functions within the Ngāti Tūrangitukua rohe and Ngāti Tūrangitukua's aspiration to make decisions over particular matters within its rohe.

A co-governance committee made up of equal representation from Council and Ngāti Tūrangitukua will be established to oversee the implementation of the agreement.

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. This mahi is ongoing and a priority for the organisation.
- The Iwi Partnerships and Co-Governance team is working hard to understand and work across the organisation to give effect to Council's existing and developing co-governance arrangements and obligations. This mahi is ongoing, and a priority for us going forward.
- 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 partners to support the implementation of existing joint management arrangements and the development of new partnership agreements. This mahi is ongoing.
- Māori representatives continue to sit on each of Council's standing committees:
 - Emergency Management Committee
 - Kinloch Representative Group
 - Taupō Roding and Reserves Committee
 - Mangakino Pouakani Representative Group
 - Taupō East Rural Representative Group
- Resolved to introduce Māori wards for the 2022 local body elections. We have regularly communicated to iwi, hapū, Māori regarding the Māori wards, and the opportunity for two Māori ward councillors to be voted in for the new triennium. We will work to support the two new incoming councillors elected to represent the Māori ward.
- We will support Pukawa Marae to deliver the 2023 Waitangi Festival.
- Council has engaged 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. This mahi is ongoing
- We have engaged iwi partners, hapū across a range of Council projects and activities. We are working to engage our iwi partners, hapū as early as practically possible and to give effect to the partnership relationship we have with them.
- Continued to progress the review of our District Plan with a focus on preparing the following:
 - Plan Change 38 (Strategic Directions) - New Strategic Directions chapter
 - Plan Change 39 (Residential Building Coverage) - Increases permitted residential building coverage in most residential environments from 30 per cent to 35 per cent.
 - Plan Change 40 (Taupō Town Centre) - Changes building height provisions for parts of the Town Centre, modifies temporary activity rule and clarifies verandah requirements over service lanes.
 - Plan Change 41 (Deletion of Fault lines) - Deletes out of date fault lines from planning maps/eplan.
 - Plan Change 42 (General Rural and Rural Lifestyle Environments) - Full review of the rural chapters and removal of the Mapara Valley Structure Plan.
 - Plan Change 43 (Taupō Industrial Environments) - Zones additional land for Taupō Industrial Environment.
- 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 Annual Plan 2021-22
- Reviewed the Control of Dogs Bylaw in relation to Besley Park, Acacia Bay.
- Adopted the Nukuhau Private Plan Change (Plan Change 37).

- Reviewed the Tapuaeharuru Bay Lakeshore Reserves Management Plan to enable redevelopment of the Hole in One golf activity
- Progressed work on how Council can help address climate change through reduced emissions
- Progressed development of a housing strategy that will clarify what role Council should play in addressing a range of housing related issues.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Target	Results	Explanation
Council performance is rated as very or fairly good	Percentage of the district that rates the performance of the Mayor and Councillors as very good or fairly good.	At least 55 per cent.	2020/21 – Not achieved (37 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of Tūrangi/Tongariro ward respondents that rate the performance of the community board members as very good or fairly good.	At least 55 per cent.	2020/21 – Not achieved (24 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of residents and non-resident ratepayers that rate the performance of Council staff as very good or fairly good.	At least 69 per cent.	2020/21 – Not achieved (52 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
Council is on the right track.	Percentage of the district that feel informed about Council's long-term vision for the district.	At least 49 per cent.	2020/21 – Not achieved (33 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of ratepayers feel they are getting value from Council.	At least 65 per cent.	2020/21 – Not achieved (47 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
Council consults widely with district communities, including Māori before making decisions.	Percentage of the district that is satisfied with the way Council involves the public in its decision-making.	At least 55 per cent.	2020/21 – Not achieved (39 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of Māori residents are satisfied with their involvement in Council's decision-making.	At least 51 per cent.	2020/21 – Achieved (61 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.

Level of service	Performance measures and targets	Target	Results	Explanation
Council operates an open and honest decision-making process that generates confidence and trust in the democratic system.	Percentage of residents and non-resident ratepayers say they know how and where to find information on Council activities and services.	At least 80 per cent.	2020/21 – Not achieved (57 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of residents and non-resident ratepayers that are satisfied with the way Council provides information on Council services and facilities.	At least 75 per cent.	2020/21 – Not achieved (53 per cent) 2021/22 – Measure Deleted	This measure has been removed from the Long Term Plan 2021-31.
	Percentage of requests for official information that are responded to within 20 working days.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	In 2021/22, we received 180 official information requests and responded to all of these within 20 working days.
	Percentage of existing bylaws that are reviewed within legislative time frames to ensure they remain relevant.	100 per cent.	2020/21 – Achieved (100 per cent) 2021/22 – Achieved (100 per cent)	In 2021/22 we reviewed the Control of Dogs Bylaw with a focus on whether Besley Park should be an off-leash dog exercise area. No other bylaws were required to be reviewed during this period.

Funding impact statement for Democracy and Planning
For the year ended 30 June 2022

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	8,551	10,616	10,616
Targeted rates	83	83	83
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1	2	63
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	(6)
Total operating funding (A)	8,635	10,701	10,756
Applications of operating funding			
Payments to staff and suppliers	1,401	844	4,276
Finance costs	-	-	-
Internal charges and overheads applied	7,229	9,855	3,203
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,630	10,699	7,479
Surplus (deficit) of operating funding (A – B)	5	2	3,277
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	16
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	16
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	5	2	3,293
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5	2	3,293
Surplus (deficit) of capital funding (C – D)	(5)	(2)	(3,277)
Funding balance ((A – B) + (C – D))	-	-	-

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.

Council's community outcomes

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

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

Contribution to the well-beings

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

Levels of service, performance measures and targets

Level of service	Performance measures	Targets	Results	Explanation
We manage investment assets in accordance with the Treasury Management Policy.	The value of the TEL Fund is maintained relative to its inflation.	Baseline plus 2020/21 inflation plus 2021/22 forecast inflation. The baseline is \$61.3m plus 1.5% inflation in 2020/21 plus 1.6% forecast inflation in 2021/22. Therefore, the target is \$63.2m.	2020/21 – Achieved (the TEL Fund value increased from \$61.3m at 1 July 2020 to \$63.0m at 30 June 2021) 2021/22 – Achieved (the TEL Fund value increased from \$63m at 1 July 2021 to \$63.6m at 30 June 2022)	The TEL Fund. increased in value in excess of target.

Level of service	Performance measures	Targets	Results	Explanation
	The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 per cent above the 90 day bill rate.	2020/21 – 1.329% 2021/22 – 3.085%	2020/21 – Achieved (the yield on the TEL fund for 2020/21 was 2.32%) 2021/22 - Not Achieved (the yield on the TEL fund for 2021/22 was 1.41%)	Note that the numerical forecasts for the targets calculated at LTP preparation date were 3.45% for 2020/21 and 1.49% for 2021/22. Market interest Rates in the financial year ended 30 June 2021 were significantly lower than in previous years and a large proportion (around 70%) of the TEL Investment Portfolio is invested in Term Deposits.
	The percentage yield on general and special reserve funds is greater than the minimum target set in the treasury management policy being 50.0 per cent 6-month BKBM mid-rate (average of reporting month) 50.0 per cent 6-month BLBM midrate, six months ago (average of month).	2020/21 – 0.41% 2021/22 – 1.14%	2020/21 – Achieved (the yield on General and Special Reserve Funds for 2020/21 was 1.18%) 2021/22 - Not Achieved (the yield on General and Special Reserve Funds for 2021/22 was 1.10%)	Note that the numerical forecasts for the targets calculated at LTP preparation date were 3.22% for 2020/21 and 1.31% for 2021/22.

Investments Funding Impact Statement

Funding impact statement for Investments
For the year ended 30 June 2022

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	(310)	(625)	(587)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	625	-
Fees and charges	626	758	625
Internal charges and overheads recovered	26,574	33,250	16,097
Local authorities fuel tax, fines, infringement fees, and other receipts	2,809	1,826	2,128
Total operating funding (A)	29,698	35,833	18,263
Applications of operating funding			
Payments to staff and suppliers	19,507	23,447	14,171
Finance costs	901	742	1,016
Internal charges and overheads applied	6,675	8,077	1,100
Other operating funding applications	-	-	-
Total applications of operating funding (B)	27,083	32,265	16,287
Surplus (deficit) of operating funding (A – B)	2,615	3,568	1,976
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	250
Development and financial contributions	15	-	-
Increase (decrease) in debt	(2,921)	(984)	(2,491)
Gross proceeds from sale of assets	8,000	9,025	3,809
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,094	8,041	1,568
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	3,562	4,008	1,540
• to replace existing assets	831	1,483	787
Increase (decrease) in reserves	3,316	6,118	1,217
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	7,709	11,609	3,544
Surplus (deficit) of capital funding (C – D)	(2,615)	(3,568)	(1,976)
Funding balance ((A – B) + (C – D))	()	-	()

Investments Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Investments	Archive fire detection & gas suppression system	ILOS	S	109	119	10	
Investments	Land development	ILOS	M	17	304	287	1
Investments	Venture Centre secure artefact storage	ILOS	M	-	9	9	
Investments	Waioira House social development hub	ILOS	MY	1,689	3,250	1,561	2
Support Services	Customer experience improvement programme	ILOS	X	-	30	30	
Support Services	EBike & EScooter	ILOS	A	11	10	(1)	
Support Services	Lone worker monitoring system	ILOS	A	9	7	(2)	
Support Services	Project Quantum phase 3+	ILOS	X	15	155	140	3
Support Services	Technology hardware refresh programme	ILOS	X	67	80	13	
Support Services	Turangi Depot refurbishment	ILOS	M	-	44	44	
Support Services / Investments - District Renewals		ILOS/ Renewal	X	765	1,482	717	4
Total Investments				2,683	5,490	2,807	

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 2022) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2021/22 Annual Plan

- Airport road upgrade contract awarded and scheduled for February 2023
- Multi-year project. Timing issue with original forecast being based equally over two financial years. Design and formal approval to proceed complete with contract awarded. Construction commenced in April
- Delayed due to lack of project and business resource
- \$717k to be carried forward. Includes \$274k vehicle renewals plagued with excessive lead times, computer hardware \$216k, items ordered but major delays with supply, \$106k Whakamaru Hall transfer. Delayed as rescope to due to cost restraints, now awaiting contractor availability

The Taupō Electricity Limited (TEL) Investment Fund

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

The policies regarding the use of the capital and investment income are included in the Treasury Management Policy. Amongst other requirements, policies stipulate the investment income earned on the sale proceeds be available for distribution each year, with the distribution determined during the Long-term Plan / Annual Plan process

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.

	\$
Initial proceeds on sale September 1995	61,273,557
Cumulative Investment Gains / Losses	87,366,036
Cumulative Rates Subsidies, Project Funding / Debt Repayment	(84,996,004)
Balance of TEL Investment as at 30 June 2022	<u>63,643,589</u>
Comparative value of TEL Investment Fund at 30 June 2021	63,011,945

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 Water Services Reform Programme), 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 information desks in Taupō, Tūrangi and 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 Amplify, an independent trust, to provide business development services throughout the district. Its mandate is to enrich our community through the creation of wealth and jobs for our region and its 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.

Council's community outcomes

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

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

Contribution to the well-beings

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

Levels of service, performance measures and targets

Level of service	Performance measures	Targets	Results	Explanation
We facilitate and support economic development in the district.	<p>Amplify, 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.</p> <p>*Enterprise Great Lake Taupō is now Amplify</p>	<p>100 per cent report at least half yearly.</p>	<p>2020/21 – Achieved 2021/2022 – Not Achieved</p>	<p>Partially achieved. DGLT and Amplify (formerly EGLT) presented their six-monthly reports to Council in March 2021. Towncentre Taupō did not present due to their engaging with Council as part of the Annual Plan consultation process with a request for additional funding.</p>
We attract, support and encourage sporting, cultural and other events around the District.	<p>The district's overall events portfolio is maintained, with at least three events in Tūrangi and Mangakino each year. Reporting to Council will consist of narratives on actual events including location and economic impact figures.</p>	<p>At least three events in Mangakino.</p> <p>At least three events in Tūrangi.</p>	<p>2019/20 – Achieved 2021/22 – Achieved</p>	<p>There were five events held in Mangakino and seven events held in Tūrangi. Ongoing Covid-19 impacts (traffic light system restricted crowd numbers and created uncertainty for events to go ahead) continued to affect the number of events delivered across the district.</p>

**Funding impact statement for Economic Development
For the year ended 30 June 2022**

	2021 Long Term Plan (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	4,036	4,628	4,628
Targeted rates	170	170	170
Subsidies and grants for operating purposes	495	290	-
Fees and charges	-	-	2
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	4,701	5,088	4,800
Applications of operating funding			
Payments to staff and suppliers	4,362	4,687	3,726
Finance costs	2	1	4
Internal charges and overheads applied	319	393	490
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,683	5,081	4,220
Surplus (deficit) of operating funding (A – B)	18	7	580
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(6)	(5)	(8)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(6)	(5)	(8)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	4	53	58
Increase (decrease) in reserves	8	(51)	514
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12	2	572
Surplus (deficit) of capital funding (C – D)	(18)	(7)	(580)
Funding balance ((A – B) + (C – D))	-	-	-

Economic Development Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Events Management	Event & equipment renew als	Renew al	A	2	4	2	
Total Economic Development				2	4	2	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project w ill not be complete by 30 September 2021) or project w ill no longer be carried out

ILOS Increased Level of Service

Funding impact statement (whole of council)
For the year ended 30 June 2022

	2021 Annual Plan (\$000)	2021 Actual Restated (\$000)	2022 Long Term Plan (\$000)	2022 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	43,505	43,880	49,035	49,311
Targeted rates	25,792	25,669	27,398	27,327
Subsidies and grants for operating purposes	2,829	3,207	3,523	3,116
Fees and charges	8,990	11,982	10,317	11,612
Internal charges and overheads recovered	28,603	28,419	37,539	14,046
Interest and dividends from investments	2,572	1,998	1,584	2,030
Local authorities fuel tax, fines, infringement fees, and other receipts	971	1,187	1,167	1,016
Total operating funding (A)	113,262	87,923	130,563	94,412
Applications of operating funding				
Payments to staff and suppliers	55,730	58,634	65,075	62,914
Finance costs	8,378	8,020	7,358	8,190
Internal charges and overheads applied	28,603	28,419	37,539	14,046
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	92,711	66,654	109,972	71,104
Surplus (deficit) of operating funding (A – B)	20,551	21,269	20,591	23,308
Sources of capital funding				
Subsidies and grants for capital expenditure	1,943	13,804	3,869	18,940
Development and financial contributions	2,784	4,207	8,844	3,740
Increase (decrease) in debt	4,426	15,927	12,009	(74)
Gross proceeds from sale of assets	8,000	3,236	9,025	4,199
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	17,153	37,174	33,747	26,805
Application of capital funding				
Capital expenditure				
• to meet additional demand	2,335	2,450	3,504	1,004
• to improve the level of service	22,397	28,764	36,206	47,121
• to replace existing assets	13,960	15,234	20,081	9,406
Increase (decrease) in reserves	(988)	11,995	(5,453)	(7,418)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	37,704	58,443	54,338	50,113
Surplus (deficit) of capital funding (C – D)	(20,551)	(21,269)	(20,591)	(23,308)
Funding balance ((A – B) + (C – D))	-	-	-	-

Council summary – groups of activities income statement			
Revenue by group of activities			
	Actual 2022	Council Budget 2022	Actual 2021 (Restated)
Water	17,564	15,628	16,531
Community Services	10,347	9,231	8,427
Transport	22,382	16,326	18,013
Community Facilities	26,285	25,522	25,679
Solid Waste	6,469	5,758	5,330
Stormwater	3,527	3,001	2,601
Wastewater	19,067	18,138	19,234
Economic Development	4,878	5,088	4,253
Democracy & Planning	10,776	10,704	8,635
Investments	42,878	14,430	24,245
Total activity revenue	164,173	123,826	132,948
Less internal revenue	(1,303)	(1,372)	(1,469)
Total revenue	162,870	122,454	131,479
Expenses			
Water	12,072	12,487	11,497
Community Services	7,780	6,414	8,111
Transport	13,442	13,567	14,876
Community Facilities	17,791	18,785	19,524
Solid Waste	6,788	5,220	5,385
Stormwater	1,587	1,707	2,042
Wastewater	14,007	13,165	15,193
Economic Development	3,827	4,857	3,654
Democracy & Planning	3,760	4,556	9,346
Investments	17,218	19,142	5,398
Total activity expenses	98,273	99,899	95,026
Less internal expenses	(1,303)	(1,372)	(1,469)
Total expenses	96,970	98,527	93,557

Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2022

	Note	Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 Restated \$000	Actual 2022 \$000	Actual 2021 Restated \$000
Revenue						
Rates	4	76,637	76,433	69,548	76,622	69,534
Subsidies and grants	6	22,057	7,393	17,129	22,838	17,644
Development and financial contributions		1,237	8,844	1,580	1,237	1,580
Fees and charges	5	11,612	10,317	11,740	11,983	11,940
Finance revenue	7	1,771	1,584	1,789	1,780	1,791
Other revenue	8	49,556	17,883	29,693	49,568	29,897
Total revenue		162,870	122,454	131,479	164,028	132,386
Expenses						
Personnel costs	9	25,558	25,942	23,726	26,374	24,435
Depreciation and amortisation expense	19	23,338	25,455	23,076	23,603	23,350
Finance costs	7	8,190	7,358	8,021	8,190	8,021
Other expenses	10	39,884	39,772	38,734	40,193	39,208
Total expenses		96,970	98,527	93,557	98,360	95,014
Income tax (expense)/credit	11	-	-	-	79	(14)
Surplus/(deficit) after tax		65,900	23,927	37,922	65,747	37,358
Other comprehensive revenue						
Property, plant & equipment revaluations	28	280,918	29,008	64,351	282,040	64,243
Available for sale financial assets at fair value through other comprehensive revenue	28	-	-	-	-	-
Investments in associates		8	-	8	8	8
Tax on equity items	28	-	-	-	-	-
		280,926	29,008	64,359	282,048	64,251
Total comprehensive revenue		346,826	52,935	102,281	347,795	101,609
Net surplus/(deficit) after taxation attributable to:						
Taupo District Council		65,900	23,927	37,922	65,758	37,687
Non-controlling interest	29	-	-	-	(11)	(329)
		65,900	23,927	37,922	65,747	37,358
Total comprehensive revenue and expenses attributable to:						
Taupo District Council		346,826	52,935	102,281	347,857	101,992
Non-controlling interest	29	-	-	-	(62)	(383)
		346,826	52,935	102,281	347,795	101,609

