



Waitaki District Council

# 2022-23 Annual Report Pūroko ā-Tau

[www.waitaki.govt.nz](http://www.waitaki.govt.nz)



**Waitaki**  
DISTRICT COUNCIL  
TE KAUNIHERA Ā ROHE O WAITAKI





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# Message from the Mayor & Chief Executive

## He karere mai nā te Koromatua nā te Tumu Whakarae

### Kia ora koutou,

We are pleased to present you with Waitaki District Council's 2022-23 Annual Report. This is an opportunity for us to let you know how Council performed between 1 July 2022 and 30 June 2023, which was Year 2 of our 2021-31 Long Term Plan (LTP).

Reflecting on the past year, we're incredibly proud of the progress Council has made towards achieving positive outcomes for the district, particularly as we've continued to navigate challenging and uncertain times. Like most of New Zealand, Waitaki faced heightened social and economic pressures throughout 2022-23, many of which stemmed from the continued effects of COVID.

The impact of the pandemic dramatically increased demand for health and social services within the district and acted as a catalyst for the ongoing supply chain issues, skill shortages, and rapidly increasing inflation and interest rates which have contributed to the unprecedented increases we've seen in residents' costs of living and in costs of providing goods and services to our community in 2022-23.

This combination of pressures has at times made for a challenging financial year for Council. We have had to reprioritise some of our work to reduce proposed spending.

A new Council was warmly welcomed in October 2022, following the Local Elections. Our new Councillors and Community Board Members have had to develop their knowledge of Local Government very quickly in order to understand the impact the current pressures and upcoming changes have for both Council and the Waitaki District and its residents.

### Financial result

The 2022-23 financial year was a challenging one. We finished the year with a \$11.228 million deficit, significantly lower than the \$5.358 million budgeted surplus. This is due to both less revenue and higher expenditure than was forecast for the year.

Council activities have begun to bounce back after the impact of the COVID pandemic, and the Council received significant funding to support capital projects and emergency work required to our roading infrastructure and Alps to Ocean cycle trail. However, as the Sports and Events Centre redevelopment project did not proceed as expected during the year, significant budgeted revenue related to the project was not received. It is now expected that this project will begin in late 2024. As noted above, we have had to contend with unprecedented increases in the costs of providing goods and services to our community. This has occurred in most areas of the business.

Council's assets are valued on a regular basis. Our roading infrastructure was valued during the 2022-23 financial year and the \$97,409 million increase in value (against a budgeted \$44,750 million increase) reflects the significant investment we continue to make in our infrastructure assets, as well as the present economic situation. The Council's property and parks assets and the Oamaru airport were all valued in the 2021-22 year, while water, sewer, and stormwater assets were valued in 2020-21.

Significant investment in infrastructure is being made and key assets are being maintained. The level of external borrowings is \$4.185 million higher than budgeted due to the increased costs and timing of capital work being performed.

Despite the challenging year, Council is in a sound financial position overall. We will continue to review our costs from an operational perspective, prioritise our capital projects, and manage our debt levels carefully through this period of financial pressure. We are conscious of the cost pressures that our community are under and will continue to strive to ensure that ratepayers receive the best value for their money.

## 2022-23 highlights

Amidst these challenges, Council continued to invest in maintaining the core infrastructure and services which serve the foundational needs of Waitaki's communities, as well as projects which support and promote social, economic, environmental, and cultural wellbeing within the district.

### Future-proofing our water infrastructure & services

In the 2022-23 Annual Plan, we committed to bringing forward several Water Supply, Stormwater, and Wastewater projects planned for later in the 2021-31 LTP. Our intention was to complete these projects prior to the proposed transfer of our water infrastructure and services to a new Water Services Entity (WSE) via the Three Waters Reform on 1 July 2024. We wanted to make sure the infrastructure and services Waitaki's communities needed were delivered and accessible to them as soon as possible, in case any projects were delayed or deprioritised through the transfer to a new WSE.

Changes to the Three Waters Reform programme (now known as the Affordable Water Reform) in early 2023 indicated our water infrastructure and services would be transferred on 1 July 2025, which was later than originally expected. After making a submission to the Minister of Local Government in June 2023, Council was pleased to be joining the Canterbury / Westland WSE (Entity I). However, following the general election held on 14 October 2023, a new coalition government was formed that indicated a change to the Affordable Water Reform programme. On 14 December 2023, the government announced its intention to introduce and pass legislation early next year to repeal and replace the existing Affordable Waters Reform legislation. The effect of this announcement on the Council is uncertain until such legislation is passed. While the future ownership of three water assets and associated function, is still not certain, we are pleased that we were able to futureproof these for Waitaki's communities in advance by delivering projects which amounted to a total capital expenditure of \$11m in 2022-23.