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 2022

	Note	Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 Restated \$000	Actual 2022 \$000	Actual 2021 Restated \$000
Net Assets/Equity at start of the year		1,344,325	1,281,900	1,242,044	1,351,995	1,250,386
Total comprehensive revenue and expenses for the year		346,826	52,935	102,281	347,795	101,609
Non-controlling interest equity injection		-	-	-	2,750	-
Total comprehensive revenue and expenses		346,826	52,935	102,281	350,545	101,609
Balance at 30 June		1,691,151	1,334,835	1,344,325	1,702,540	1,351,995
<i>Total recognised revenue and expenses are attributable to:</i>						
Taupo District Council		346,826	52,935	102,281	347,857	101,992
Minority interest		-	-	-	(62)	(383)
Total comprehensive revenue and expenses		346,826	52,935	102,281	347,795	101,609

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

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

Statement of Financial Position

as at 30 June 2022

	Note	Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 Restated \$000	Actual 2022 \$000	Actual 2021 Restated \$000
Assets						
Current assets						
Cash and cash equivalents	12	6,936	2,914	5,939	11,157	10,946
Other financial assets	15	111,259	92,956	122,985	111,259	122,985
Trade and other receivables	13	6,381	6,677	5,473	5,888	5,562
Inventories	14	226	403	369	226	369
Prepayments		1,239	841	1,179	1,278	1,205
Non-current assets held for sale	16	13,406	8,176	13,200	13,406	13,200
Total current assets		139,447	111,967	149,145	143,214	154,267
Non-current assets						
Other financial assets	15	9,933	21,109	15,622	9,933	15,622
Investment in CCO and other similar entities	15	7,973	9,827	7,715	130	122
Intangible assets	18	7,394	3,519	3,488	7,430	3,539
Investment property	21	30,784	11,144	18,110	30,784	18,110
Biological assets - forestry	20	7,535	6,124	7,598	7,535	7,598
Property, plant and equipment	17	1,680,778	1,391,574	1,361,637	1,697,825	1,372,993
Total non-current assets		1,744,397	1,443,297	1,414,170	1,753,637	1,417,984
Total assets		1,883,844	1,555,264	1,563,315	1,896,851	1,572,251
Current liabilities						
Trade and other payables	22	21,059	12,875	24,423	21,814	24,833
Employee entitlements	23	3,225	3,563	3,442	3,330	3,520
Borrowings	24	63,079	43,675	48,075	63,079	48,075
Derivative financial instruments	25	-	-	43	-	43
Provisions		-	-	-	4	4
Total current liabilities		87,363	60,113	75,983	88,227	76,475
Non-current liabilities						
Provisions	26	154	154	146	167	163
Derivative financial instruments	25	4,935	25,133	27,709	4,935	27,709
Borrowings	24	100,068	135,000	115,148	100,068	115,148
Employee entitlements	23	173	29	4	173	5
Deferred tax liabilities	11	-	-	-	741	1,005
Total non current liabilities		105,330	160,316	143,007	106,084	144,030
Total liabilities		192,693	220,429	218,990	194,311	220,505
Net assets (assets minus liabilities)		1,691,151	1,334,835	1,344,325	1,702,540	1,351,746
Equity						
Accumulated funds	28	904,838	856,159	828,505	906,101	829,664
Other reserves	28	786,313	478,676	515,820	789,949	518,283
Non-controlling interests	29	-	-	-	6,490	3,799
Total equity		1,691,151	1,334,835	1,344,325	1,702,540	1,351,746

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 2022

	Note	Council			Group	
		Actual 2022 \$000	Budget 2022 \$000	Actual 2021 Restated \$000	Actual 2022 \$000	Actual 2021 Restated \$000
Cash flow from operating activities						
Rates		77,360	76,433	69,319	77,345	69,305
Subsidies and grants		3,342	3,523	3,606	3,342	3,606
Development and financial contributions		1,020	8,844	1,390	1,020	1,390
Fees and charges		11,443	10,317	11,306	11,839	11,750
Finance revenue		1,355	1,584	2,104	1,364	2,106
Dividends or similar distributions		259	-	209	259	209
Other revenue		2,192	1,167	6,671	3,192	7,429
Payments to suppliers		(38,774)	(39,134)	(36,304)	(38,702)	(36,797)
Payments to employees		(25,606)	(25,942)	(23,872)	(26,397)	(24,651)
Interest paid		(7,939)	(7,351)	(7,992)	(7,939)	(7,992)
Net GST received/(paid)		463	-	662	382	725
Cash flow from operating activities		25,115	29,441	27,099	25,705	27,080
Cash flow from investing activities						
Proceeds from sale of fixed assets		4,197	9,275	3,235	4,209	3,301
Capital subsidies		16,473	3,869	21,890	16,473	21,890
Net (increase)/decrease in investments		16,884	(5,625)	(29,750)	17,134	(27,250)
Purchase and development of fixed assets		(61,596)	(59,790)	(44,955)	(65,984)	(45,653)
Cash flow from investing activities		(24,042)	(52,271)	(49,580)	(28,168)	(47,712)
Cash flow from financing activities						
Loans raised		21,994	38,228	25,298	21,994	25,298
Net raising of finance lease liabilities		-	-	-	-	-
Capital input from minority interest		-	-	-	2,750	-
Repayment of loans		(21,994)	(26,219)	(9,298)	(21,994)	(9,298)
Net repayment of finance lease liability		(76)	-	(85)	(76)	(85)
Cash flow from financing activities		(76)	12,009	15,915	2,674	15,915
Net increase (decrease) in cash held		997	(10,821)	(6,566)	211	(4,717)
Add cash at start of year		5,939	13,735	12,505	10,946	15,663
Cash, cash equivalents, and bank overdrafts at the end of the year	12	6,936	2,914	5,939	11,157	10,946

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

	Note	Council		Group	
		Actual 2022 \$000	Actual 2021 Restated \$000	Actual 2022 \$000	Actual 2021 Restated \$000
Surplus/(deficit) after tax		65,900	37,922	65,747	37,358
Add/(less) non cash items					
Depreciation and amortisation		23,338	23,076	23,605	23,350
Vested and first time recognition assets		(5,342)	(5,161)	(5,342)	(5,161)
Unrealised (gains)/losses in fair value of biological assets		(431)	(1,554)	(431)	(1,554)
Unrealised (gains)/ losses in fair value of corporate bonds		-	(354)	-	(354)
Unrealised (gains)/losses in fair value of non-hedge accounted derivatives		(22,816)	(16,724)	(22,816)	(16,724)
Unrealised (gains)/losses in fair value of investment properties and assets held for sale		(13,550)	(13)	(13,550)	(13)
Unrealised (gains)/losses on equities		273	(285)	273	(285)
Asset impairment and write-off		-	336	-	697
Add/(less) items classified as investing activity					
Net (gain)/loss on sale/write-offs		(1,562)	2,075	(1,574)	2,075
Capital Subsidies		(16,473)	(21,890)	(16,473)	(21,890)
(Increase)/decrease in accounts receivable for capital disposals		687	32	687	32
Non-operating movement in deferred tax		-	-	-	-
Increase/(decrease) in accounts payable for capital expenditure		(2,654)	2,657	(2,654)	2,657
Add/(less) movements in working capital items					
(increase)/decrease in accounts receivable		(1,555)	1,070	(1,599)	1,134
(increase)/decrease in inventories		143	34	143	71
Increase/(decrease) in accounts payable		(843)	6,024	(311)	5,833
Increase/(decrease) in employee entitlements		-	(146)	-	(146)
Net cash inflow/(outflow) from operating activities		25,115	27,099	25,705	27,080

Reconciliation of movements of liabilities from financing activities	Council & Group		
	Finance guarantees \$000	Finance leases \$000	Debentures & other loans \$000
Balance at 30 June 2021	-	223	163,000
Cash inflows	-	-	163,000
Cash outflows	-	(84)	(163,000)
Non-cash changes	-	8	-
Balance at 30 June 2022	-	147	163,000

Statement of accounting policies for the year ended 30 June 2022

1.1 Reporting entity

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

The primary objective of Taupo 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 Taupo District Council are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 30 May 2023.

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

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 required 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 has now been adopted and is effective for the year ending 30 June 2022. The amendment has resulted in an additional disclosure in the statement of Cash Flows.

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 currently is not effected by this standard.

Impact of New Accounting Interpretations - Software as a Service (SaaS) arrangements

In April 2021, the International Financial Reporting Interpretations Committee (IFRIC) a committee supporting profit-oriented reporting published an agenda decision clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for.

The IFRIC concluded that SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in a cloud computing arrangement can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.

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:

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 financials statements for the year ended June 2023. 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 2022, with early application permitted. The Council plans to apply this standard in preparing it 30 June 2023 financial statements. The Council and group has not yet assessed the effects of the new standard.

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 Taupo 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 Taupo District Council and Group controls another entity.

Controlled entities are fully consolidated from the date on which control is transferred to Taupo 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:

- Taupo Airport Authority (50% owned but in substance Council exercises control)
- Destination Lake Taupo Trust (Council is the settler of the Trust)
- Data Capture Systems Limited (100% owned)
- Destination Lake Taupo 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 2021-31 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

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

Taupo District Council and Group collect monies for many organisations. Where collections are processed through Taupo District Council and Group's books, any monies held are shown as trade payables in the Statement of Financial Position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

3. Critical accounting estimates and judgements

(a) Critical accounting estimates and assumptions

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

4. Rates

Accounting policy

Revenue is measured at fair value.

Rates revenue

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
General rates	50,392	44,959	50,392	44,959
Total general rates	50,392	44,959	50,392	44,959
Targeted rates				
Refuse disposal	1,514	1,168	1,514	1,168
Sewage disposal	14,085	13,536	14,085	13,536
Water supply	9,927	9,430	9,927	9,430
Water by meter	1,814	1,522	1,814	1,522
Taupo Town Centre	170	169	170	169
Turangi/Tongariro community board	83	83	83	83
Whakamaru fire protection	3	4	3	4
Total targeted rates	27,596	25,912	27,596	25,912
Rates penalties	285	420	285	420
Total penalties revenue	285	420	285	420
Total rates	78,273	71,291	78,273	71,291
Less - rates remissions	(763)	(896)	(763)	(896)
Less - internal rates on Council/Group properties	(873)	(847)	(888)	(861)
Total rates, excluding targeted water supply rates	76,637	69,548	76,622	69,534

As at 30 June 2021 there were 24,130 rating units in the District with a total capital value of \$19.356 billion and a total land value of \$9.665 billion (30 June 2020: 23,907 rating units, \$19.098b capital value, \$9.622b land value).

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue.

That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate.

The annual rates revenue of the Council for the year ended 30 June 2022 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 and Hydro lakebeds; community, sporting, and other organisations; non-income producing, unoccupied parts of Maorifreehold land in multiple ownership and in undeveloped state; and penalties in certain circumstances and at Council's discretion, natural disasters, Council owned utilities, water leaks, fixed charge for targeted water availability charge at Waitahanui.

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

5. Fees and charges

Accounting policy

Development and financial contributions

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

Building and resource consent revenue

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

Entrance fees

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

Landfill fees

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

Sales of goods

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

Rental Revenue

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

Dividends

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Landfill charges	3,896	3,375	3,896	3,375
Building and resource consent charges	2,820	2,664	2,820	2,664
Other regulatory revenue	1,143	1,214	1,143	1,214
Swimming pools revenue	731	1,087	731	1,087
Rendering of services	352	350	411	416
Sale of goods	586	903	649	910
User charges	1,728	1,753	1,826	1,713
Facility membership fees	356	394	356	394
Taupo Airport landing fees	-	-	116	127
Destination Great Lake Taupo marketing fees	-	-	35	40
Total fees and charges	11,612	11,740	11,983	11,940

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Operational subsidies and grants				
NZ Transport Agency subsidy	2,060	2,087	2,060	2,087
Other government grants	973	980	1,754	1,493
Other grants and donations	84	139	84	141
Capital subsidies and grants				
NZ Transport Agency subsidy	2,414	3,243	2,414	3,243
Other government capital grants	16,005	10,546	16,005	10,546
Non-government capital grants	521	134	521	134
Total subsidies and grants	22,057	17,129	22,838	17,644

Council applied for \$8.32m of Government stimulus funding in relation to the Three Waters reform package. At 30 June 2022, \$7.64m has been received in three instalments of which \$3.31m (\$2.85m - Capital, \$0.46m - Operational) has been recognised above based on costs already incurred (2021: \$5.01m, Capital - \$4.37m, Operational \$0.64m).

The Council has received \$17.5m of Government funding from the Infrastructure Reference Group for the transformation of the Taupo town centre. \$10.0m has been recognised above based on costs already incurred for the year ended 30 June 2022 (2021: \$4.35m).

Government Grants

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

7. Finance revenue and finance costs

Accounting policy

Interest revenue is recognised using the effective interest method.

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Finance revenue				
Interest revenue - term deposits	1,690	1,706	1,699	1,708
Interest revenue - community and other loans	14	68	14	68
Interest revenue - borrower notes	67	15	67	15
Total finance revenue	1,771	1,789	1,780	1,791
Less finance costs				
Interest on borrowings	(8,182)	(8,009)	(8,182)	(8,009)
Finance charges on leased assets	(8)	(12)	(8)	(12)
Total finance costs	(8,190)	(8,021)	(8,190)	(8,021)
Net finance costs	(6,419)	(6,232)	(6,410)	(6,230)

8. Other revenue

Accounting policy

Vested or donated physical assets

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

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

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

Rental Revenue

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

Dividends

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Vested land and infrastructure from property development	4,383	3,839	4,383	3,839
Other vested assets	-	126	-	126
First time recognition of assets	959	1,196	959	1,196
Petrol tax	411	446	411	446
Infringements and fines	440	374	440	374
Gain on sale of properties intended for resale	-	330	-	330
Gain on sale of property, plant, equipment and forestry	3,103	173	3,115	173
Dividends or similar distributions	259	209	259	209
Change in fair value of forestry assets	431	1,554	431	1,554
Change in fair value of investment properties and non-current assets held for sale	13,550	13	13,550	13
Realised gain on sale of shares & corporate bonds	152	406	152	406
Unrealised gain on shares	3	216	3	216
Unrealised foreign exchange gain on shares	262	69	262	69
Unrealised gain on derivatives not hedge accounted	22,816	16,724	22,816	16,724
Rental revenue from investment properties	105	126	105	330
Other revenue	170	246	170	246
Foreign exchange gains (net)	9	4	9	4
Insurance recoveries	-	-	-	-
Revenue from developer agreements	2,503	2,627	2,503	2,627
Section sales	-	1,015	-	1,015
Total other revenue	49,556	29,693	49,568	29,897

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Not later than one year	325	253	532	457
Later than one year and not later than five years	878	746	1,442	1,445
Later than five years	1,561	1,730	1,695	1,860
Total non-cancellable operating leases	2,764	2,729	3,669	3,762

No contingent rents have been recognised during the period.

9. Personnel costs

Accounting policy

Superannuation schemes

Defined contribution superannuation schemes

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

	Council		Group	
	2022 \$000	2021 Restated \$000	2022 \$000	2021 Restated \$000
Salaries and wages	24,852	23,248	25,625	24,007
Increase/(decrease) in employee entitlements/liabilities	(26)	(149)	(2)	(218)
Severance	38	7	38	7
Defined contribution plan employer contributions	694	620	713	639
Total personnel costs	25,558	23,726	26,374	24,435

Severance payments

In 2022 the Group made severance payments to three employees of \$20,000, \$6,000, & \$11,700 (2021: Severance payments - 1 employee \$7,000, Discounted sale of council owned vehicles - 4 employees with benefits of \$16,000, \$9,000, \$10,500, & \$18,500 as well as FBT payable on those benefits).

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$371,816 (2021: \$327,169).

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

Elected representatives remuneration	Council	
	2022	2021
Mayor - David Trewavas	134,000	130,638
Boddy, John	40,243	40,364
Guy, Kathy	44,266	46,303
Kingi, Tangonui	40,243	42,587
Leonard, Kylie	44,266	45,769
Mack, John	40,243	43,266
Park, Anna	46,278	45,688
Rankin, Christine	48,291	47,783
Taylor, Kevin	40,243	40,258
Trueman, Kirsty	46,278	50,697
Westerman, Yvonne	40,243	40,189
Williamson, John	46,278	46,590
Total elected representatives' remuneration	610,872	620,132
Green, Clint	17,082	11,486
McRae, Paula	7,516	-
O'Connor Patena, George	9,419	325
New, Te Takinga	8,540	7,479
Searancke, Donna	8,540	8,453
Severne, Rob	8,540	8,418
Ashmore, Ian	-	7,770
Maclaren, Amanda	-	10,361
Total Local Boards	59,637	54,292

The figure disclosed for the Mayor's remuneration includes a non-cash benefit of \$4,510 (2021: \$4,510) 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 \$8,467 was paid to the IRD by Council for a vehicle supplied to Mayor David Trewavas (2021: \$7,471).

Council employees

Total annual remuneration by band for employees as at 30 June 2022:

	Number of employees 2022
Less than \$60,000	147
\$60,000 - \$79,999	84
\$80,000 - \$99,999	45
\$100,000 - \$119,999	31
\$120,000 - \$139,999	21
\$140,000 - \$179,999	9
\$180,000 - \$349,999	5
Total employees	342

Council employees

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

	Number of employees 2021
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
Total employees	357

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 292 (2021: 261) full-time employees, with the balance of staff representing 40.5 (2021: 44.5) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5 or 40-hour working week.