### Economic development initiatives

We put a lot of effort in 2022-23 into finding ways in which Council could support our local economy to not only recover from the continued effects of COVID, but to develop into a more sustainable and inclusive local economy, with better capability to withstand future economic challenges and uncertainties.

This included developing a new and ambitious economic development strategy, *Uplifting Waitaki Hāpaitia te Waitaki*, which was co-designed with Te Rūnanga o Moeraki and the local business community. The strategy sets a path to grow Waitaki's economy by more than 8% above projected growth in the next 10 years, which we predict will create between \$70 and \$146 million additional GDP and 1,350 additional jobs within the district.

The strategy is a partnership model, supporting greater collaboration across the district between various stakeholders to deliver shared outcomes and provide better value for Waitaki's ratepayers. Council entered into a partnership with Business South and secured Better-Off funding from Central Government to begin implementing the strategy.

### Laying the foundations for our district's future

We worked with Stronger Waitaki to help develop a new housing strategy, and developed our own property strategy in 2022-23, laying the foundations for our district's future.

*Healthy Homes for All: A Community Housing Strategy* is aimed towards making sure healthy, affordable, and appropriate homes are accessible to all within the district and outlines how Council proposes to achieve this objective in collaboration with key partners.

The Waitaki District Council Property Strategy is aimed towards making sure our portfolio of publicly owned land and properties produces the most value for Waitaki's ratepayers and outlines a plan to best align the portfolio with Council's community outcomes and strategic priorities.

### **Project Reclaim**

In the second half of 2022, we began investigating options for preventing waste from three historic landfills and dumping sites located on our coastline from getting eroded into the ocean. In early 2023, we engaged with communities on our proposed plan for dealing with the issue. The work to get Palmerston Landfill ready to receive the waste from the historic landfill sites will commence in 2023-24.

### **Waitaki Event Centre**

We welcome the start of the build of the event centre in 2024. Fundraising continues to ensure that we provide the best facility for our community, a facility that will improve our community wellbeing and that will keep families in Waitaki, and provide facilities to attract people to move here.

### **Transformation Programme**

Lastly, we have continued our Transformation Programme, to proactively respond to some of the challenges and uncertainties Council is facing and will likely continue to face for the foreseeable future. In particular, Council is developing ways that it can better respond to the changing needs of Waitaki's communities going forward, as well as the changing landscape of Local Government through Central Government's various reform programmes.

### **A view forward**

Overall, we have been moved by the resilience, teamwork, and innovation displayed by Waitaki's communities in 2022-23. We would like to extend our thanks to all of Waitaki for their collective efforts towards achieving positive outcomes for the district this year. Every individual counts – Council could not carry out our activities without your support.

Looking ahead, we have plenty of exciting things to look forward to within the district, both in the 2023-24 financial year, and beyond. The upcoming 2024-34 LTP, which we will be developing in the 2023-24 financial year, is an opportunity for us to progress the district even further over the next 10 years. We cannot wait to share the success with you in making Waitaki the best place to be – whenua taurikura!

**Kā mihi nui,**



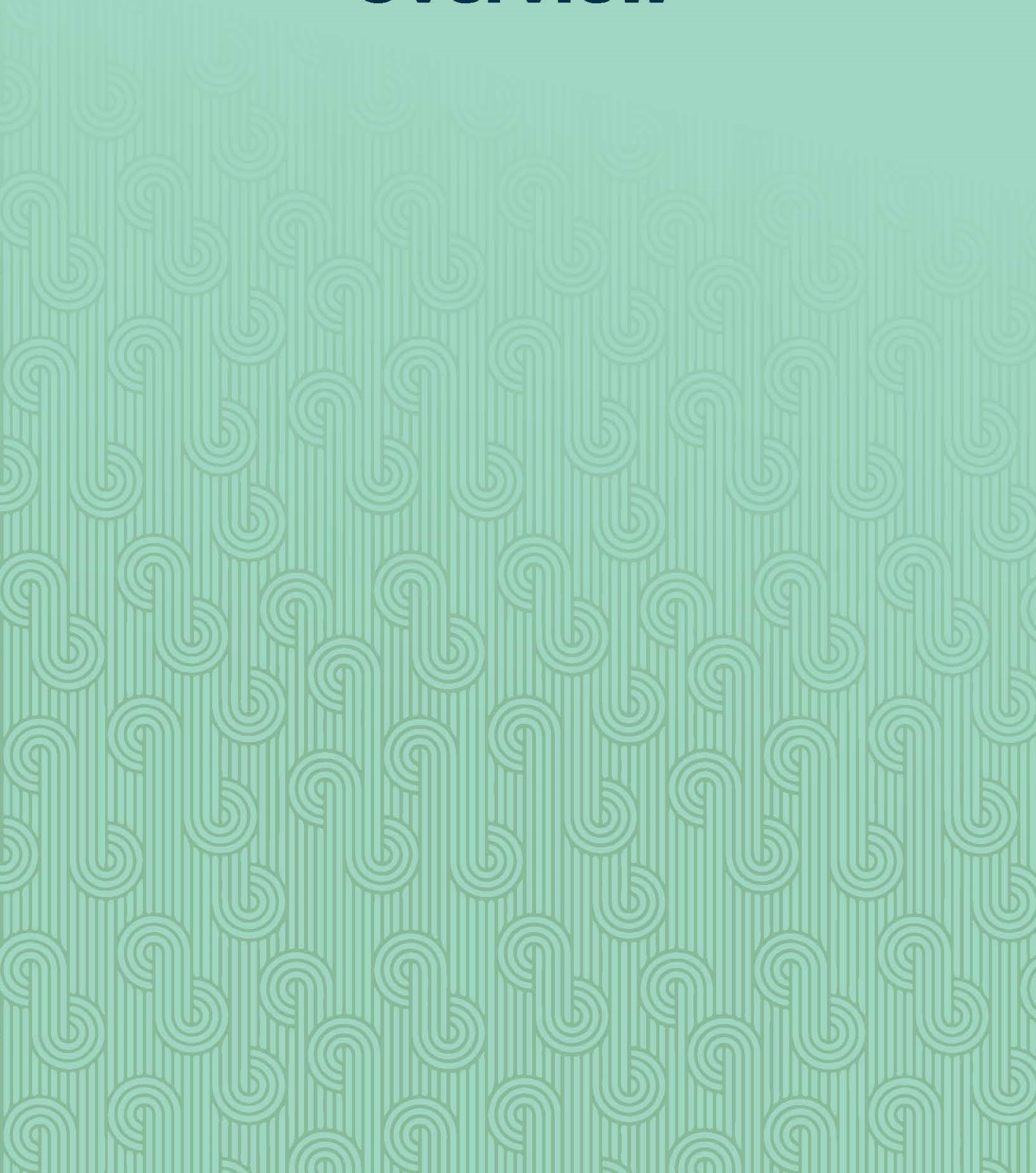
Alex Parmley  
**Chief Executive**  
**Tumu Whakarae**



Gary Kircher  
**Mayor for Waitaki**  
**Koromatua**

**Section one**

# **Overview**





# WAITAKI DISTRICT COUNCIL STRATEGIC FRAMEWORK

value for money

## EMPOWERING OUR PEOPLE AND PLACE TO THRIVE

community outcomes



### QUALITY SERVICES

Robust core infrastructure and services  
Community facilities and services we are proud of



### PROSPEROUS DISTRICT

Attracting new opportunities  
Supporting local businesses  
Fostering a diverse and resilient economy

## WAITAKI THE BEST PLACE TO BE!



### STRONG COMMUNITIES

Enabling safe, healthy communities  
Connected, inclusive communities  
Promoting a greater voice for Waitaki  
Celebrating our community identity



### VALUED ENVIRONMENT

Protecting our diverse landscapes and water bodies  
Meeting environmental and climate change challenges

Waitaki - Whenua taurikura. Whakapuāwai takata, whakapuāwai whenua

Strategic priorities

Develop our people and attract skills, for the benefit of our communities

Facilitate strategic relationships

Finish District Plan

Deliver Transformation Programme

Strengthen the community development role of Council

Establish Economic Development Agency

value for money



**Waitaki**  
DISTRICT COUNCIL  
TE KAUNIHERA A ROHE O WAITAKI



# What's this document all about?

We're committed to our vision of making the Waitaki District the best place to be – whenua taurikura! Council writes an Annual Report for each financial year to let you know how we did towards achieving this vision. The 2022-23 Annual Report is just one part of a bigger picture.

## Our planning & reporting cycle

### Long Term Plan

Council writes a Long Term Plan every three years to set our strategic direction, levels of service, programme of activities, budget, and measures of success for the 10 years ahead. Council's most recent Long Term Plan is the 2021-31 Long Term Plan, which can be found on Council's website at [www.waitaki.govt.nz](http://www.waitaki.govt.nz). The 2022-23 Annual Report is measuring our performance against Year 2 of the 2021-31 Long Term Plan.