10. Operating expenditure

Accounting policy

Operating leases

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

Grant expenditure

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

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

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

	Council		Group	
	2022 \$000	2021 Restated \$000	2022 \$000	2021 Restated \$000
Other expenses				
Audit fees for financial statements	169	157	195	191
Audit fees for long-term Plan	-	117	-	117
Audit fee for Debenture Trust Deed	9	8	9	8
Maintenance	10,555	14,141	10,653	14,200
Service delivery contracts	6,649	4,581	4,882	3,119
Electricity and gas	2,662	2,025	2,679	2,043
Materials and supplies	1,635	976	1,657	991
Professional services fees/legal fees	4,716	4,259	4,920	4,432
Resource consenting and compliance	682	640	682	640
Mobile plant and vehicle running costs	578	480	587	492
Insurance	1,034	896	1,049	910
Town Centre Taupo (rates)	169	168	169	168
Community grant programme	707	637	707	637
Other grants	437	441	437	441
Donations	-	-	-	-
Councillor fees	618	602	618	602
Community Board fees	60	54	60	54
Directors' fees	-	-	37	43
Minimum lease payments under operating leases	128	114	130	114
Emission Trading Scheme (Carbon Credits)	1,761	1,317	1,761	1,317
Other expenses	4,346	3,414	5,991	4,621
Section inventory consumption	-	98	-	98
Inventory consumption	533	274	533	274
Audit fees - Prior Year	10	15	10	15
Impairment of receivables	195	336	196	337
Loss on disposal of property, plant, equipment and forestry	1,693	2,629	1,693	2,629
Loss on disposal of non-current assets held for sale	-	303	-	303
Change in fair value of forestry assets	-	-	-	-
Loss on sale of shares and corporate bonds	-	44	-	44
Loss on sale of shares and corporate bonds (foreign exchange)	-	8	-	8
Change in fair value of shares	538	-	538	-
Asset writeoffs	-	-	-	360
Total other expenses	39,884	38,734	40,193	39,208

Non-cancellable operating leases as lessee:

Included in the commitments are leases of property, plant and equipment that Taupo 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	
	2022 \$000	2021	2022 \$000	2021
Rental expense relating to operating leases				
Payable no later than one year	533	259	533	259
Later than one, not later than two years	131	32	131	32
Later than two, not later than five years	248	3	248	3
Later than five years	-	752	-	752
Total rental expense relating to operating leases	912	1,046	912	1,046

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$0 (2021: \$0).

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Operational commitments				
Wastewater	3,396	2,313	3,396	2,313
District roading	12,947	17,016	12,947	17,016
Refuse	1,990	2,833	1,990	2,833
Rating Valuation Services	354	104	354	104
Street Sweeping	171	143	171	143
Security	-	162	-	162
District electricity supply	2,596	2,295	2,596	2,295
Three waters maintenance	4,847	7,734	4,847	7,734
Three waters integration	9	81	9	81
Water and Wastewater Compliance Testing	2,489	2,387	2,489	2,387
Harvesting Land Disposal Systems	243	324	243	324
Building maintenance	168	373	168	373
Cleaning contracts	21	49	21	49
Tech One ERP Licensing Fees	249	717	249	717
Microsoft software licenses	586	-	586	-
Airport	-	-	39	-
Property leases	1,754	1,047	1,769	1,047
Total rental expense relating to operating leases	31,820	37,578	31,874	37,578

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

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	
	2022 \$000	2021 Restated \$000	2022 \$000	2021 Restated \$000
Current tax expense				
Deferred taxation	-	-	(79)	14
Release of tax provision no longer required	-	-	-	-
Tax expense	-	-	(79)	14
Relationship between income tax and accounting profit:				
Operating surplus/(deficit) before taxation	65,904	37,922	65,668	37,687
Surplus/(deficit) before taxation	65,904	37,922	65,668	37,687
Tax calculated at 28%	18,453	10,618	18,387	10,552
Less tax effect of:				
Non taxable expenditure	(18,453)	(10,618)	(18,466)	(10,538)
Deferred tax adjustment	-	-	-	-
Tax expense	-	-	(79)	14

Deferred tax liabilities	Property, plant & equipment	Non deductible provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
Council & Group				
Balance at 1 July 2020	1,535	(8)	(494)	1,033
Charged to surplus or deficit	57	1	(44)	14
Charged directly to other comprehensive revenue	(42)	-	-	(42)
Balance at 30 June 2021	1,550	(7)	(538)	1,005
Balance at 1 July 2021	1,550	(7)	(538)	1,005
Charged to surplus or deficit	(118)	1	(134)	(251)
Charged directly to other comprehensive revenue	(13)	-	-	(13)
Balance at 30 June 2022	1,419	(6)	(672)	741

Data Capture Systems Limited, a subsidiary of Council, has unrecognised tax losses as at 30 June 2022 of \$225,325 to carry forward (2021: \$225,325). The tax effect of these losses is \$67,598 (2021: \$67,598). The carried forward losses originated from the activity of Taupo Information Centre Limited, that company later being renamed Data Capture Systems Limited.

12. Cash and cash equivalents

Accounting policy

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

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and in hand	19	4	21	21
Call deposits	6,917	5,935	10,936	10,925
Term deposits with maturities of less than three months at acquisition	-	-	200	-
Cash and cash equivalents	6,936	5,939	11,157	10,946

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

13. Trade and other receivables

Accounting policy

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

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rates receivable	2,654	2,697	2,654	2,697
General debtors	1,522	2,070	1,581	2,163
Receivables from controlled entities (note 30)	661	33	-	-
Other	2,214	1,421	2,324	1,450
Receivables prior to impairment	7,051	6,221	6,558	6,310
Less: Provision for Impairment	(670)	(748)	(670)	(748)
Total current net trade and other receivables	6,381	5,473	5,888	5,562
Total debtors and other receivables from exchange transactions	-	-	-	97
Total current net trade and other receivables from non-exchange transactions	6,381	5,473	5,888	5,465
Total current net trade and other receivables	6,381	5,473	5,888	5,562

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

Taupo District Council does not provide for any impairment on rates receivable, with the exception of multiple owned Maori 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 Taupo 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 Taupo 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: \$164k (2021: \$Nil)
- Section 90B: \$Nil (2021: \$Nil)

The carrying amount of receivables that would otherwise be impaired, whose terms have been renegotiated is \$74,613 (2021: \$9,388).

The status of receivables as at 30 June 2022 are detailed below:

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current	1,657	1,128	1,038	1,160
Past due 1-30 days	298	119	306	130
Past due 31-60 days	123	455	125	458
Past due 61+ days	2,494	2,860	2,500	2,878
Impairment	(670)	(748)	(670)	(748)
Net receivables	3,902	3,814	3,300	3,878

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Individual impairment	335	490	335	490
Collective impairment	335	258	335	258
Total impairment	670	748	670	748

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	
	2022 \$000	2021	2022 \$000	2021
Current	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61+ days	335	490	335	490
Total impairment	335	490	335	490

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	748	683	748	683
Additional provisions	75	337	337	337
Receivables written off during the year	(153)	(272)	(272)	(272)
Total impairment	670	748	812	748

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

14. Inventories

Accounting policy

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

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

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

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

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

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Commercial inventories				
Held for use in the provision on services	130	89	130	89
Residential sections held for sale	-	-	-	-
	130	89	130	89
Held for distribution				
Water reticulation spare parts	61	8	61	8
Parks & reserves chemicals	15	9	15	9
Wastewater spare parts	-	214	-	214
Swimming pool chemicals	10	9	10	9
Other	10	40	10	40
Total inventory	226	369	226	369

No inventories are pledged as security for liabilities (2021: \$nil).

Inventories held for distribution

No inventories were written-down during the year (2021: \$nil). There have been no reversals of write-downs (2021: \$nil).

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.

Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit. Council does not use this category presently.

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

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

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

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

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

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Short term bank deposits with maturities of 4-12 months	110,792	122,819	110,792	122,819
Local government (NZLGFA) and corporate bonds	467	166	467	166
Total current portion	111,259	122,985	111,259	122,985
Non current portion				
Shares in CCO's and other similar entities				
Taupo Airport Authority	7,843	7,593	-	-
NZ Local Government Funding Agency (NZLGFA)	100	100	100	100
Investments in Associates	30	22	30	22
Total investment in subsidiaries and similar entities	7,973	7,715	130	122
Investment in other entities				
Civic Financial Services Ltd	83	81	83	81
Term deposits > 12 months	-	4,002	-	4,002
Local government (NZLGFA) and corporate bonds	2,072	2,260	2,072	2,260
Community loans	166	734	166	734
Equity securities	6,610	7,543	6,610	7,543
Other loans	1,002	1,002	1,002	1,002
Total investment in other entities	9,933	15,622	9,933	15,622
Total non current portion	17,906	23,337	10,063	15,744
Total other financial assets	129,165	146,322	121,322	138,729

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 (2021: \$Nil). Fair value has been determined using quoted market bid prices from independently sourced market information.

Controlled entities

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

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

Taupo District Council has 100% ownership (150 shares) of the subsidiary Data Capture Systems Limited (2021: 150 shares). This company is dormant.

Taupo District Council has 100% ownership (100 shares) of the subsidiary Destination Lake Taupo Limited (2021: 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:

	2022			2021		
	NO. OF SHARES	MARKET VALUE \$/SHARE	TOTAL MARKET VALUE	NO. OF SHARES	MARKET VALUE \$/SHARE	TOTAL MARKET VALUE
Current portion						
A2 Milk	45,000	4.93	221,850	45,000	6	289,800
Adelaide Brighton Concrete	125,000	2.68	334,957	125,000	3.73	465,897
AGL Energy Limited	30,000	9.14	274,056	30,000	8.81	264,232
Amcor	40,000	19.98	799,026	40,000	16.25	650,054
ANZ Bank	30,000	24.39	731,813	30,000	30.24	907,089
APA Group	75,000	12.48	935,943	75,000	9.56	716,971
Brambles Limited	20,000	11.86	237,183	50,000	12.29	614,393
Bunzl	5,000	52.24	261,203	10,000	47.31	473,069
Costa Group	50,000	3.17	158,343	50,000	3.56	177,765
Estia Health	150,000	2.11	317,241	150,000	2.65	397,959
Gentrack	31,569	1.40	44,197	31,569	2.06	65,032
Link Administration Holdings	50,000	4.20	209,833	50,000	5.41	270,676
Pact Group	100,000	1.99	199,313	100,000	3.97	397,422
Scentre Group	80,000	2.87	229,432	80,000	2.94	235,445
South 32	100,000	4.36	436,275	100,000	3.15	314,715
Synlait Milk	167,794	3.12	523,517	167,794	3.64	610,770
Syrah Resources	50,000	1.37	68,652	100,000	1.12	111,707
Tesco	102,631	4.98	511,253	102,631	4.41	453,101
Tourism Holdings	50,000	2.32	116,000	50,000	2.53	126,500
			6,610,088			7,542,597

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 \$166,379 (2021: \$733,603).

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 \$0.98 (2021: \$0.96) each.
- Waikato Local Authority Shared Services Ltd 1 ordinary capital share (uncalled) of \$1,000 (2021: \$1,000).
- BOP Local Authority Shared Services Ltd 1 ordinary capital share of \$1,000 (2021: \$1,000).
- NZ Local Government Funding Agency 100,000 ordinary shares @ \$1.00 and 100,000 ordinary unpaid shares @ \$1.00 (2021: \$1.00).

16. Non current assets held for sale

Accounting policy

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

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

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

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Non current assets held for sale are:				
Land	12,875	12,965	12,875	12,965
Buildings	531	235	531	235
Total non current assets held for sale	13,406	13,200	13,406	13,200
Opening balance	13,200	16,577	13,200	16,577
Disposals	(765)	(250)	(765)	(250)
Asset reclassifications	(4,412)	(515)	(4,412)	(515)
Additions	76	233	76	233
Fair value gains/(losses) on valuation	7,751	(1,136)	7,751	(1,136)
Impairment	-	-	-	-
Transfer (to)/from non-current assets	(2,444)	(1,709)	(2,444)	(1,709)
Total	13,406	13,200	13,406	13,200

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

17. Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

(i) Operational assets

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

(ii) Restricted assets

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

(iii) Infrastructure assets

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

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

Revaluation

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

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

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

Additions

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

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

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

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

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

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

Disposals

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

Depreciation

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

Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets		
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%
Infrastructural assets		
Buildings	40 - 75 years	1.3% - 2.5%
Roading network		
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
Water system		
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%
Sewerage system		
Pipes	65 - 120 years	1% - 1.5%
Manholes	80 years	1.3%
Treatment plant	10 - 80 years	1.3% - 20%
Stormwater systems		
Pipes	50 - 120 years	0.83% - 2%
Manholes, cesspits	75 - 100 years	1% - 1.3%
Flood control systems	50 - 100 years	1% - 2%
Solid waste	4 - 24 years	4.166% - 25%

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

Impairment of property, plant and equipment

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

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

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

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

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

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

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings and infrastructure.

Land (operational, restricted, and infrastructural)

The most recent valuation of land and buildings for Council and Group was performed by independent registered valuers, Ashley Pont BLPM, Maria McHugh BCom (VPM), MPINZ and Mairi Macdonald BBS (VPM) GradDipBusStud (Rural Valuation) MPINZ, of Quotable Value Limited. The valuation is effective as at 30 June 2022.

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

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

Buildings (operational and restricted)

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

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

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

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

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

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

- The physical deterioration and condition of an asset, for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of the asset;
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which provides Council with further assurance over its useful life estimates. Experienced independent valuers perform the Council's infrastructural asset revaluations.

The most recent valuation of 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 2022 and then indexed using market sales to bring the values to 30 June 2022. 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 Ashley Pont BLP, Maria McHugh BCom (VPM), MPINZ and Mairi

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.

17. Property, plant and equipment

Council 2022	Cost / revaluation 1-Jul-21 \$000	Accumulated depreciation 1-Jul-21 \$000	Carrying amount 1-Jul-21 \$000	Current year additions \$000	Current year disposals (+ gains/ losses) \$000	Current year impairment charges \$000	Current year depreciation \$000	Transfers \$000	Revaluation surplus \$000	Cost / revaluation 30-Jun-22 \$000	Accumulated depreciation 30-Jun-22 \$000	Carrying amount 30-Jun-22 \$000
Operating assets at cost & valuation												
Land	35,350	-	35,350	17	-	-	-	-	8,765	44,131	-	44,131
Buildings	66,643	(6,575)	60,067	3,463	(2)	(77)	(3,227)	-	24,962	86,188	(1,002)	85,186
Library books	2,858	(1,653)	1,205	-	-	-	(299)	-	-	2,858	(1,952)	906
Leased plant & equipment	351	(138)	214	-	-	-	(75)	-	-	279	(140)	139
Office furniture and fittings	34,225	(20,799)	13,426	655	(6)	-	(1,836)	-	-	34,825	(22,590)	12,239
Mobile plant and equipment	10,152	(6,945)	3,207	900	(34)	-	(863)	-	-	10,581	(7,372)	3,210
Heritage assets	2,266	-	2,266	-	-	-	-	-	-	2,266	-	2,266
Capital work in progress - land	24	-	24	269	-	-	-	(261)	-	33	-	33.00
Capital work in progress - buildings	2,436	-	2,436	4,323	-	-	-	(3,059)	-	3,700	-	3,700
Capital work in progress - library books	-	-	-	290	-	-	-	-	-	290	-	290.00
Capital work in progress - office furniture & fittings	8,827	-	8,827	6,434	-	-	-	(962)	-	14,299	-	14,299.00
Capital work in progress - mobile plant & equipment	11	-	11	951	-	-	-	(898)	-	65	-	65.00
Capital work in progress - heritage assets	56	-	56	46	-	-	-	-	-	102	-	102.00
Total operating assets	163,199	(36,110)	127,089	17,348	(42)	(77)	(6,300)	(5,180)	33,727	199,617	(33,056)	166,566
Infrastructural assets at cost & valuation												
Roading	368,776	(6,834)	361,942	-	-	-	(6,814)	-	44,178	412,954	(13,648)	399,306
Water supply	94,149	-	94,149	2,387	(823)	-	(3,349)	-	-	95,694	(3,330)	92,364
Wastewater reticulation	160,691	-	160,691	5,808	(376)	-	(4,817)	-	(18,821)	147,293	(4,808)	142,485
Stormwater reticulation	53,706	-	53,706	1,422	(47)	-	(993)	-	-	55,080	(992)	54,088
Land under roads	341,896	-	341,896	130	-	-	-	-	152,887	494,913	-	494,913
Infrastructural buildings	12,311	(782)	11,529	66	-	-	(384)	-	3,609	14,824	(4)	14,820
Solid waste	5,277	(4,301)	976	-	-	-	(249)	-	-	5,277	(4,550)	727
Capital work in progress - roading	11,842	-	11,842	18,789	-	-	-	-	-	30,634	-	30,634
Capital works in progress - water supply	18,324	-	18,324	12,395	-	-	-	(2,969)	-	27,750	-	27,750
Capital work in progress - wastewater	20,751	-	20,751	13,181	-	-	-	(1,616)	-	32,317	-	32,317
Capital work in progress - stormwater	241	-	241	261	-	-	-	-	-	502	-	502
Capital work in progress - solid waste	386	-	385	293	-	-	-	(50)	-	629	-	629
Total infrastructural assets	1,088,351	(11,917)	1,076,432	54,732	(1,246)	-	(16,606)	(4,635)	181,853	1,317,867	(27,332)	1,290,535
Restricted assets at cost and valuation												
Reserves	158,116	(55)	158,061	173	(21)	-	-	125	65,339	223,677	-	223,677
Total restricted assets	158,116	(55)	158,061	173	(21)	-	-	125	65,339	223,677	-	223,677
Total Council	1,409,666	(48,082)	1,361,581	72,253	(1,309)	(77)	(22,906)	(9,690)	280,919	1,741,161	(60,388)	1,680,778