### Annual Plan

In each of the two years between developing a Long Term Plan, Council prepares an Annual Plan. Annual Plans take a fresh look at what was set in the Long Term Plan, to determine whether any changes need to be made in order for Council to keep the commitments it made to looking after the district's community wellbeing for the year ahead. The 2022-23 Annual Report is measuring our performance against the 2022-23 Annual Plan, which can also be found on Council's website at [www.waitaki.govt.nz](http://www.waitaki.govt.nz).

### Annual Report – We are here!

Council writes an Annual Report at the end of each financial year – our financial year ends on 30 June every year. Our Annual Reports let you know how we did against our most recent Long Term Plan and Annual Plan, including how we progressed on our planned programme of activities, and what our actual financial position was compared with what was forecast for the year. The 2022-23 Annual Report is for the financial year ended 30 June 2023 and is reporting on the 2022-23 Annual Plan, or Year 2 of the 2021-31 Long Term Plan.



# 2022-23 Annual Residents' Survey

Each year we survey our residents to find out how we're doing. The questions asked in the annual residents' survey cover most of our activities and help us to understand what we're doing well and where we need to improve.

The key findings of this year's annual residents' survey reflect the challenging environment in which we are currently living. While most of the key performance measures remain on par with the 2021-2022 financial year, there has been a decline in perception of overall Council performance (down 10% to 35% in 2023) and overall reputation (down 7% to 39% in 2023).

Some measures remain at high levels. For example, levels of satisfaction with the district's libraries (85%), levels of satisfaction with the Ōamaru Opera House (86%), levels of satisfaction with parks and reserves (82%), and levels of satisfaction with the Waitaki Aquatic Centre (77%). In addition to this, 84% of survey respondents rated quality of life in Waitaki as either 'good' or 'excellent.'

Below is a summary of the results of the 2022-23 Annual Residents' Survey. If you would like to read the full results of the survey, you can find them at [www.waitaki.govt.nz](http://www.waitaki.govt.nz).

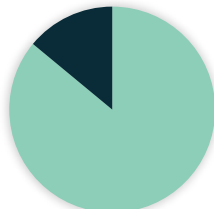
## Resident satisfaction survey results

### Residents are most satisfied with:

#### Ōamaru Opera House

86% of residents are satisfied with the Ōamaru Opera House.

14% Not satisfied

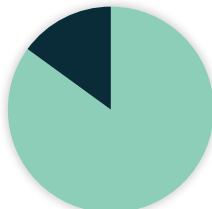


86% Satisfied

#### Waitaki District Libraries

85% of residents are satisfied with the services provided by the Waitaki District Libraries.

15% Not satisfied

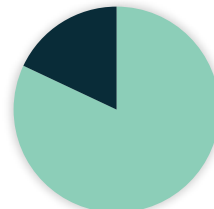


85% Satisfied

#### Parks & Reserves

82% of residents are satisfied with Waitaki's parks and reserves.

18% Not satisfied



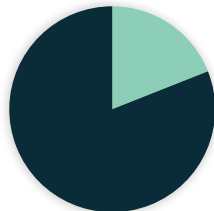
82% Satisfied

### We need to improve on:

#### Sealed roading network

19% of residents are satisfied with the sealed roading network.

19% Satisfied

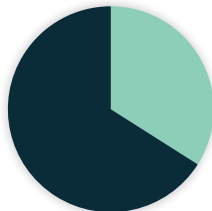


81% Not satisfied

#### Community consultation

34% of residents are satisfied with Council's consultation with Waitaki's communities.

34% Satisfied

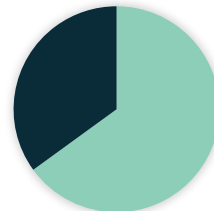


66% Not satisfied

#### Public toilets

65% of residents are satisfied with the district's public toilet facilities.

35% Not satisfied



65% Satisfied

# Opportunities for Māori to contribute to decision-making processes

## Existing arrangements

Waitaki District Council acknowledges Māori as people with whom there is a special relationship. Council is committed to giving effect to the principles and intent of Te Tiriti o Waitangi and to engaging in genuine and appropriate consultation with Māori.

Council acknowledges that Te Rūnanga o Ngāi Tahu is the representative of Ngāi Tahu Whānui and that where any enactment requires consultation with any iwi or any iwi authority, that consultation shall, with respect to matters affecting Ngāi Tahu Whānui, be held with Te Rūnanga o Ngāi Tahu.