Council 2021	Cost /	Accumulated	Carrying	Current year	Current year	Current year	Current year	Transfers	Revaluation	Cost /	Accumulated	Carrying
	revaluation	depreciation	amount							additions	disposals (+	impairment
	1-Jul-20	1-Jul-20	1-Jul-20		gains/ losses)	charges				30-Jun-21	30-Jun-21	30-Jun-21
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating assets at cost & valuation												
Land	38,537	-	38,537	-	-	-	-	(3,187)	-	35,350	-	35,350
Buildings	65,568	(3,752)	61,816	2,086	(14)	-	(3,209)	(633)	-	66,643	(6,595)	60,048
Library books	2,530	(1,348)	1,182	328	-	-	(305)	-	-	2,858	(1,653)	1,205
Leased plant & equipment	394	(104)	290	-	(43)	-	(33)	-	-	351	(137)	214
Office furniture and fittings	33,239	(19,296)	13,943	1,165	(6)	-	(1,703)	7	-	34,225	(20,799)	13,426
Mobile plant and equipment	10,584	(6,635)	3,949	275	(83)	-	(926)	(7)	-	10,152	(6,945)	3,207
Heritage assets	2,196	-	2,196	70	-	-	-	-	-	2,266	-	2,266
Capital work in progress - land	121	-	121	302	-	-	-	(399)	-	24	-	24
Capital work in progress - buildings	1,721	-	1,721	2,997	-	-	-	(2,282)	-	2,436	-	2,436
Capital work in progress - library books	8	-	8	320	-	-	-	(328)	-	0	-	0
Capital work in progress - office furniture & fittings	4,450	-	4,450	5,354	-	-	-	(977)	-	8,827	-	8,827
Capital work in progress - mobile plant & equipment	-	-	0	138	-	-	-	(128)	-	11	-	11
Capital work in progress - heritage assets	102	-	102	19	-	-	-	(65)	-	56	-	56
Total operating assets	159,450	(31,135)	128,315	13,054	(146)	-	(6,176)	(7,999)	-	163,198	(36,129)	127,069
Infrastructural assets at cost & valuation												
Roading	365,150	(45)	365,105	4,098	(447)	-	(6,814)	-	-	368,776	(6,834)	361,942
Water supply	84,561	(6,478)	78,083	5,340	(1,205)	-	(3,186)	-	15,117	94,149	-	94,149
Wastewater reticulation	122,764	(9,435)	113,329	6,163	(603)	-	(4,833)	-	46,635	160,691	-	160,691
Stormwater reticulation	52,780	(1,881)	50,899	1,138	(98)	-	(978)	-	2,745	53,706	-	53,706
Land under roads	341,896	-	341,896	-	-	-	-	-	-	341,896	-	341,896
Infrastructural buildings	12,290	(381)	11,909	21	-	-	(382)	-	-	12,311	(763)	11,548
Solid waste	5,277	(4,054)	1,223	-	-	-	(249)	-	-	5,277	(4,301)	976
Capital work in progress - roading	2,621	-	2,621	12,162	-	-	-	(2,941)	-	11,842	-	11,842
Capital works in progress - water supply	11,477	-	11,477	11,163	-	-	-	(4,315)	-	18,324	-	18,324
Capital work in progress - wastewater	12,328	-	12,328	12,989	-	-	-	(4,565)	-	20,751	-	20,751
Capital work in progress - stormwater	294	-	294	669	-	-	-	(722)	-	241	-	241
Capital work in progress - solid waste	164	-	164	222	-	-	-	-	-	386	-	386
Total infrastructural assets	1,011,602	(22,274)	989,328	53,963	(2,352)	-	(16,440)	(12,543)	64,497	1,088,350	(11,898)	1,076,452
Restricted assets at cost and valuation												
Reserves	157,238	-	157,238	878	-	-	-	-	-	158,116	-	158,116
Total restricted assets	157,238	-	157,238	878	0	0	0	0	0	158,116	0	158,116
Total Council	1,328,290	(53,409)	1,274,881	67,895	(2,498)	-	(22,616)	(20,542)	64,497	1,409,665	(48,027)	1,361,637

Group 2022	Cost / revaluation 1-Jul-21	Accumulated depreciation 1-Jul-21	Carrying amount 1-Jul-21	Current year additions	Current year disposals (+ gains/ losses)	Current year impairment charges	Current year depreciation	Transfers	Revaluation surplus	Cost / revaluation 30-Jun-22	Accumulated depreciation 30-Jun-22	Carrying amount 30-Jun-22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating assets at cost & valuation												
Land	35,350	-	35,350	17	-	-	-	-	8,765	44,131	-	44,131
Buildings	66,895	(6,653)	60,242	3,463	(2)	(77)	(3,259)	-	25,011	86,459	(1,060)	85,399
Library books	2,858	(1,653)	1,205	-	-	-	(299)	-	-	2,858	(1,952)	906
Leased plant & equipment	351	(137)	214	-	-	-	(75)	-	-	279	(140)	139
Office furniture and fittings	34,378	(20,916)	13,462	663	(20)	-	(1,853)	-	-	35,022	(22,750)	12,272
Mobile plant and equipment	10,267	(7,029)	3,238	900	(34)	-	(869)	-	-	10,622	(7,399)	3,223
Heritage assets	2,266	-	2,266	-	-	-	-	-	-	2,266	-	2,266
Capital work in progress - land	24	-	24	269	-	-	-	(261)	-	33	-	33
Capital work in progress - buildings	2,436	-	2,436	4,323	-	-	-	(3,059)	-	3,700	-	3,700
Capital work in progress - library books	0	-	0	290	-	-	-	-	-	290	-	290
Capital work in progress - office furniture & fittings	8,827	-	8,827	6,434	-	-	-	(962)	-	14,299	-	14,299
Capital work in progress - mobile plant & equipment	11	-	11	951	-	-	-	(898)	-	65	-	65
Capital work in progress - heritage assets	56	-	56	46	-	-	-	-	-	102	-	102
Total operating assets	163,719	(36,388)	127,331	17,356	(56)	(77)	(6,355)	(5,180)	33,776	200,126	(33,300)	166,826
Infrastructural assets at cost & valuation												
Roading	370,203	(6,850)	363,353	-	-	-	(6,830)	-	44,178	414,381	(13,680)	400,701
Water supply	94,149	-	94,149	2,387	823	-	(3,349)	-	-	95,694	(3,330)	92,364
Wastewater	160,691	-	160,691	5,808	376	-	(4,817)	-	(18,821)	147,293	(4,808)	142,485
Stormwater	53,891	-	53,891	1,422	47	-	(995)	-	-	55,265	(994)	54,271
Land under roads	341,896	-	341,896	130	-	-	-	-	152,887	494,913	-	494,913
Infrastructural buildings	12,311	(763)	11,548	66	-	-	(384)	-	3,609	14,824	(4)	14,820
Solid waste	5,277	(4,301)	976	-	-	-	(249)	-	-	5,277	(4,550)	727
Capital work in progress - roading	11,842	-	11,842	18,789	-	-	-	-	-	30,639	-	30,639
Capital works in progress - water supply	18,325	-	18,325	12,395	-	-	-	(2,969)	-	27,750	-	27,750
Capital work in progress - wastewater	20,751	-	20,751	13,181	-	-	-	(1,616)	-	32,317	-	32,317
Capital work in progress - stormwater	241	-	241	261	-	-	-	-	-	502	-	502
Capital work in progress - infrastructural buildings	713	-	713	4,667	-	-	-	(50)	-	5,380	-	5,380
Capital work in progress - solid waste	386	-	386	293	-	-	-	(50)	-	629	-	629
Taupo Airport runways	4,899	(151)	4,748	10	-	-	(151)	-	-	4,909	(302)	4,607
Total infrastructural assets	1,095,575	(12,065)	1,083,510	59,409	(1,246)	-	(16,775)	(4,685)	181,853	1,329,774	(27,668)	1,302,106
Restricted assets at cost and valuation												
Reserves	158,116	(55)	158,061	173	(21)	-	-	125	65,339	223,677	-	223,677
Taupo Airport land	4,036	-	4,036	94	-	-	-	-	1,087	5,217	-	5,217
Total restricted assets	162,152	(55)	162,097	267	(21)	-	-	125	66,426	228,894	-	228,894
Total Group	1,421,446	(48,508)	1,372,938	77,032	(1,323)	(77)	(23,130)	(9,740)	282,055	1,758,794	(60,968)	1,697,825

Group 2021	Cost / revaluation 1-Jul-20 \$000	Accumulated depreciation 1-Jul-20 \$000	Carrying amount 1-Jul-20 \$000	Current year additions (+ gains) \$000	Current year disposals (+ losses) \$000	Current year impairment charges \$000	Current year depreciation \$000	Transfers \$000	Revaluation surplus \$000	Cost / revaluation 30-Jun-21 \$000	Accumulated depreciation 30-Jun-21 \$000	Carrying amount 30-Jun-21 \$000
Operating assets at cost & valuation												
Land	38,537	-	38,537	-	-	-	-	(3,187)	-	35,350	-	35,350
Buildings	66,182	(3,777)	62,405	2,086	(14)	(360)	(3,241)	(633)	-	66,895	(6,653)	60,242
Library books	2,530	(1,348)	1,182	328	-	-	(305)	-	-	2,858	(1,653)	1,205
Leased plant & equipment	394	(104)	290	-	(43)	-	(33)	-	-	351	(137)	214
Office furniture and fittings	33,533	(19,467)	14,066	1,169	(69)	-	(1,724)	7	-	34,378	(20,916)	13,462
Mobile plant and equipment	11,624	(7,641)	3,983	281	(86)	-	(938)	(7)	-	10,267	(7,029)	3,238
Heritage assets	2,196	-	2,196	70	-	-	-	-	-	2,266	-	2,266
Capital work in progress - land	121	-	121	302	-	-	-	(399)	-	24	-	24
Capital work in progress - buildings	1,721	-	1,721	2,997	-	-	-	(2,282)	-	2,436	-	2,436
Capital work in progress - library books	8	-	8	320	-	-	-	(328)	-	0	-	0
Capital work in progress - office furniture & fittings	4,450	-	4,450	5,354	-	-	-	(977)	-	8,827	-	8,827
Capital work in progress - mobile plant & equipment	-	-	0	138	-	-	-	(128)	-	11	-	11
Capital work in progress - heritage assets	102	-	102	19	-	-	-	(65)	-	56	-	56
Total operating assets	161,398	(32,337)	129,061	13,064	(212)	(360)	(6,240)	(7,999)	-	163,719	(36,388)	127,331
Infrastructural assets at cost & valuation												
Roading	385,286	(18,786)	366,500	4,098	(447)	-	(6,830)	-	-	370,203	(6,850)	363,353
Water supply	84,561	(6,478)	78,083	5,340	(1,205)	-	(3,186)	-	15,117	94,149	-	94,149
Wastewater reticulation	122,764	(9,435)	113,329	6,163	(603)	-	(4,833)	-	46,635	160,691	-	160,691
Stormwater reticulation	53,155	(1,916)	51,239	1,138	(98)	-	(983)	-	2,595	53,891	-	53,891
Land under roads	341,896	-	341,896	-	-	-	-	-	-	341,896	-	341,896
Infrastructural buildings	12,290	(381)	11,909	21	-	-	(382)	-	-	12,311	(763)	11,548
Solid waste	5,277	(4,054)	1,223	-	-	-	(249)	-	-	5,277	(4,301)	976
Capital work in progress - roading	2,621	-	2,621	12,162	-	-	-	(2,941)	-	11,842	-	11,842
Capital works in progress - water supply	11,477	-	11,477	11,163	-	-	-	(4,315)	-	18,325	-	18,325
Capital work in progress - wastewater	12,328	-	12,328	12,989	-	-	-	(4,565)	-	20,751	-	20,751
Capital work in progress - stormwater	294	-	294	669	-	-	-	(722)	-	241	-	241,05386
Capital work in progress - infrastructural buildings	24	-	24	689	-	-	-	-	-	713	-	713
Capital work in progress - solid waste	164	-	164	222	-	-	-	-	-	386	-	386
Taupo Airport runways	5,294	(528)	4,766	-	-	-	(151)	-	-	4,899	(151)	4748
Total infrastructural assets	1,037,431	(41,578)	995,853	54,652	(2,352)	-	(16,612)	(12,543)	64,347	1,095,575	(12,065)	1,083,510
Restricted assets at cost and valuation												
Reserves	157,238	-	157,238	878	-	-	-	-	-	158,116	-	158,116
Taupo Airport land	4,036	-	4,036	-	-	-	-	-	-	4,036	-	4,036
Total restricted assets	161,274	-	161,274	878	-	-	-	-	-	162,152	-	162,152
Total Council	1,360,103	(73,915)	1,286,188	68,594	(2,564)	(360)	(22,853)	(20,542)	64,347	1,421,446	(48,453)	1,372,993

17. Property, plant and equipment

Heritage assets

Council owns a variety of heritage type assets around the Taupo 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 (2021: \$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 Whakamaru Community Hall due to water damage (\$11,230) and 6 Te Mitiotu Grove Turangi (\$65,560) due to council entering into a Deed of Ground Lease with Lake Taupō Health Trust approving the assets write-off.

Insurance on assets

The total book value of all assets covered by insurance contracts is \$112 million (2021: \$113m).

The Council has chosen to insure these assets for \$326 million (2021: \$323m).

The Council has chosen to self-insure Infrastructure assets as outlined in Council's Taupo Recovery Plan December 2013, by "ring fencing" the cash investments of the TEL Fund of \$60.5m (2021: \$60.5m) 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 Roading, Water, Wastewater, Stormwater & Solid Waste assets that are self-insured is \$717 million (2021: \$703m). With the provisions made above, in the event of a loss Council will be eligible for 60% financial support for essential infrastructure recovery from Central Government.

Infrastructural assets - further disclosures

COUNCIL 2022	ADDITIONS			
	CLOSING BOOK VALUE \$000	CONSTRUCTED BY COUNCIL \$000	ASSETS TRANSFERRED TO COUNCIL \$000	ESTIMATED REPLACEMENT COST \$000
Infrastructural assets				
Water treatment plants & facilities	22,646	167	-	57,257
Water reticulation assets	69,718	806	1,413	151,392
Wastewater treatment plants & facilities	50,518	586	-	119,164
Wastewater reticulation assets	91,967	3,673	1,549	176,065
Stormwater drainage	54,088	62	1,360	105,315
Roads & footpaths	399,306	-	-	589,099
Total infrastructural assets	688,243	5,294	4,322	1,198,292

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

During the period Council instructed WSP to carry out a high level fair value assessment to ascertain the approximate fair value of roading infrastructure assets to determine the increase since the last valuation (2020), WSP applied an indices based approach to the fair value assessment. As a result of the findings by WSP an uplift of 12.1% (\$44m) was subsequently applied to the roading assets value as an interim valuation. Roads and footpaths latest formal valuation was 30/6/2020.

COUNCIL 2021	ADDITIONS			
	CLOSING BOOK VALUE \$000	CONSTRUCTED BY COUNCIL \$000	ASSETS TRANSFERRED TO COUNCIL \$000	ESTIMATED REPLACEMENT COST \$000
Infrastructural assets				
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
Total infrastructural assets	670,488	13,607	3,131	1,075,281

GROUP 2022	ADDITIONS			
	CLOSING BOOK VALUE \$000	CONSTRUCTED BY COUNCIL \$000	ASSETS TRANSFERRED TO COUNCIL \$000	ESTIMATED REPLACEMENT COST \$000
Infrastructural assets				
Water treatment plants & facilities	22,646	167	-	57,257
Water reticulation assets	69,718	806	1,413	151,392
Wastewater treatment plants & facilities	50,518	586	-	119,164
Wastewater reticulation assets	91,967	3,673	1,549	176,065
Stormwater drainage	53,891	62	1,360	105,315
Roads & footpaths	363,353	-	-	590,585
Taupo Airport runways	4,607	-	-	7,240
Total infrastructural assets	656,700	5,294	4,322	1,207,018

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

Roads and footpaths latest valuation 30/6/2020.

GROUP 2021	ADDITIONS			
	CLOSING BOOK VALUE \$000	CONSTRUCTED BY COUNCIL \$000	ASSETS TRANSFERRED TO COUNCIL \$000	ESTIMATED REPLACEMENT COST \$000
Infrastructural assets				
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
Taupo Airport runways	4,748	-	-	7,240
Total infrastructural assets	676,830	13,607	3,131	1,082,521

Finance leases as lessee

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

	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Computer equipment	-	-	-	-
Gym equipment	-	57	-	57
Library equipment	-	166	-	166
Total	-	223	-	223

CAPITAL COMMITMENTS	Council		Group	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Water system	35,793	3,072	35,793	3,072
Roading network	746	7,307	746	7,307
District roading capex/renewals	-	410	-	410
Tech One ERP Implementation	90	263	90	263
Wastewater capex/renewals	565	-	565	-
Turangitukua sports facility	2,375	-	2,375	-
Taupo lakefront and reserve enhancement	-	-	-	-
Refuse	166	-	166	-
Tongariro Domain Playspace	-	547	-	547
Airport redevelopment	-	-	165	333
Taupo Town Centre Transformation	5,686	13,037	5,686	13,037
Waioara House	4,974	394	4,974	394
Turangi Kerb & Channel	7,112	8,649	7,112	8,649
Tirohanga road widening & rehabilitation	129	-	129	-
Miro Street Taupo rehabilitation	531	-	531	-
Other capex/renewals	-	382	-	382
Total capital commitments	58,167	34,061	58,332	34,394

Taupo District Council has entered into construction contracts on behalf of Taupo Airport Authority with outstanding contractual commitments of \$3.18m (2021: \$7.14m).

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 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).