Waitaki District Council and Te Rūnanga o Moeraki have a signed Memorandum of Understanding (MoU). The MoU sets out mechanisms and processes that will promote and facilitate effective consultation and liaison between Council and the Rūnanga.

Waitaki District Council is also a signatory to Te Rōpū Taiao Otago Governance Charter, which formalises the relationship between the Papatipu Rūnanga and the local authorities of the Otago region. The committee primarily deals with higher level decision-making concerning environmental resource management within local government.

Council continues to focus on its wider role, including:

- Encouraging Māori contribution to decision-making processes of all Council activities, not simply decisions under the Resource Management Act.
- Reference to Māori rather than to takata whenua, thus including mana whenua and taura.
- Reference not only to enabling contribution to decision-making, but also to fostering Māori capacity to contribute.



## **Independent Auditor's Report**

### **To the readers of Waitaki District Council's annual report for the year ended 30 June 2023**

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

We are also required to report on:

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

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

We completed our work on 19 December 2023. This is the date on which we give our report.

## **Opinion on the audited information**

### **Qualified opinion on the financial statements**

In our opinion, except for the possible effect of the matters described in the *Basis for our opinion* section of our report, the financial statements on pages 117 to 120, 122 to 128, and 130 to 189:

- present fairly, in all material respects:
  - the District Council and Group's financial position as at 30 June 2023;
  - the results of the operations and cash flows for the year ended on that date; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

## **Unmodified opinion on the audited information, excluding the financial statements**

In our opinion:

- the funding impact statement on page 121, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service performance (reported in Section Two "Our activities") on pages 30 to 102:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 35, 42, 54, 62, 74, 77, 82, 88, 92 and 102, 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 35, 42, 54, 62, 74, 77, 82, 88, 92 and 102, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

## **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 20 to 26, 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 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**

### ***Financial statements: Our work was limited in relation to the comparative year carrying value of the District Council's revalued property, plant and equipment and the current year asset revaluation movement***

As stated in the statement of accounting policies on page 145 to the financial statements, the District Council measures certain classes of its property, plant and equipment assets at fair value. PBE IPSAS 17 *Property, Plant and Equipment* requires entities that measure assets at fair value to carry out revaluations with sufficient regularity to ensure that the revalued asset classes are not included in the financial statements at a value that is materially different to fair value.

Our audit opinion on the 30 June 2022 financial statements was qualified because we considered that there was evidence that the collective carrying value of the District Council's water supply scheme, sewerage scheme, drainage scheme and roading and bridges assets as at 30 June 2022 materially differed from their fair value. However, because the District Council did not carry out a revaluation as at 30 June 2022, it was impracticable to determine the amount of any adjustment required.

As disclosed in note 10 to the financial statements, the District Council revalued its roading and bridges assets as at 30 June 2023, resulting in a revaluation movement of \$97.4 million recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2023. While the District Council did not revalue its water supply scheme, sewerage scheme and drainage scheme assets as at 30 June 2023, we have obtained sufficient audit evidence to support the Council's assessment that there is no material difference between the carrying value and fair value of these asset classes as at 30 June 2023.

Whilst we obtained sufficient appropriate evidence over the roading and bridges assets valuation as at 30 June 2023, any misstatement of the carrying value of the District Council's revalued property, plant, and equipment as at 30 June 2022 would consequently affect the revaluation movement recognised in the statement of comprehensive revenue and expense, and in the statement of changes in equity for the year ended 30 June 2023.

As a result of the matters described above, we are unable to obtain sufficient audit evidence to support:

- the collective carrying value of the District Council's water supply scheme, sewerage scheme, drainage scheme and roading and bridges assets in the statement of financial position as at 30 June 2022, reported as comparative information; and
- the asset revaluation movement for the year ended 30 June 2023, that has been recognised in the other comprehensive revenue and expense section of the statement of comprehensive revenue and expense, and the statement of changes in equity.

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 33 on page 189, which outlines developments in the water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities.

On 14 December 2023, the Government announced its intention to introduce and pass legislation early next year to repeal and replace the “Three Waters” legislation. The effect of this announcement on the Council is uncertain until such legislation is 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 and annual 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 the 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, 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 the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

## 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 10, 18 to 19, 28 to 29, 103 to 116 and 129, 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 the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's Debenture Trust Deed. This engagement is compatible with those independence requirements.

Other than this engagement, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

A handwritten signature in dark ink, appearing to read 'R. Tomlinson', with a circular stamp or mark to the left.

Rudie Tomlinson  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand



# Financial summary (Council only)

## Financial statistics

| Council Only   | Actual<br>2023 | Annual<br>Plan<br>2023 | Actual<br>2022 |
|--|----------------|------------------------|----------------|
| Proportion of Rates to Total Income (%)  | 58.2%          | 54.8%                  | 58.4%          |
| Proportion of Rates to Total Expenditure (%)   | 49.9%          | 58.0%                  | 59.6%          |
| Total rating assessments (at the previous 1st of July)   | 13,894         | 13,846                 | 13,865         |
| Average Rates per rateable property  | \$2,691.31     | \$2,696.80             | \$2,524.67     |
| Average Expenditure per rateable property  | \$5,394.27     | \$4,646.39             | \$4,237.23     |
| Net Debt - External (percentage of Total Assets)   | 3.51%          | 3.33%                  | 2.28%          |
| Net Debt - Internal (percentage of Total Assets)   | 3.58%          | 3.64%                  | 3.10%          |
| Net Debt - External (per rateable property)  | \$3,041.38     | \$2,749.67             | \$1,808.44     |
| Net Debt - Internal (per rateable property)  | \$3,096.38     | \$3,002.19             | \$2,451.93     |
| Current ratio  | 0.46           | 0.44                   | 0.68           |
| <i>Ratio of Current Assets to Current Liabilities</i>  |                |                        |                |
| Liquid ratio   | 0.45           | 0.41                   | 0.68           |
| <i>Ratio of Liquid Assets (cash &amp; cash equivalents, trade &amp; other receivables and other financial assets) to Liquid Liabilities (Trade &amp; other payables, borrowings)</i> |                |                        |                |

## Five-year financial summary

| Council Only                         | 2023<br>\$000 | 2022<br>\$000 | 2021<br>\$000 | 2020<br>\$000 | 2019<br>\$000 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Rates revenue                        | 38,157        | 35,516        | 32,846        | 32,833        | 32,116        |
| Net Operating Surplus/(Deficit)      | (11,228)      | 1,207         | (4,392)       | (3,124)       | (1,597)       |
| Cashflows                            |               |               |               |               |               |
| Operating Activities                 | 8,900         | 16,976        | 13,809        | 14,076        | 11,429        |
| Investing Activities                 | (24,332)      | (26,096)      | (20,789)      | (21,282)      | (13,280)      |
| Financing Activities                 | 17,183        | 9,000         | 8,600         | 7,400         | -             |
| Net Increase/(Decrease) in cash held | 1,751         | (120)         | 1,620         | 194           | (1,851)       |
| Net Public Debt - External           | 42,257        | 25,074        | 16,021        | 7,400         | -             |
| Net Public Debt - internal           | 43,021        | 33,996        | 31,838        | 26,045        | 22,547        |
| Total Assets                         | 1,202,258     | 1,097,827     | 1,048,174     | 929,715       | 839,526       |