Software as a service (SaaS) costs are componentised, with development and configuration activities recognised as part of the software asset, and all other costs expensed as they are incurred in accordance with the April-21 agenda decision from the International Financial Reporting Interpretations Committee (IFRIC) on Configuration or Customisation costs in a Cloud Computing Arrangement.

Staff training costs are recognised as an expense when incurred.

Carbon credits

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Class of intangible asset	Estimated useful life	Amortisation rates
Computer software	3 - 8 years	12.5% - 33.33%

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
Cost				
COUNCIL 2021 - Restated				
Balances at 1 July 2020	3,176	3,234	254	6,664
Additions	834	2,450	355	3,639
Disposals	-	-	(254)	(254)
Reclassification*	-	(2,298)	-	(2,298)
Transfer (to)/from property, plant & equipment	-	(961)	-	(961)
Balances as at 30 June 2021	4,010	2,425	355	6,790
COUNCIL 2022				
Balances at 1 July 2021	4,010	2,425	355	6,790
Additions	-	(677)	2,884	2,207
Disposals	-	-	(355)	(355)
Transfer (to)/from property, plant & equipment	-	2,207	-	2,207
Balances as at 30 June 2022	4,010	3,955	2,884	10,849
Accumulated amortisation and impairment				
COUNCIL 2021 - Restated				
Balances at 1 July 2020	(3,051)	-	-	(3,051)
Disposals	-	-	-	-
Amortisation charge	(251)	-	-	(251)
Balances as at 30 June 2021	(3,302)	-	-	(3,302)
COUNCIL 2022				
Balances at 1 July 2021	(3,302)	-	-	(3,302)
Disposals	-	-	-	-
Amortisation charge	(153)	-	-	(153)
Balances as at 30 June 2022	(3,455)	-	-	(3,455)
Carrying amounts				
As at 1 July 2020	31	3,234	254	3,519
As at 30 June 2021 & 1 July 2021	708	2,425	355	3,488
As at 30 June 2022	555	3,955	2,884	7,394

	COMPUTER SOFTWARE \$000	CAPITAL WORK IN PROGRESS \$000	CARBON CREDITS \$000	TOTAL \$000
Cost				
GROUP 2021 - Restated				
Balances at 1 July 2020	3,332	3,234	254	6,820
Additions	835	2,450	355	3,640
Disposals	-	-	(254)	(254)
Reclassification*	-	(2,298)	-	(2,298)
Transfer to property, plant & equipment	-	(961)	-	(961)
Balances as at 30 June 2021	4,167	2,425	355	6,947
GROUP 2022				
Balances at 1 July 2021	4,167	2,425	355	6,947
Additions	26	(677)	2,884	2,233
Disposals	-	-	(355)	(355)
Transfer to property, plant & equipment	-	2,207	-	2,207
Balances as at 30 June 2022	4,193	3,955	2,884	11,032
Accumulated amortisation and impairment				
GROUP 2021 - Restated				
Balances at 1 July 2020	(3,119)	-	-	(3,119)
Disposals	-	-	-	-
Amortisation charge	(288)	-	-	(288)
Balances as at 30 June 2021	(3,407)	-	-	(3,407)
GROUP 2022				
Balances at 1 July 2021	(3,407)	-	-	(3,407)
Disposals	-	-	-	-
Amortisation charge	(195)	-	-	(195)
Balances as at 30 June 2022	(3,602)	-	-	(3,602)
Carrying amounts				
As at 1 July 2020	212	3,234	254	3,700
As at 30 June 2021 & 1 July 2021	760	5,557	355	6,672
As at 30 June 2022	591	3,955	2,884	7,430

*Reclassification includes amounts transferred to the applicable expense in the statement of comprehensive revenue and expense per note 37.

Impairment

Carbon credits

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

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

19. Depreciation and amortisation expense by group of activity

	COUNCIL	
	2022 \$000	2021 Restated \$000
Water	3,829	3,730
Community Services	235	184
Transport	6,930	6,857
Community Facilities	4,787	4,721
Solid Waste	386	438
Stormwater	997	982
Wastewater	4,986	5,108
Economic Development	19	22
Democracy & Planning	36	13
Investments	1,133	128
Depreciation and amortisation not directly related to group of activities	-	893
Total depreciation and amortisation	23,338	23,076

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 surplus or deficit.

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	7,598	7,601	7,598	7,601
Gains/(losses) arising from changes in fair value	431	1,554	431	1,554
Additions	64	86	64	86
Disposals	(558)	(1,643)	(558)	(1,643)
Carrying amount at 30 June	7,535	7,598	7,535	7,598

The forest estate comprises a number of relatively small forests and two larger forests (Rangitaiki & Tirohanga) in the Taupo basin of radiata pine. The total net stocked area of the estate is estimated to be 971 hectares (2021: 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. In the current financial year, harvesting of the remaining 15.9Ha of the original 58.3Ha of standing timber was harvested, with no replanting undertaken.

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 \$7,610,000 as at 30 June 2022. 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 8.0% (2021: 8.5%) 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 2022 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 (2021: nil).

Financial risk management strategies

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

21. Investment property

Accounting policy

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

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

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

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

TOTAL VALUE OF INVESTMENT PROPERTY IS SHOWN IN THE TABLE BELOW:

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Land	29,864	17,194	29,864	17,194
Buildings	920	916	920	916
Balance at 30 June	30,784	18,110	30,784	18,110

THE MOVEMENT OF INVESTMENT PROPERTY IS AS FOLLOWS:

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance	18,110	11,144	18,110	11,144
Fair value gains/(losses) on valuation	5,799	832	5,799	832
Additions	89	39	89	39
Disposals	-	-	-	-
Transfers (to)/ from property plant and equipment	-	3,870	4,412	3,870
Transfers (to)/from held for sale	6,786	2,225	2,374	2,225
Balance at 30 June	30,784	18,110	30,784	18,110

Investment properties are valued annually effective at 30 June to fair value. The valuation was performed by M MacDonald BBS (VPM) GradDipBusStud (Rural valuation) MPINZ, an independent registered valuer of Quotable Value Limited. Quotable Value Limited is an experienced valuer with extensive market knowledge in the types and location of investment properties owned by the Council.

The valuation methodology and assumptions used were:

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

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rental revenue from investment property	119	126	119	126
Direct operating expenses related to investment property that generated rental revenue during the period	43	43	43	43
Direct operating expenses related to investment property that did not generate rental revenue during the period	46	64	46	64

22. Trade and other payables

Accounting policy

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Trade payables	1,888	8,525	2,036	8,563
Amounts due to related parties	-	5	-	-
Accrued expenses	7,713	1,785	7,837	1,856
Councillor fees payable	20	3	20	3
Accrued interest on borrowings	454	203	454	203
Deposits and bonds	2,078	1,688	2,092	1,688
Revenue in advance	8,906	12,214	9,376	12,520
Total trade and other payables	21,059	24,423	21,815	24,833
Total creditors and other payables from exchange transactions	10,055	10,519	10,053	10,650
Total creditors and other payables from non-exchange transactions	11,004	13,904	11,761	14,183
Total current creditors and other payables from exchange and non exchange transactions	21,059	24,423	21,814	24,833

Included within revenue in advance is unspent government funding in relation to the Town Centre Transformation programme of \$3.15m (2021: Three Waters - \$1.83m, Town Centre Transformation \$6.05m).

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.

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. A sick leave provision was held in 2021 which was released in 2022, as assessment against the Council's sick leave policy resulted in no liability relating to past periods.

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 0.38% (2021: 0.22%) and an inflation factor of 4% (2021: 2%) were used.

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Accrued pay	368	243	393	260
Annual leave	2,430	2,473	2,505	2,532
Lieu leave	155	150	156	152
Retirement gratuities & long service leave	272	460	276	460
Sick leave	-	116	-	116
Total current portion	3,225	3,442	3,330	3,520
Non current portion				
Retirement gratuities & long service leave	173	4	173	5
Total non current portion	173	4	173	5
Total non current portion	3,398	3,446	3,503	3,525

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Commercial paper	38,000	38,000	38,000	38,000
Debentures	25,000	10,000	25,000	10,000
Finance lease liabilities	79	75	79	75
Total secured current interest bearing borrowings	63,079	48,075	63,079	48,075
Non current portion				
Debentures	100,000	115,000	100,000	115,000
Finance lease liabilities	68	148	68	148
Total secured non current interest bearing borrowings	100,068	115,148	100,068	115,148
Total borrowings	163,147	163,223	163,147	163,223

Bank Facilities

Council has a total of \$50m committed bank / LGFA facilities (2021: \$50m), \$40m bank facility expires December 2024 and \$10m LGFA expires September 2023. Of the facilities nil was drawn as at balance date (2021: \$nil).

Commercial paper, fixed and floating rate notes

Council has issued nil of fixed and floating rate notes at balance date (2021: \$nil).

Council has commercial paper of \$38m currently on issue (2021: \$38m).

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 (2021: \$125m).

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 2022 (2021: \$138.5 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.

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Payable no later than one year	63	48	63	48
Later than one, not later than two years	10	25	10	25
Later than two, not later than five years	54	39	54	39
Later than five years	36	51	36	51
Total undrawn committed facilities	163	163	163	163

ANALYSIS OF FINANCE LEASES

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Minimum lease payments payable				
Payable no later than one year	84	84	84	84
Later than one, not later than two years	56	83	56	83
Later than two, not later than five years	13	69	13	69
Total minimum lease payments payable	153	236	153	236
Future finance charges	(6)	(13)	(6)	(13)
Present value of minimum lease payments	147	223	147	223
Represented by:				
Current	79	75	79	75
Non current	68	148	68	148
Total finance leases	147	223	147	223

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.

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current liability portion				
Interest rate swaps	-	43	-	43
Non current liability portion				
Interest rate swaps	4,935	27,709	4,935	27,709
Total derivatives	4,935	27,752	4,935	27,752

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 2022.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2022 were \$202,650,000 (2021: \$204,650,000).

At 30 June 2022, the fixed interest rates of interest rate swaps vary from 3.48% to 6.16% (2021: 3.48% to 6.16%).

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Other provisions	-	-	4	4
Total current portion	-	-	4	4
Non current portion				
Value landfill - closure and post closure provision	154	146	154	146
Other provisions	-	-	13	17
Total non current portion	154	146	167	163
Total provisions	154	146	171	167
Movements in provisions:				
Opening balance	146	140	167	165
Additional provisions made during the year	8	6	8	2
Provisions used	-	-	(4)	-
Closing balance	154	146	171	167

Taupo 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 2022 is approximately 196,400 cubic metres (2021: 232,953 cubic metres).

The estimated remaining life as at 30 June 2022 is 5 years (2021: 6 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%.

27. Contingencies

Contingent liabilities

Taupo 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 76 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 2022, NZLGFA had borrowings totalling \$15,789m (2021: \$13,609m). This figure is made up of the face value of the LGFA's bonds on issue of \$15,105m (2021: \$12,810m), accrued interest on bonds on issue of \$87.7m (2021: \$79.6m), the face value of bills on issue of \$565m (2021: \$610.0m) and bonds LGFA lent to counterparties under bond repurchase transactions of \$31.7m (2021: \$110m).

PBE Accounting standards require the Council to initially recognise the guarantee liability by applying the 12-month expected credit loss (ECL) model (as fair value could not be reliably measured at recognition), and subsequently at the higher of the provision for impairment at balance date determined but the ECL model and the amount initially recognised. The Council has assessed the 12-month ECL of the guarantee liability, based on market information of the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the very low probability of default by the LGFA in the next 12 months. Therefore Council has not recognised a liability.

The Council considers the risk of the LGFA 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

Taupo District Council

- Scientific advice has been received regarding the Hipaua Geothermal Landslide risk near Waihi at the southern end of Lake Taupo. 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 (2021: Same contingency disclosure made).
- A land subsidence issue has been identified in the Taupo urban area, with the potential for property damage and therefore raising unquantifiable liability issues. Taupo District Council does not believe it has any direct potential liability, specifically related to the causes of the subsidence. (2021 - 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 (2021 - Same contingency disclosure made).
- 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 (2021: No claims - Same contingency disclosure made).
- The Waikato Regional Council has now closed an investigation pertaining to a wastewater spill at the Taupō Wastewater Treatment Plant in August 2020 that led to the discharge of partially treated wastewater to the Waikato River. This spill presented 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. No formal enforcement action was taken regarding this incident and as such is no longer a contingent liability (2021: Contingency disclosure made).
- The potential for erosion and flooding risk has been identified through technical reports around the foreshore of Lake Taupo, 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 Taupo. That information was communicated to affected landowners and continues to be referenced on LIMs. Taupo 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 (2021: Same contingency disclosure made).
- Due to recent earthquakes in Canterbury, Council needs to assess whether there is any risk to buildings in the Taupo District. Council has completed 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. Core50 (ex DB Con) Engineers undertook an Initial Seismic Report (ISR) on the Taupo Museum in May 2021 which determined that the building was 20% NBS and accordingly was considered a building with a high life-safety risk. Following on from the initial assessment Core50 undertook a Detailed Seismic Report completed in August 2021 revising the compliance to 70% of NBS, and is not considered earthquake prone. Accordingly, the issue no longer constitutes a contingent liability.
- The Council is a member of RiskPool that provided public liability and professional indemnity insurance for its members. RiskPool's trust deed provides that, if there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members. RiskPool ceased offering coverage from 1 July 2017 and has been in run-off mode for the last 5 years while the entity completes an orderly wind-up, with one final call from member councils expected. In December 2022, RiskPool advised that 6 cases remain unsettled, and as such the timing and quantum of the final call is currently unquantifiable.

Taupo Airport Authority

In April 2021, damage was caused to an aircraft's propeller following a single aircraft incident on the runway at Taupo Airport. An independent safety investigation was undertaken shortly after the incident which indicated pilot error. In April 2022 Taupo Airport Authority received a demand to reimburse the pilot the costs incurred to repair the aircraft. At this point, Taupo Airport Authority cannot reliably estimate the exposure, but as this will be covered by insurance, the exposure to Taupo Airport Authority will be minimal (2021: None).

Contingent assets

There are no contingent assets for the Group as at 30 June 2022.

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.

28. Net assets/equity

	COUNCIL		GROUP	
	2022 \$000	2021 Restated \$000	2022 \$000	2021 Restated \$000
Accumulated funds	904,838	828,505	906,101	829,664
Reserves	786,313	515,820	789,949	518,283
Balance at 30 June	1,691,151	1,344,325	1,696,050	1,347,947
The breakdown of accumulated funds and reserves are disclosed as follows:				
Accumulated funds				
Balance at 1 July	828,505	799,293	829,910	800,677
Transfer from special fund	70,503	20,207	70,503	20,207
Transfer to special fund	(60,660)	(30,318)	(60,660)	(30,318)
Deferred tax on disposal	-	-	-	-
Disposal of property, plant and equipment	582	1,393	582	1,649
Movements in valuation of associates	8	8	8	8
Surplus/(deficit) for the year	65,900	37,922	65,758	37,687
Balance at 30 June	904,838	828,505	906,101	829,910
Reserves includes				
Asset revaluation reserves	662,766	382,430	666,402	384,893
Available for sale investments revaluation reserve	-	-	-	-
Council created reserves (see analysis below)	123,547	133,390	123,547	133,390
Total reserves	786,313	515,820	789,949	518,283
Property, plant and equipment revaluation reserve				
Balance at 1 July	382,430	319,472	384,893	322,254
Revaluation gains/(losses)	280,918	64,351	282,054	64,201
Deferred tax on revaluation	-	-	(14)	42
Transfer to accumulated funds	(582)	(1,393)	(582)	(1,921)
Less non-controlling interest share in change in asset value	-	-	51	317
Balance at 30 June	662,766	382,430	666,402	384,893
Asset revaluation reserves for each asset class consist of:				
Operational assets				
Operational land	18,955	10,190	21,345	11,356
Operational buildings	45,289	20,413	45,331	20,437
Fencing	-	-	37	27
Land improvements	-	-	-	69
Investment properties - land	8,092	8,375	8,092	8,375
Restricted assets				
Reserves	95,971	30,595	95,971	30,595
Infrastructure assets				
Land under roads	228,157	75,271	228,157	75,271
Roading	137,758	93,579	137,821	93,651
Wastewater	73,243	92,215	73,243	92,215
Water	33,378	33,458	33,378	33,458
Stormwater	17,402	17,417	17,433	17,450
Runways	-	-	1,073	1,072
Infrastructure buildings	4,521	917	4,521	917
Total asset revaluation reserves	662,766	382,430	666,402	384,893
Available for sale investments revaluation reserve				
Balance at 1 July	-	-	-	-
Revaluation of corporate bonds	-	-	-	-
Balance at 30 June	-	-	-	-