## Waitaki District rating base

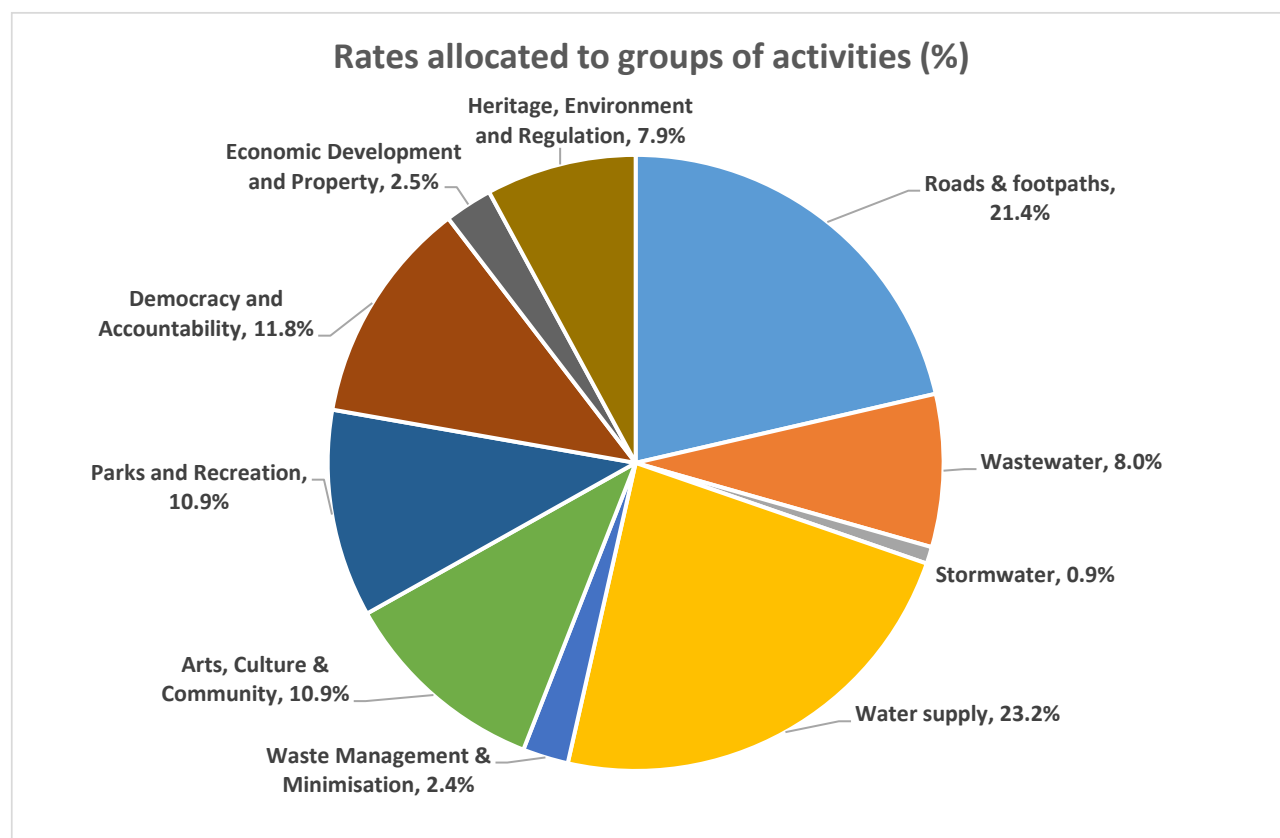
This rating base information reflects the position as at the end of the preceding financial year and was used as the basis on which rates for the current financial year were struck.

### At 30 June 2022

|                                     |                 |
|-------------------------------------|-----------------|
| Total rateable properties           | 13,865          |
| Total Land Value of the district    | \$4,792,794,400 |
| Total Capital Value of the district | \$9,779,778,350 |