28. Net assets/equity

Council created reserves	Activities to which the funds relate	Opening balance	Additions	Withdrawals	Closing balance
2022		\$000	\$000	\$000	\$000
Depreciation Reserves					
Water Taupo	Water	1,025	-	(1,025)	-
Water Acacia Bay	Water	416	-	(416)	-
Water Kinloch	Water	2,233	-	(2,233)	-
Water Waitahanui	Water	27	-	(27)	-
Water River Road	Water	236	-	(236)	-
Water Mapara	Water	627	-	(627)	-
Water Whakamoenga	Water	114	-	(114)	-
Water Bonshaw Park	Water	124	-	(124)	-
Water Centennial Drive Bores	Water	2	-	(2)	-
Water Centennial Drive	Water	388	-	(388)	-
Water Whakaroa	Water	404	-	(404)	-
Water Mangakino	Water	550	-	(550)	-
Water Waihaha	Water	692	-	(692)	-
Water Tirohanga	Water	936	-	(936)	-
Water Atiamuri	Water	246	-	(246)	-
Water Whakamaru	Water	(86)	-	86	-
Water Motuoapa	Water	93	-	(93)	-
Water Turangi	Water	831	-	(831)	-
Water Omori	Water	1,207	-	(1,207)	-
Water Whareroa	Water	127	-	(127)	-
Water Hatepe	Water	126	-	(126)	-
Water District	Water	-	14,093	(7,440)	6,653
Wastewater District	Wastewater	2,686	5,057	(5,425)	2,318
Solid Waste District	Solid Waste	1,222	363	(673)	912
Transport & Stormwater District	Transport	7,888	7,600	(6,963)	8,525
Forestry District	Investments	6,683	334	-	7,017
Buildings District	Community Facilities, Community Services, Water, Wastewater, Solid waste, Investments, Economic Development	3,700	3,581	(2,640)	4,641
Operational Assets	All activities with the exception of Democracy & Planning	2,461	2,841	(2,696)	2,606
Development Contribution Reserves					
Community Infrastructure District	Community Facilities	766	24	(128)	662
Parks & reserves Land (Residential)	Community Facilities	2,563	58	(15)	2,606
District Wide Parks	Community Facilities	601	221	-	822
Water Taupo	Water	2,121	508	(1,440)	1,189
Water Kinloch	Water	1,131	359	-	1,490
Water River Road	Water	5	-	-	5
Water Mapara	Water	251	50	-	301
Water Turangi	Water	14	-	-	14
Water Omori	Water	99	7	-	106
Wastewater Taupo	Wastewater	5,350	1,716	(3,000)	4,066
Wastewater Kinloch	Wastewater	1,065	427	-	1,492
Wastewater Mangakino	Wastewater	-	-	-	-
Wastewater Atiamuri	Wastewater	2	-	-	2
Wastewater Turangi	Wastewater	-	-	-	-
Stormwater Taupo Industrial	Stormwater	(4)	-	-	(4)
Transport District Wide	Transport	2,698	1,152	(789)	3,061
Other Reserves					
Disaster Recovery Fund	All Activities	2,188	250	(13)	2,425
District Airport Reserve	Taupo Airport (CCO)	67	-	-	67
Parking	Community Services	69	-	-	69
Forestry Silviculture & Tending	Investments	(1,004)	-	(102)	(1,106)
Strategic Property Purchase - District	Investments	8,449	3,670	(5,869)	6,250
TEL	Investments	63,306	18,178	(17,267)	64,217
CIP Funding reserves		8,695	10,443	(15,997)	3,141
Total reserves at 30 June 2022		133,390	70,932	(80,775)	123,547

28. Net assets/equity

Council created reserves	Activities to which the funds relate	Opening balance	Additions	Withdrawals	Closing balance
2021		\$0	\$0	\$0	\$0
Depreciation Reserves					
Water Taupo	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
Development Contribution Reserves					
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 Taupo	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 Taupo	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 Taupo Industrial	Stormwater	(4)	-	-	(4)
Transport District Wide	Transport	1,583	1,115	-	2,698
Other Reserves					
Disaster Recovery Fund	All Activities	2,001	200	(13)	2,188
District Airport Reserve	Taupo 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
Total reserves at 30 June 2021		123,274	50,434	(40,318)	133,390

28. Net assets/equity

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 \$250,000 (2021: \$200,000) 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.

Taupo 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 Taupo District Council sold its investments in Taupo Electricity Limited and Taupo Generation Limited. The fund is utilised to reduce the rating requirement of the District.

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

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

29. Non-controlling interests

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Balance at the beginning of the year	-	-	3,799	4,179
Share of revaluation reserve change in asset value	-	-	(48)	(320)
Revaluation reserve transfer to appropriations	-	-	-	263
Equity injection by Crown	-	-	2,750	-
Share of surplus/(deficit)	-	-	(11)	(323)
Balance at the end of the year	-	-	6,490	3,799

30. Related party transactions

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

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

Key management personnel compensation

	COUNCIL	
	2022 \$000	2021 \$000
Council members		
Remuneration (Council Elected Members)	611	620
Full-time equivalent members	12	12
Executive team, including the Chief Executive		
Remuneration (CEO & ET)	1,339	1,598
Full-time equivalent members	5	7
Total full time equivalent personnel	1,950	2,218
Total key management personnel compensation	17	19

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**.

31. Events after balance date

Water Services Reform Programme:

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. On 13 April 2023, the Government announced further proposed amendments to the number of water services entities (from four to ten) and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament.

RAL loan:

On the 11th of October 2022 following a resolution of the Directors of the Company, PwC were appointed voluntary administrators of Ruapehu Alpine Lifts Ltd (RAL). Taupo District Council has a loan owing by RAL disclosed as 'Other loans' in Note 15 of the financial statements.

32. Financial instruments

Council is risk averse and seeks to minimise risk exposure associated with financial instruments and treasury activity. Council has risk management policies and processes in place particularly with regard to risk exposures relating to interest rates and the concentration of credit risk.

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

(a) Financial instrument categories

Assets	HELD FOR TRADING \$000	ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT \$000	LOANS AND RECEIVABLES \$000	AVAILABLE FOR SALE \$000	TOTAL \$000
COUNCIL 2022					
Cash and cash equivalent	-	-	6,936	-	6,936
Receivables and prepayments	-	-	6,076	-	6,076
Other financial assets:					
Term Deposits	-	-	110,792	-	110,792
Borrowers Notes	-	-	2,539	-	2,539
Community Loans	-	-	166	-	166
Other Loans	-	-	1,002	-	1,002
Listed shares	-	6,610	-	-	6,610
Unlisted shares	-	-	-	192	192
Balance at the end of the year	-	6,610	127,511	192	134,313
COUNCIL 2021					
Cash and cash equivalent	-	-	5,939	-	5,939
Receivables and prepayments	-	-	6,037	-	6,037
Other financial assets:					
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
Balance at the end of the year	-	7,543	142,959	203	150,705
GROUP 2022					
Cash and cash equivalents	-	-	11,157	-	11,157
Receivables and prepayments	-	-	5,513	-	5,513
Other financial assets:					
Term Deposits	-	-	110,792	-	110,792
Borrowers Notes	-	-	2,539	-	2,539
Community Loans	-	-	166	-	166
Other Loans	-	-	1,002	-	1,002
Listed shares	-	6,610	-	-	6,610
Unlisted shares	-	-	-	192	192
Total assets	-	6,610	131,169	192	137,971
GROUP 2021					
Cash and cash equivalent	-	-	10,946	-	10,946
Receivables and prepayments	-	-	6,127	-	6,127
Other financial assets:					
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
Total assets	-	7,543	148,056	203	155,802

32. Financial instruments

Council is risk averse and seeks to minimise risk exposure associated with financial instruments and treasury activity. Council has risk management policies and processes in place particularly with regard to risk exposures relating to interest rates and the concentration of credit risk.

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

(a) Financial instrument categories

LIABILITIES	HELD FOR TRADING \$000	MEASURED AT AMORTISED COST \$000	TOTAL \$000
COUNCIL 2022			
<i>Borrowings</i>			
Derivative financial instruments	4,935	-	4,935
Debentures & Commercial paper	-	163,000	163,000
Payables and accruals	-	12,153	12,153
Total liabilities	4,935	175,153	180,088
COUNCIL 2021			
<i>Borrowings</i>			
Derivative financial instruments	27,751	-	27,751
Debentures & Commercial paper	-	163,000	163,000
Payables and accruals	-	12,209	12,209
Total liabilities	27,751	175,209	202,960
GROUP 2022			
<i>Borrowings</i>			
Derivative financial instruments	4,935	-	4,935
Debentures & Commercial paper	-	163,000	163,000
Payables and accruals	-	12,439	12,439
Total liabilities	4,935	175,439	180,374
GROUP 2021			
<i>Borrowings</i>			
Derivative financial instruments	27,751	-	27,751
Debentures & Commercial paper	-	163,000	163,000
Payables and accruals	-	12,313	12,313
Total liabilities	27,751	175,313	203,064

(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. Taupo 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.

32. Financial instruments

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.

Taupo 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 Taupo District Council borrowed at fixed rates directly.

Under the interest rate swaps, Taupo 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 Taupo 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	2022				2021			
	100BPS	OTHER	+100BPS	OTHER	100BPS	OTHER	+100BPS	OTHER
INTEREST RATE RISK	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Other loans (4)	-	-	-	-	-	-	-	-
Local authority stock (5)	-	-	-	-	-	-	-	-
Financial liabilities								
Borrowings (6)	-	-	-	-	-	-	-	-
Interest rate derivatives (7)	(11,911)	-	1,450	-	(9,907)	-	9,001	-
Total sensitivity to interest rate risk	(11,911)	-	1,450	-	(9,907)	-	9,001	-
COUNCIL AND GROUP	2022				2021			
	100BPS	OTHER	+100BPS	OTHER	100BPS	OTHER	+100BPS	OTHER
FOREIGN EXCHANGE RISK	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial assets								
Quoted share investments (8a)	336	-	(304)	-	381	-	(345)	-
Total sensitivity to foreign exchange risk	336	-	(304)	-	381	-	(345)	-
Equity price risk financial assets								
Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Other loans (4)	-	-	-	-	-	-	-	-
Local authority stock (5)	-	-	-	-	-	-	-	-
Quoted share investments (8b)	(319)	-	319	-	(362)	-	362	-
Bonds (4)	-	-	-	-	-	-	-	-
Financial liabilities								
Borrowings (6)	-	-	-	-	-	-	-	-
Interest rate derivatives (7)	-	-	-	-	-	-	-	-
Total sensitivity to interest rate risk	(319)	-	319	-	(362)	-	362	-

32. Financial instruments

Explanation of sensitivity analysis - Council & Group

1 - Cash and Cash Equivalents

Cash and cash equivalents include deposits at call of \$ 6,916,880 (2021: \$5,934,711), 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 (2021: \$Nil). 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 \$110,791,747 (2021: \$126,821,168). A movement of plus or minus 1% in the interest rate has nil effect on the profit and loss (2021: \$Nil).

3 - Community Loans

Taupo District Council has lent the Southern Lakes Taupo Health Trust \$300,000 for a period of 25 years at 2% pa, this loan was valued at fair value of \$166,379 (2021: \$158,779) at balance date. Taupo District Council's loan to TMP Properties was fully repaid by TMP Properties on 17 December 2021 leaving an outstanding balance of \$Nil (2021: \$568,365). Changes in interest rates at balance date will not affect the valuation of the remaining community loan.

4 - Other Loans

Taupo 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 (2021 \$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. RAL went into voluntary administration on 11 October 2022 with the appointment of PwC Administrators, John Fisk and Richard Nacey. As of 1 November 2022, RAL received a \$4 million rescue package from the ANZ bank and the government. The funding is sufficient to have the company continue through to February 2023 when it is planned that a new company will be formed with the bond being transferred to this company. Top Ups from Life Pass Holders will also help bridge the gap until the winter season starts next year.

5- Local Authority Stock and Corporate Bonds

Corporate Bonds have a fair value of \$Nil (2021: \$Nil). A movement of plus or minus 1% in the interest rate has an effect on other equity of (\$Nil)/\$Nil (2021: (\$Nil)/\$Nil).

6 - Borrowings

Taupo 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 (\$4,935,108)(2021: (\$27,751,107)). A movement in interest rate of plus/minus 1% has an effect on the unrealised value of the derivatives of \$1,450,051 / (\$11,910,863) (2021: \$9,000,505 / (\$9,906,860)).

8- Quoted Share Investments

a) Taupo 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 (\$304,201)/\$336,226 in the fair value through profit. (2021: (\$345,371)/\$381,726).

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 \$319,411/ (\$319,411) in the fair value through profit, (2021 \$362,640 / (\$362,640)).

(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

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and term deposits	117,728	132,760	121,949	133,765
Debtors and other receivables*	7,051	5,236	6,558	5,325
Community & other loans	1,169	1,733	1,169	1,733
Local authority & government stock (NZLGFA)	2,639	2,426	2,639	2,426
Balance at the end of the year	128,587	142,155	132,315	143,249

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Counterparties with credit ratings				
Cash at bank and term bank deposits				
AA-	88,543	102,199	92,764	133,765
A	29,185	30,561	29,185	-
Total cash at bank and term bank deposits	117,728	132,760	121,949	133,765
LGFA Borrower Notes				
AAA	2,639	2,426	2,639	2,426
Total LGFA	2,639	2,426	2,639	2,426
Counterparties without credit ratings				
Community and other loans	1,169	1,733	1,169	1,733
Total community and related party loans	1,169	1,733	1,169	1,733

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

Debtors and other receivables mainly arise from Taupo 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. Taupo 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 Taupo 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 2022, had \$50m of un-drawn committed bank facilities (2021: \$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 Taupo 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.

32. Financial instruments

	LESS THAN 1 YEAR \$000	BETWEEN 1 AND TWO YEARS \$000	BETWEEN 2 AND 5 YEARS \$000	OVER 5 YEARS \$000	TOTAL CONTRACTUAL CASH FLOWS \$000	CARRYING AMOUNT ASSETS/ LIABILITIES \$000
COUNCIL 2022						
Financial assets						
Cash and cash equivalents	6,936	-	-	-	6,936	6,701
Debtors and other receivables	7,051	-	-	-	7,051	7,051
Term deposits	110,792	-	-	-	110,792	110,792
Community and other loans	36	36	108	1,231	1,411	1,169
Local authority stock (NZLGFA)	477	265	1,117	920	2,779	2,360
Total financial assets	125,292	301	1,225	2,151	128,969	128,073
Financial liabilities						
Creditors and other payables	12,153	-	-	-	12,153	12,153
Net settled derivative liabilities	3,309	3,138	5,593	3,339	15,379	4,935
Secured loans	110	95	45	250	500	500
Debentures & commercial papers	66,159	12,585	58,914	38,370	176,028	163,000
Finance leases	63	10	54	36	163	163
Total financial liabilities	81,794	15,828	64,606	41,995	204,223	156,445
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
Total financial assets	134,319	4,630	914	2,274	142,137	142,157
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
Total financial liabilities	67,649	32,531	66,317	58,618	225,115	203,244
GROUP 2022						
Financial assets						
Cash and cash equivalents	11,157	-	-	-	11,157	6,701
Debtors and other receivables	6,558	-	-	-	6,558	6,558
Term deposits	110,792	-	-	-	110,792	110,792
Community and other loans	36	36	108	1,231	1,411	1,169
Local authority stock (NZLGFA)	477	265	1,117	920	2,779	2,360
Total financial assets	129,020	301	1,225	2,151	132,697	127,580
Financial liabilities						
Creditors and other payables	12,439	-	-	-	12,439	12,439
Net settled derivative liabilities	3,309	3,138	5,593	3,339	15,379	4,935
Secured loans	110	95	45	250	500	500
Debentures & commercial papers	66,159	12,585	58,914	38,370	176,028	163,000
Finance leases	63	10	54	36	163	163
Total financial liabilities	82,080	15,828	64,606	41,995	204,509	181,037
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
Total financial assets	139,415	4,630	914	2,274	147,233	147,253
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
Total financial liabilities	67,753	32,531	66,317	58,618	225,219	203,348

32. Financial instruments

(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

Taupo 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
30 JUNE 2022 - COUNCIL				
Financial assets				
Local government and corporate bonds	2,539	2,539	-	-
Other loans	1,002	-	-	1,002
Listed shares	6,610	6,610	-	-
Unlisted shares	192	-	100	92
Total financial assets	10,343	9,149	100	1,094
Financial liabilities				
Derivative financial instruments	4,935	4,935	-	-
Total financial liabilities	4,935	4,935	-	-
30 JUNE 2021 - COUNCIL				
Financial assets				
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
Total financial assets	11,174	9,969	100	1,105
Financial liabilities				
Derivative financial instruments	27,752	27,752	-	-
Total financial liabilities	27,752	27,752	-	-
30 JUNE 2022 - GROUP				
Financial assets				
Local government and corporate bonds	2,539	2,539	-	-
Other loans	1,002	-	-	1,002
Listed shares	6,610	6,610	-	-
Unlisted shares	192	-	100	92
Total financial assets	10,343	9,149	100	1,094
Financial liabilities				
Derivative financial instruments	4,935	4,935	-	-
Total financial liabilities	4,935	4,935	-	-
30 JUNE 2021 - GROUP				
Financial assets				
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
Total financial assets	11,174	9,969	100	1,105
Financial liabilities				
Derivative financial instruments	27,752	27,752	-	-
Total financial liabilities	27,752	27,752	-	-

33. Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in the 2021/22 Annual Plan to 30 June 2022 actual are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	COUNCIL	
	2022 \$000	2021 Restated \$000
Budget - surplus before tax	23,927	9,206
Unbudgeted gains/(losses) of:		
First time recognition of assets	959	1,196
Realised & unrealised gains & losses on shares and bonds	(229)	688
Gain on valuation of investment properties and non-current assets held for sale	13,458	13
Dividends	234	(25)
Gain/(loss) on revaluation of interest rate derivatives	16,549	16,724
Subsidies and grants higher than plan due to Covid-19 related capital grants, TTCT, Kerb and Channel, Three Waters	14,425	12,238
Revenue from Developer Agreements	2,503	2,627
Rates revenue higher than plan	213	251
Development and financial contributions behind plan due to several new subdivisions being completed in previous period and COVID delays	(7,607)	(1,204)
Fees and charges ahead of plan	1,566	2,750
Finance revenue ahead/(behind) plan	187	(783)
Gain on sale of property, plant and equipment	(1,353)	173
Gain on sale of properties intended for resale	-	(590)
Vested assets behind plan due to subdivisions completed in prior period	(875)	(936)
Forestry valuation ahead of/(behind) plan	(93)	1,019
Petrol tax and donations ahead of plan	(38)	215
Other revenue behind plan	447	366
Loss on disposal/impairment of assets	(1,058)	(2,628)
Employee benefit expenses lower/(higher) than plan	531	(1,300)
Depreciation & amortisation lower than plan	1,931	366
Finance costs (higher)/lower than plan	(833)	357
Reduced/(Increased) maintenance & contract costs	657	(2,161)
Increased professional/legal fees	(197)	(532)
Increased insurance costs	(139)	(53)
Community grants & funding	832	-
Other operational costs	(98)	(55)
Actual surplus before tax	65,900	37,922
STATEMENT OF FINANCIAL POSITION		
Budget - total net assets	1,334,835	1,260,681
Property, plant & equipment revaluations higher than plan	251,813	28,907
Property, plant & equipment additions higher than plan	37,111	-
Other financial assets	7,127	28,464
Movement in derivative financial instruments	20,198	7,920
Cash and investments higher than budget	4,018	1,371
Investment in CCO and other similar entities	(1,875)	1,883
Non-current assets held for sale	(8,176)	7,414
Investment property	34,480	7,258
Trade and other payables	(8,199)	(11,490)
Borrowings	15,528	10,184
Intangible assets higher than budget	3,875	4,144
Other movements	416	76
Actual - total net assets	1,691,151	1,346,812

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.

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, Taupo 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 Taupo District Council.

Bay of Plenty Local Authority Shared Services Limited

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, Taupo 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 Taupo District Council.

	WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD. (WLASS) \$000	BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LTD. (BOPLASS) \$000	TOTAL \$000
Investment in associates			
Balance at 1 July 2021	17	5	22
Share of 2022 next profit/(loss)	7	1	8
Balance at 30 June 2022	24	6	30

34. Investments in Associates and Joint Ventures

SUMMARY FINANCIAL STATEMENTS OF ASSOCIATES				
	WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD. (WLASS) \$000		BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LTD. (BOPLASS) \$000	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current				
Cash and cash equivalents	2,570	1,802	371	369
Other current assets (excluding cash)	1,369	1,974	802	1,109
Total current assets	3,939	3,776	1,173	1,478
Current liabilities	(2,042)	(2,394)	(1,153)	(1,447)
Total current liabilities	(2,042)	(2,394)	(1,153)	(1,447)
Non current				
Assets	98	58	32	14
Total non current assets	98	58	32	14
Non current liabilities	(3)	-	-	-
Total non current liabilities	(3)	-	-	-
Net assets	1,992	1,440	52	45
Revenue	8,576	6,930	1,998	1,563
Depreciation and amortisation	(32)	(23)	(7)	(5)
Other expenses	(8,000)	(6,399)	(1,979)	(1,542)
Net profit after tax	544	508	12	16

35. Covid-19 Impact

Several snap lockdowns affected the Taupo district and Council operated community facilities during the 2022 financial year. The Council also implemented vaccine mandates at its community facilities from December 2021 to March 2022. User fees and charges were not materially effected by these lockdowns or mandates.

- At Alert Levels 3 & 4, most of the Council's public community facilities were closed. This included the museum, library, swimming pools, and use of community halls, the Events Centre and Great Lake Centre. On the 17th of August the Taupo District moved to level 4 eventually returning to level 2 on the 7th of September.
- At Alert Level 2, the Council enforced stronger social distancing practices and noted lowered patronage at community facilities. There were no disruptions to infrastructure servicing. On the 7th of September 2021 the region dropped to level 2, remaining at this level until the 2nd of December when the traffic light system was introduced.
- 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:

- Interest rates are starting to rise from historical lows. This has had a material impact on the gains recognised from interest rate swap derivatives, partially offsetting losses in previous years.
- Capital programme delays continue, as work to clear backlogs from the 2019/20 & 2020/21 schedule disruptions from level 3 & 4 lockdowns are addressed impacting the 2021/22 capital programme.
- Grant revenue has had a significant boost due to Covid-19 relief funding available from central government for capital projects which has been recognised when milestones are achieved over the past two financial years..

36. Adjustments to the comparative financial statements

The Council has adjusted its comparative financial statements for the year ended June 2021 due to the impact of New Accounting Interpretations.

In April 2021, the International Financial Reporting Interpretations Committee (IFRIC) a committee supporting profit-oriented reporting published an agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement. This Interpretation clarifies the accounting treatment in respect of costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. Whilst such costs may be able to continue to be capitalised in limited circumstances in many cases the costs will now need to be recognised as an operating expense.

The New Zealand Accounting Standards Board has not issued similar guidance however in the absence of a PBE standard specifically dealing with such costs management considers the IFRIC decision relevant to the accounting for similar types of arrangements of the group in accordance with NZ PBE IPSAS 31 Intangible assets.

Changes in accounting treatment as a result of an agenda decision are generally accounted for as a voluntary change in accounting policy and must be applied retrospectively. The Council has completed the review of such costs and has identified the following adjustments to previous reporting periods.

	Council		Group	
	Reported 2020/21 \$	Revised 2020/21 \$	Reported 2020/21 \$	Revised 2020/21 \$
Statement of comprehensive revenue and expense				
Depreciation and amortisation expense	22,887	23,076	23,161	23,350
Personnel costs	22,749	23,726	23,458	24,435
Other expenditure	37,413	38,734	37,887	39,208
Total expenditure	91,070	93,557	92,527	95,014
Surplus after tax	40,409	37,922	39,845	37,358
Total comprehensive revenue and expenditure	104,768	102,281	104,096	101,609
Statement of financial position				
Intangible assets	5,975	3,488	6,026	3,539
Total non-current assets	1,416,657	1,414,170	1,420,471	1,417,984
Total assets	1,565,802	1,563,315	1,574,738	1,572,251
Net assets	1,346,812	1,344,325	1,354,233	1,351,746
Accumulated funds	830,992	828,505	832,151	829,664
Total equity	1,346,812	1,344,325	1,354,233	1,351,746
Statement of cash flows				
Payments to suppliers	(34,983)	(36,304)	(35,476)	(36,797)
Payments to employees	(22,895)	(23,872)	(23,674)	(24,651)
Cash flow from operating activities	29,397	27,099	29,378	27,080
Purchase and development of fixed assets	(47,253)	(44,955)	(47,951)	(45,653)
Cash flow from investing activities	(51,878)	(49,580)	(50,010)	(47,712)
Statement of changes in equity				
Total comprehensive revenue and expenditure for the year	104,768	102,281	104,096	101,609
Balance as at 30 June	1,346,812	1,344,325	1,354,233	1,351,746

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 2021/22 financial year.

Taupō Airport Authority (TAA)

Background

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

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

Auditors – Silks (Whanganui) on behalf of the Auditor General

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

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

Performance

Taupō Airport		
Objective:		
To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
Performance targets	Results	Achievement
To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.	Achieved	No diversions or cancellations due to facility maintenance (2021: 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 (2021: 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 (2021: Achieved)
The TAA will be self-funding in terms of its own cash flow.	Not Achieved	Operating cash flow for the year \$48k but only due to timing of payment to Taupo District Council (2021: \$-31k, Not Achieved)

Financial Performance for the year ended 30 June 2022	Actual 2022 \$	Budget 2022 \$
Total revenue	445,742	457,489
Total expenditure	746,285	731,844
Net surplus (deficit) before taxation	(300,543)	(274,355)

Destination (Great) Lake Taupō Trust (DGLT)

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

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

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

Bankers Bank of New Zealand
Auditors Silks (Whanganui) on behalf of the Auditor General

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 principal 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 2022 (based on the 2021-24 Statement of Intent).

Objective 1 – Grow the value of the local tourism economy						
As measured	Data Source	Prior Year Actual YE Jun 2021	Target/Goal YE Jun 2022	YE Actual 2021-2022	Status	Comments
Growth in tourism expenditure	TECT's	Domestic: \$361 M (+40%) International: \$14M (-79%)	Domestic: \$361 M Retain domestic spend	Domestic: \$335M (-7%)	Not achieved	Auckland and Waikato lockdowns and changes in Alert levels Aug-November 2021 severely impacted domestic visitor arrivals (down 26% YOY for these months), resulting in a decrease of 7% for the YE June 22
Objective 2 – Sustainably manage and develop the destination to create a "Destination of Excellence"						
As measured	Performance Measures	Baseline	Target/Goal YE Jun 2022	YE Actual 2020-2021	Status	Comments
Develop a Destination Management strategy ensuring the balance of economic growth with the social, cultural and environmental well-being of the community.	Quarterly meetings of Leadership Advisory Group	Development of Destination Management Plan	Ongoing	Ongoing	On target	Phase 1 and 2 completed with DMP due for completion Dec 2022
	Grow industry capability.	Industry workshops	Minimum 4 per year	4	Achieved	BE Sustainability TIA Workforce update Trade 101 Virtual Experiences One-on-One digital training
	Product Development	Product Audit to identify product gaps. Identify and support growth opportunities.	Ongoing	Ongoing	On target	Product Audit to be refreshed in September 2022. Spa development opportunity document complete and circulated to NZTE for investment attraction
	connect with residents.	Survey, brand and community workshops.				More than 30 stakeholder/ community engagement workshops and meetings held Brand work on hold until completion of DMP

Objective 3 – Run an efficient and effective tourism organisation, strongly supported by the local tourism industry						
As measured	Data Source	Prior Year Actual YE Jun 2021	Target/Goal YE Jun 2022	YE Actual 2021-2022	Status	Comments
Support for DGLT marketing initiatives	Measured by free of charge, in-kind or advertising support for marketing and famils activity. Participation in DGLT hosted activities.	\$90,908	\$40,000	\$101,825	Achieved	We received unexpectedly strong support for our campaign activities and website advertising – especially appreciated during a time that has been very tough for our sector. In-kind Media Famils - \$10,244 In-kind Trade Famils: \$5,113 In-kind Business Events famils: \$1,276 Business Events Partnerships: \$23,536 Campaign Support: \$19,629 Content Creation: \$3,893 LoveTaupo.com: \$38,134
Stakeholder Satisfaction	Survey of active tourism operators	82%	80%	83%	Achieved	The survey conducted via Survey Monkey was sent out to 220 industry operators across the Taupo District. 42 responses were received. 10% margin of error at 95% confidence level.

The Lake Taupō Protection Trust (LTPT)

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

Background

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

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

Auditors - Audit New Zealand

Significant Policies and Objectives

The Trust completed the final nitrogen agreement on 29 June 2015 to achieve the project's overall target of 170,300 kgs. 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:

Action	Performance Measures	Performance Against Targets
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.

Action	Performance Measures	Performance Against Targets
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) t/a Co-Lab

Governance changes

There have been significant changes to the Board over the last year. We acknowledged the contributions of Gareth Green and Rob Williams in our Half-Yearly report. Since then, David Bryant has stepped down and we thank him for his work on the Board and on the Audit & Risk Committee. For the first time since the company was established, we have experienced changes in shareholding. Taupō District Council made the decision to exit as a shareholder. However Western Bay of Plenty District Council has seen the significant projects we are progressing and want to join us. Their inclusion is supported by the existing shareholders and at the time of writing, their Councilors have approved becoming a shareholder of Co-Lab and the council is currently consulting with its community.

Background

Co-Lab is a council controlled organisation owned by 12 councils, including Taupō District Council.

Taupō District Council wishes to exit its shareholding of Co-Lab with effect from 1 July 2022. Notwithstanding its exit as shareholder, the Council wishes to continue to receive certain Co-Lab services past 1 July 2022.

The Council's exit as shareholder is intended to be by way of transfer of its ordinary share in Co-Lab to Western Bay of Plenty District Council (WBOP), on or shortly after 1 July 2022.

Auditors – PKF Chartered Accountants & Business Advisors on behalf of the Auditor General

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 2021 Statement of Intent. The company has assessed whether each target has, or has not, been achieved and how these relate to our outcomes as an organisation.

Key:

- Achieved
- Unable to currently measure
- Partially achieved: Activity remains in progress
- Not achieved

Priority	Performance measure	Target	Outcome (progress toward target)	
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives Linked impact(s) 	➤ Business cases will include measurable benefits linked to one or more of the outcomes sought	Projected savings to councils of \$300k*	No business cases were presented to the Board during the last financial year but there were various Discovery reports for initiatives and expansive resourcing required to develop Co-Lab Learning. By their nature, some of these opportunities do not lend to readily quantifiable benefits. An example of this is the Community Needs Analysis: a project supporting eight of the councils by providing learnings grounded in stories of past successes and failures, that can be used by councils in their discussion with stakeholders relating to the Future for Local Government review.	●
	➤ Opportunity assessments are supported by councils (evidenced by Board minutes)	75% of councils	9 councils (out of 12 shareholding councils) have agreed to participate in Co-Lab Learning following proposals in May 2022. 8 councils chose to participate (and invest in) the Community Needs Analysis (CNA) project.	●
Develop opportunities and deliver projects within agreed budgets and timelines Linked impact(s) 	➤ Opportunities / projects are developed / delivered within agreed timelines	80%	43%: Five of the eight projects under development that had a major milestone during the year, had some delays in their progress. The most significant of these was the completion of the development of Co-Lab Learning. Although Covid pressures in late 2021 contributed to the delays, the main cause was the length of time taken to reach agreement with key council stakeholders. It is easy to underestimate how long this will take. Completed on time were the Community Needs Analysis project, the Building consent Cadetship discovery project and the project to	●

Priority	Performance measure	Target	Outcome (progress toward target)	
<p>Ensure existing services are meeting the needs of councils</p> <p>Linked impact(s)</p>	<p>➤ The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> ○ RATA – roading & waters ○ Waikato Building Cluster ○ Regional Infrastructure Technical Specifications ○ Energy & Carbon Management ○ Professional Services Panel ○ Health & Safety pre-qualification 	80% of councils	<p>A stakeholder survey was undertaken in May 2022 as noted above.</p> <p>80% of respondents said that the services they received either met or exceeded their expectations.</p>	●
<p>Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice</p> <p>Linked impact(s)</p>	<p>➤ Across these groups, ideas for future consideration and/or initiatives are identified each year</p>	Four per annum	<p>Ideas for future consideration and/or initiatives identified include:</p> <ul style="list-style-type: none"> • Redesign of the WBCG Quality Manual – In progress • Cadet Project – In progress • New Build Waikato website delivered – Completed • Water Data Quality dashboard • Fortnightly P&C response group for Covid-19 • The Insurance Advisory Group engaged Aon to undertake an assessment of potential losses to Waikato councils' three-waters reticulation networks and flood protection assets due to earthquake damage. • Procurement Managers have been involved in a few joint procurements. 	●

Bay of Plenty Local Authority Shared Services Limited (BOPLASS)

Background

The councils that operate within the boundaries of the Bay of Plenty region have formed a council-controlled organisation to investigate, develop and deliver shared back office services and communications where and when that can be done more effectively for any combinations of some or all of the councils. Taupō District Council has a one-ninth ordinary shareholding in Bay of Plenty Local Authority Shared Services Limited (BOPLASS).

Auditors - BDO New Zealand on behalf of the Auditor General

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

Performance Targets 2022-2025

Targets 2022-2025	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts are reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.	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.
Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.	BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.	Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.
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.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 5% per year. Number of active users to increase by 5% per year.
Communicate with each shareholding council at appropriate levels.	Meeting with members of Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review council contributions and other sources of funding.	Performance against budgets reviewed quarterly. Company remains financially viable.

The following is a report of performance against targets set in the Statement of Intent for 2021/24.

Target <u>2021/22</u>	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>Contracts negotiated and/or renewed for:</p> <p><u>Zoom Video Conferencing Services</u> – Renewed group enterprise agreement. Zoom video conference services continue to provide BOPLASS councils with centralised account management and shared infrastructure.</p> <p><i>Enterprise contract renegotiated and renewed. No alternative providers.</i></p> <p><u>GIS software and services</u> –</p> <p>FME Geocortex Essentials & Geocortex Analytics X-Tools NZ Archaeological Association RetroLens</p> <p><i>Contracts renegotiated and renewed – no alternative suppliers</i></p> <p><u>Print Media Copyright Agency (PMCA)</u> – a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils’ print and media copyright services.</p> <p><i>Sole NZ provider of print and media copyright services.</i></p> <p><u>Health & Safety Management Software</u> – BOPLASS manages a collective agreement for H&SMS across BOPLASS and Waikato councils. A change of ownership with the incumbent supplier saw a decline in service levels and BOPLASS engaged with the supplier to address the service shortfalls or seek an alternative supplier. Given the number of councils under the collective agreement, improvements were quickly undertaken by the vendor and improved service levels established. <i>Project still ongoing.</i></p> <p><u>Media Monitoring Services</u> – BOPLASS continues to manage a collective media monitoring service with Isentia that provides automatic monitoring and reporting of 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.</p> <p><i>Service to be put to tender in 2022-23.</i></p>

	<p><u>ESRI Enterprise Licensing Agreement</u> – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renewed at no increase in cost to councils.</p> <p><i>No alternative provider in NZ.</i></p> <p><u>n3 (previously known as GSB)</u> – 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.</p> <p><i>Sole NZ provider.</i></p> <p><u>Health and Safety Training provider</u> – BOPLASS renewed the collective agreement with Vertical Horizontz for H&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><u>Standards NZ</u> – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils.</p> <p><i>No alternative provider in NZ.</i></p> <p><u>Inter-Council Network (ICN)</u> – Review, redesign and renegotiation of suppliers and services – the ICN is a shared service high-capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken to deliver further cost reductions, along with the addition of new links for councils. Kordia were appointed to replace Vocus. The resultant contract will provide an improvement in service levels and financial savings for all participating councils. Migration of services to Kordia has been initiated.</p> <p><u>MFDs (Photocopier/printers)</u> – Due to the variable print volumes through Covid lockdowns and the subsequent high level of working from home, BOPLASS negotiated with our incumbent provider to extend the current agreement for a further 16 months. The Variation Agreement included benefits such as retaining existing equipment, providing flexibility through the pandemic disruption, and further discounts to print rates.</p> <p><i>A full tender will be undertaken in 2022 when councils should have an improved understanding of volumes and requirements.</i></p>
--	---

		<p><u>IPWEA Membership</u> - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2021 to provide a single BOPLASS portal to allow all constituent 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><i>No alternative provider in NZ.</i></p>
<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>The new procurement initiatives which have been investigated during the year are as follows:</p> <p><u>Postal Services</u> – Joint procurement for councils’ mail services resulted in DX Mail being appointed as preferred supplier. The BOPLASS-led process covered BOPLASS, Co-Lab, MW LASS and Hawke’s Bay councils. Savings for all councils will be substantial, particularly for councils with high volumes of urban mail. The contract also provides sustainability and efficiency benefits for councils.</p> <p><u>Courier Services</u> – In conjunction with the Postal services tender a process was managed to identify opportunities for savings with courier services across the BOPLASS, Co-Lab and MW LASS councils. BOPLASS engaged with DIA and ACC to facilitate access to the ACC syndicated contract for courier services. This provides a substantial saving for all councils over their incumbent providers and the alignment with the mail provider offers efficiencies within council mailrooms.</p> <p><u>Infrastructure Insurance</u> – Given the current restricted capacity in the international insurance markets, councils’ insurance is only provided on a 12-month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through different insurers. Negotiations for councils’ infrastructure insurance were undertaken in late 2021 through direct engagement with London underwriters and Lloyds syndicates. Very good outcomes were achieved for all councils – both in insurance rates and the cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have confidence in the BOPLASS programme due to the quality of information provided and our historical relationship.</p>

	<p><u>My Everyday Wellbeing</u> – Staff online wellbeing platform used extensively across local government. Negotiated for BOPLASS councils to be treated as a single entity. Added Co-Lab and MW LASS councils into same enterprise membership. Negotiated 12-month subscription providing savings to the collective group.</p> <p><u>Rapid Antigen Tests (RATs)</u> – BOPLASS engaged with other LASS and CCOs to aggregate volumes to leverage improved pricing. Several RATs orders were placed on behalf of BOPLASS, Co-Lab, MW LASS and council CCOs. The volume of the collective order resulted in heavily discounted pricing and priority service.</p> <p><u>GIS Training</u> – BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils, providing substantial savings through the collective training and also helping to bring all councils up to similar skill levels.</p> <p><u>High-Volume Print</u> – The benefits of councils collaborating in high-volume print services are being investigated. Councils currently use a variety of solutions ranging from in-house commercial print equipment/print rooms to outsourced models.</p> <p><i>Investigation still under action.</i></p> <p><u>Cyber Insurance</u> – The renewal of councils' cyber insurance policies was facilitated by BOPLASS through a collective programme. Insurers have become much more selective in their placements and local government are viewed as a high-risk client. BOPLASS were able to bring Berkshire Hathaway Specialty Insurance onto the programme who thoroughly analysed councils' IT systems and security. Despite an initial rejection of cover for some councils, BOPLASS was able to provide further information to the insurers, resulting in the collective approach being reinstated and all councils able to secure cover at a reduced cost.</p> <p><i>Cyber cover is an annual agreement that requires going to market every year.</i></p> <p><u>Aerial Imagery</u> – As part of the BOPLASS regional imagery programme, three tenders were run for orthophotography services this year. Separate contracts were awarded to AAM NZ for the eastern BOP region and TCC interim flying programmes. The flying and imagery for TCC included specific requirements for the capture of high growth areas. A separate procurement process was undertaken for Gisborne District Council with the contract awarded to Aerial Surveys.</p>
--	--

<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>BOPLASS has led several interLASS projects this year or worked together with other LASS to develop inter-regional benefits:</p> <ul style="list-style-type: none"> • Waste Operator Licencing Data System • Courier Services • Mail Services • H&S Management System • H&S training providers • Occupational Health Services • Rapid Antigen Tests purchasing • Staff Wellbeing Portal • Regional Contractor Database • Risk Management Practices • Collaborative Policy Development • Insurance Renewals Standardisation • Debt Recovery Services <p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads aiming to meet on a quarterly basis. Several joint procurement projects have been completed and further opportunities identified.</p> <p>Projects being undertaken by other LASS are offered to BOPLASS councils on a commercial basis.</p>
<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 5% per year.</p> <p>Number of active users to increase by 10% per year.</p>	<p>Achieved</p>	<p>Projects continue to be added to the MahiTahi Collaboration Portal, increasing from 53 to 88 this year.</p> <p>Continued promotion of the MahiTahi Collaboration Portal has seen a 10.5% increase in registered users with numbers increasing from 388 to 429.</p> <p>On-boarding and training material has been helpful in creating a smooth transition for any new members.</p> <p>Working with the DIA, the MahiTahi Collaboration Portal now includes secure areas to support Local Transition Groups working collectively on the Three Waters project.</p> <p>Regional Software Holdings Limited are migrating the regional sector Special Interest Groups to be hosted in a similar collaborative environment as the MahiTahi Collaboration Portal. Technical aspects of the migration are being supported by BOPLASS.</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>Not 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>Formal meetings with all council executive teams were unable to be completed this year. Staff absences, travel</p>

		restrictions and increased workloads meant not all councils could be covered. See Covid Disclosure p. 47.
<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>	Achieved	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2022: \$6,244 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 02 March 2022 there were 31 shareholders made up of 30 local and regional authorities and the Crown.

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 2022:

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 eight 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 80% 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 significant matters such as COVID -19 response and the proposed Water Services Reform Programme.
- Improve sustainability outcomes within LGFA and assist the local government sector in achieving their sustainability and climate change objectives
- Assist the local government sector with their COVID-19 response.

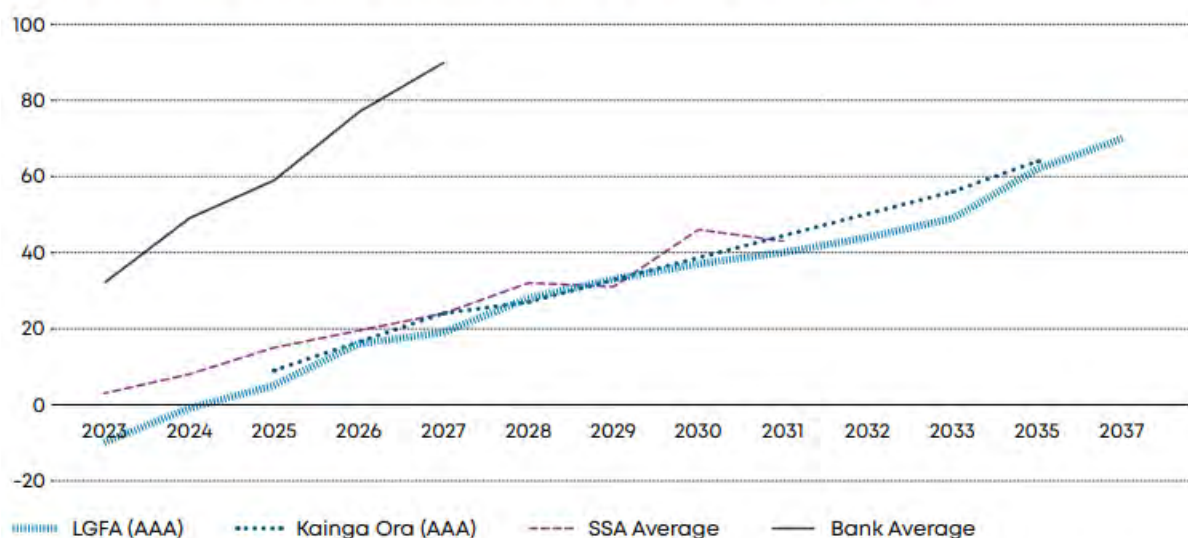
PERFORMANCE AGAINST PRIMARY OBJECTIVES

This section sets out LGFA’s performance for the year ended 30 June 2022 against the two primary objectives set out in the 2021-22 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 lending base margin was 15 bps for all borrowing terms for the 2021-22 year, which covers 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. LGFA continues to borrow at very competitive spreads compared to the AAA rated Sovereign, Supranational and Agencies (SSA) issuers who borrow in the New Zealand debt capital markets, the domestic banks and Kainga Ora, our closest peer issue

Bank, SSA, Kainga Ora and LGFA NZD Curves – Spread to Swap (bps)



We survey our members each year on their satisfaction with LGFA and our August 2021 stakeholder survey returned a 99% positive response to the question “How would you rate LGFA in adding value to your borrowing requirements?”. We also received a 98% positive response to the question “How satisfied are you with the pricing that LGFA has provided to your Council?”

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

Both short and long-term borrowing has been well supported by our members:

- At June 2022, \$478 million short-term loans were outstanding to 31 councils and CCOs, with loan terms ranging between one month and 12 months.
- Over the year, 66 members borrowed \$3,228 million in 292 new long-term loans, across 77 maturity dates ranging between 2021 and 2037
- Our Green Social and Sustainability (GSS) loan product was formally launched in late 2021 with Wellington City Council and Greater Wellington Regional Council our inaugural borrowers under the GSS programme.
- Our first CCO member, Invercargill City Holdings, undertook borrowing in July 2021. Standby facilities provided to councils increased by \$147 million over the year to total \$662 million across 12 councils

Delivering operational best practice and efficiency for its lending services.

Over the year, the LGFA operations team successfully settled 1,783 new trades and 11,474 cash flows in excess of \$36 billion. In the August 2021 stakeholder survey, respondents recorded a 96% positive response 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.

LGFA issued a record \$3,900 million in bonds over the year through nine tenders and two syndications. There were 12 bill tenders over the year with \$565 million of bills on issue at June 2022. Proceeds from bill and bond issuances fund our lending to members, with the balance invested in our liquid asset portfolio.

In October 2021, LGFA issued two new bonds, a May 2028 and May 2035, providing members with the opportunity to extend their long-term borrowing. The weighted average borrowing term by members over the year was 6.2 years (excluding short-dated borrowing).

LGFA maintains an Australian Medium-Term Notes Programme which, to date, has not been used but which provides additional flexibility if required under future market conditions

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 borrowers financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils and CCOs on the LGFA borrower watch-list. Borrowers are required to complete annual compliance certificates by 30 November each year. We have received compliance certificates from all borrowers, and all remained compliant as at 30 June 2021

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.

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

LGFA reviews all borrowers financial statements on an annual basis and the agendas and management reports on an ongoing basis for all councils and CCOs on the LGFA borrower watch-list. Borrowers are required to complete annual compliance certificates by 30 November each year. We have received compliance certificates from all borrowers, and all remained compliant as at 30 June 2021

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:

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 Standard and Poor's and Fitch Ratings and meets with both agencies at least annually.

- Standard and Poor's (S&P). On 2 March 2022, S&P affirmed our long-term local currency credit rating of AAA and our long-term foreign currency credit rating of AA+.
- Fitch Ratings (Fitch). On 1 November 2021 Fitch affirmed both our local currency credit rating of AA+ (stable) and foreign currency credit rating of AA (positive outlook). Both S&P and Fitch ratings are the same as the New Zealand Government

Provide at least 80% of aggregate long-term debt funding to the Local Government sector.

LGFA use the PwC Local Government Debt Report to determine our market share. Our estimated market share for the rolling twelve-month period to June 2022 was 80%. If we exclude Auckland Council borrowing of \$500 million in its own name over the past year in the domestic market, then market share increases to 89%. This compares to a historical average of 75% and our market share remains high compared to our global peers. Over the year, three new councils became members of LGFA, lifting total participating council members to 75. Otago Regional Council, Southland District Council and Waimate District Council joined as guarantors. In addition, Invercargill City Holdings Ltd became our first CCO member bringing total council and CCO membership to 76.

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 \$17.516 million, which was \$0.569 million under budget, while expenses of \$7.933 million were \$0.169 million over budget. Net operating profit of \$10.673 million was \$0.648 million under 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 lending terms in our balance sheet. Over the year, there was an unrealised gain on these swaps of \$2.33 million. Operating expenses for the year:

- Issuance and on-lending costs at \$2.829 million were \$0.092 million over budget. Higher issuance and lending volumes than forecast resulted in higher costs for NZX, legal and registry.
- Other operating costs at \$4.403 million were \$0.014 million over budget.
- Approved Issuer Levy (AIL) payments of \$0.701 million were \$0.063 million over budget. We pay AIL on behalf of offshore investors at the time of semi annual coupon payment and offshore investor holdings were just over our SOI forecast.

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 is 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 Polices and the Board-approved Treasury Policy at all times.

There were no compliance breaches during the year.

Assist the local government sector with significant matters such as COVID -19 response and the proposed Water Services Reform Programme.

LGFA continue to have ongoing dialogue with Central Government on the proposed Water Services Reform Programme and provided feedback regarding financing of the proposed entities during and beyond the transition period. We are waiting for clarification from Central Government as to the role that LGFA could play, if any, in providing financing.

Improve sustainability outcomes within LGFA and assist the local government sector in achieving their sustainability and climate change objectives.

LGFA continues to develop our processes with regards to demonstrating commitment to social and environmental responsibility and aims to be a key contributor to the local government sector's investment in green projects and to support the transition to a low-carbon society.

- In September 2021 we established our Sustainability Committee, which followed our appointment of Nick Howell as Head of Sustainability in May 2021;
- In October 2021 we launched our Green, Social and Sustainability Lending Programme which offers funding to enable members to undertake GSS projects that will help drive forward climate, environmental and social projects in the New Zealand local government sector; and
- Over the course of the year, we progressed work on improving our sustainability outcomes, which include reducing our carbon footprint and implementing our Responsible Investment Policy.

Throughout the year, LGFA has been looking to widen its sustainable finance options for members by offering them the future opportunity to apply for Climate Initiative Loans (CILs). The product is currently under development but offering CIL's will align to LGFA's aim of displaying leadership to the sector on sustainable lending.

Performance Targets

Meet or exceed the Performance Targets

Performance measure	Result for the 12 month period to 30 June 2022	Outcome
LGFA total operating income for the period to June 2022 will be greater than \$19.1 million	\$18.6 million.	✗
Annual issuance and operating expenses (excluding AIL) will be less than \$7.2 million	\$7.2 million.	✗
Total nominal lending (short and long term) to participating councils to be at least \$13.294 billion	\$14.019 billion.	✓
Conduct an annual survey of councils and achieve 85% satisfaction score as to the value added by LGFA to council borrowing activities	August 2021 survey outcome of 99.2 %	✓
Meet all lending requests from PLAs	100%	✓
Achieve 80% market share of all council borrowing in New Zealand	80%	✓
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 of 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 per cent owner of Data Capture Systems Limited (DCSL).

Data Capture Systems Limited was a council-controlled organisation (CCO) as defined by the Local Government Act 2002. In February 2006 the directors of Data Capture Systems Limited resolved that it would cease operations. In June 2006, resolutions were passed to wind down the company during the course of the 2006/07 year. The company is now exempt, under section 7 of the Local Government Act 2002, from definition as a council-controlled organisation.

Destination Lake Taupō Limited (DLTL)

Background

Taupō District Council is the 100 per cent owner of Destination Lake Taupō Limited (DLTL). Destination Lake Taupō Limited is a non-trading company that is held only for name-protection purposes. It has no revenue or expenditure, assets or liabilities. Council has passed a resolution, under section 7 of the Local Government Act 2002, making Destination Lake Taupō Limited exempt from definition as a council-controlled organisation.

Elected Members as at 30 June 2022

Mayor

David Trewavas

Email: mayortrewavas@taupo.govt.nz

Phone: 027 570 7918

Deputy Mayor

Christine Rankin

Taupō Ward Councillor

Email: councillorrankin@taupo.govt.nz

Phone: 027 582 4804

John Boddy

Taupō Ward Councillor

Email: councillorboddy@taupo.govt.nz

Phone: 021 128 7704

Kathy Guy

Taupō Ward Councillor

Email: councillorguy@taupo.govt.nz

Phone: 027 449 4090

Tangonui Kingi

Tūrangi-Tongariro Ward Councillor

Email: councillorkingi@taupo.govt.nz

Phone: 021 253 3343

Kylie Leonard

Taupō East Rural Ward Councillor

Email: councillorleonard@taupo.govt.nz

Phone: 027 257 7338

John Mack

Tūrangi-Tongariro Ward Councillor

Email: councillormack@taupo.govt.nz

Phone: 027 275 1950

Anna Park

Taupō Ward Councillor

Email: councillorpark@taupo.govt.nz

Phone: 027 234 4568

Kevin Taylor

Taupō Ward Councillor

Email: councillortaylor@taupo.govt.nz

Phone: 027 273 9817

Kirsty Trueman

Mangakino-Pouakani Ward Councillor

Email: councillortrueman@taupo.govt.nz

Phone: 027 335 5267

Yvonne Westerman

Taupō Ward Councillor

Email: councillorwesterman@taupo.govt.nz

Phone: 027 573 3844

John Williamson

Taupō Ward Councillor

councillorwilliamson@taupo.govt.nz

Phone: 027 310 8013

TŪRANGI TONGARIRO COMMUNITY BOARD MEMBERS AS AT 30 JUNE 2022

Chairperson

Clint Green

Email: cgreen@taupo.govt.nz

Phone: 021 104 8669

Deputy Chair

Rob Severne

Email: reserverneboard@taupo.govt.nz

Phone: 022 473 6227

Paula McRae

Email: pmcrae@taupo.govt.nz

Phone: 027 225 0913

Te Takinga New

Email: tnew@taupo.govt.nz

Phone: 0210 291 4186

Donna Searancke

Email: dsearancke@taupo.govt.nz

Phone: 027 486 8002

George O'Connor Patena

Email: gpatena@taupo.govt.nz

Phone: 022 692 0088

Councillor

Tangonui Kingi

Tūrangi-Tongariro Ward Councillor

Email: councillorkingi@taupo.govt.nz

Phone: 021 253 3343

Councillor

John Mack

Tūrangi-Tongariro Ward Councillor

Email: councillormack@taupo.govt.nz

Phone: 021 039 9106

Council Directory

Taupō District Council
30 Tongariro Street
Private Bag 2005
Taupō 3352
New Zealand

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

Service Centres:
Tūrangi
1 Ngawaka Place
Tūrangi 3334
Tel 07 386 7017
Fax 07 386 8449

Mangakino
Civic Centre, Rangatira Drive
Mangakino 3421
Tel 07 882 8191
Fax 07 882 8330

Bankers and Funding:
Bank of New Zealand
ANZ Bank New Zealand Limited
Westpac Banking Corporation
ASB Bank Limited
KiwiBank Limited

Auditor:
Audit New Zealand, on behalf of the Auditor-General

Insurance Broker:
Aon New Zealand Limited