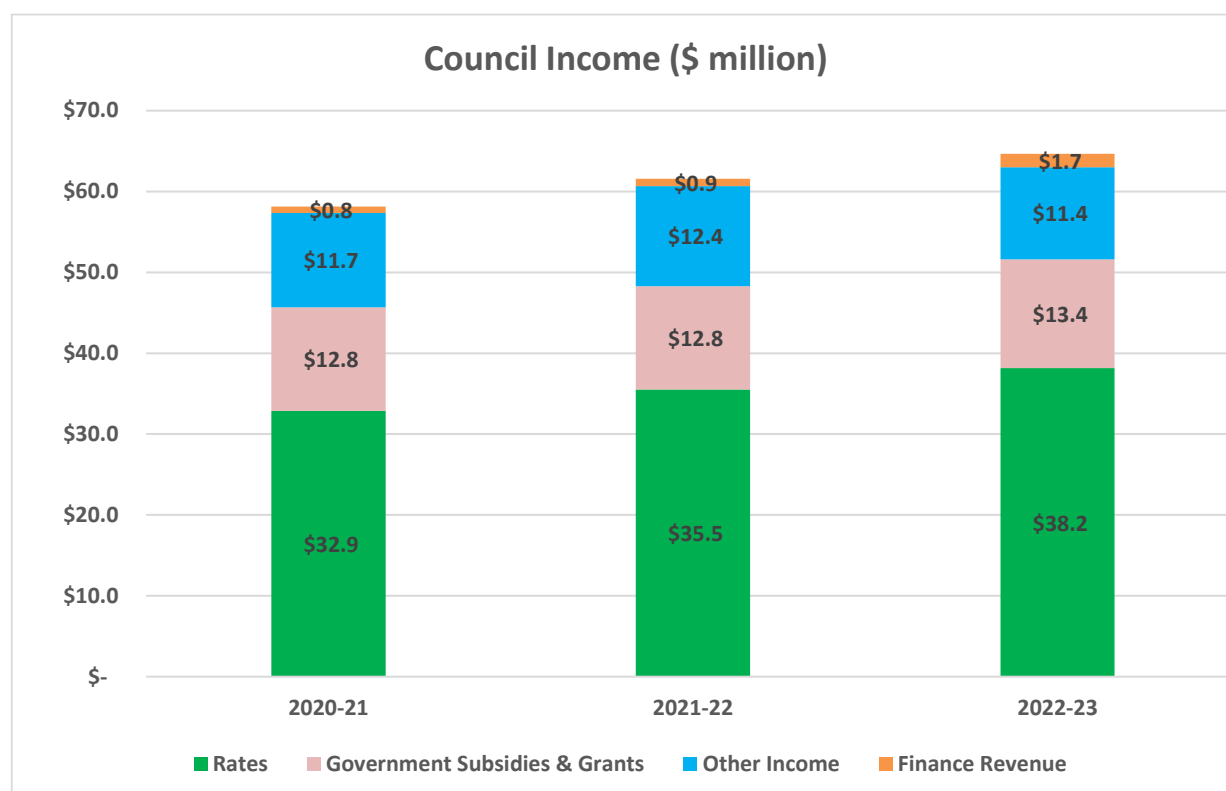
## Rates revenue by Council activity

This graph depicts the allocation of rates revenue across Council's main activity groups.



## Council revenue at a glance

The following graph presents Council's main categories of revenue.



# Financial disclosures (Council only)

## Disclosure statement for the year ended 30 June 2023

This statement discloses Council's financial performance in relation to various benchmarks to enable an assessment of whether Council is prudently managing its revenues, expenditure, assets, liabilities, and general financial dealings. The inclusion of this statement in the 2022-23 Annual Report is a mandatory requirement imposed by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Please refer to the Regulations for more information, including definitions of some of the terms used.

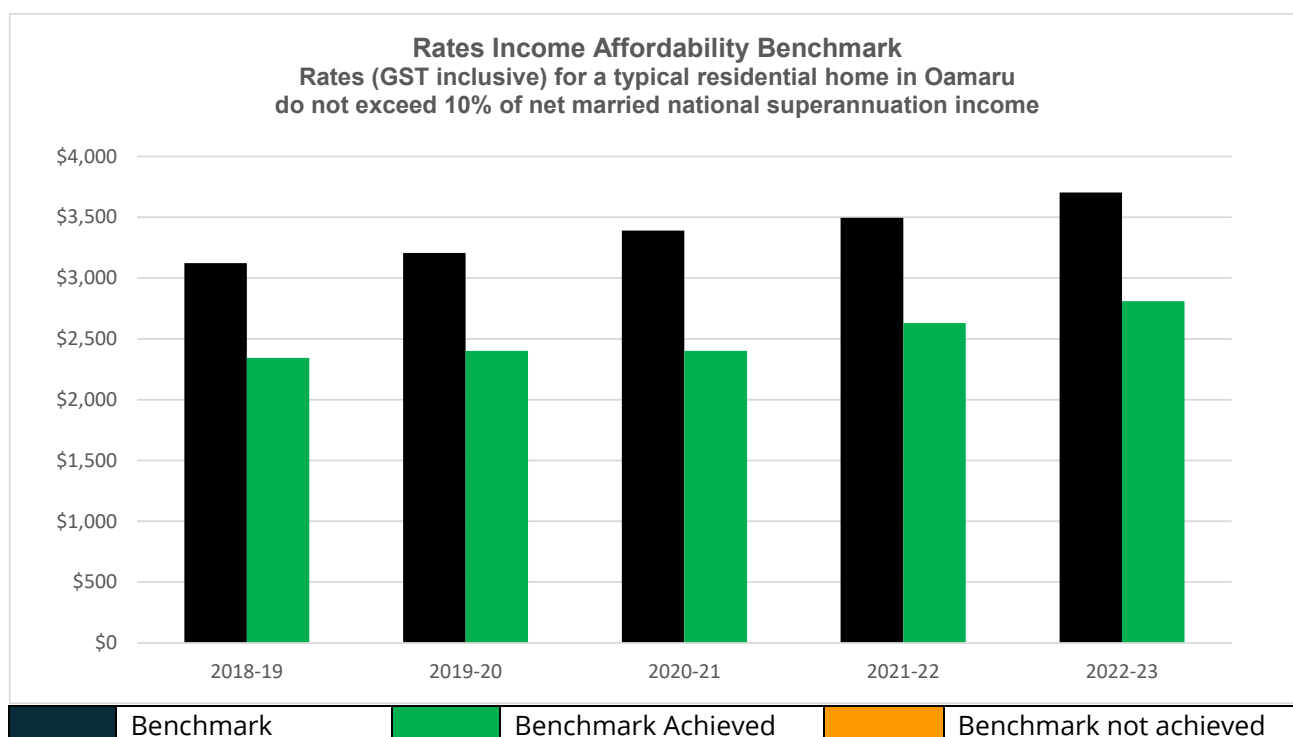
### Rates affordability benchmarks

Council meets the three rates affordability benchmarks when:

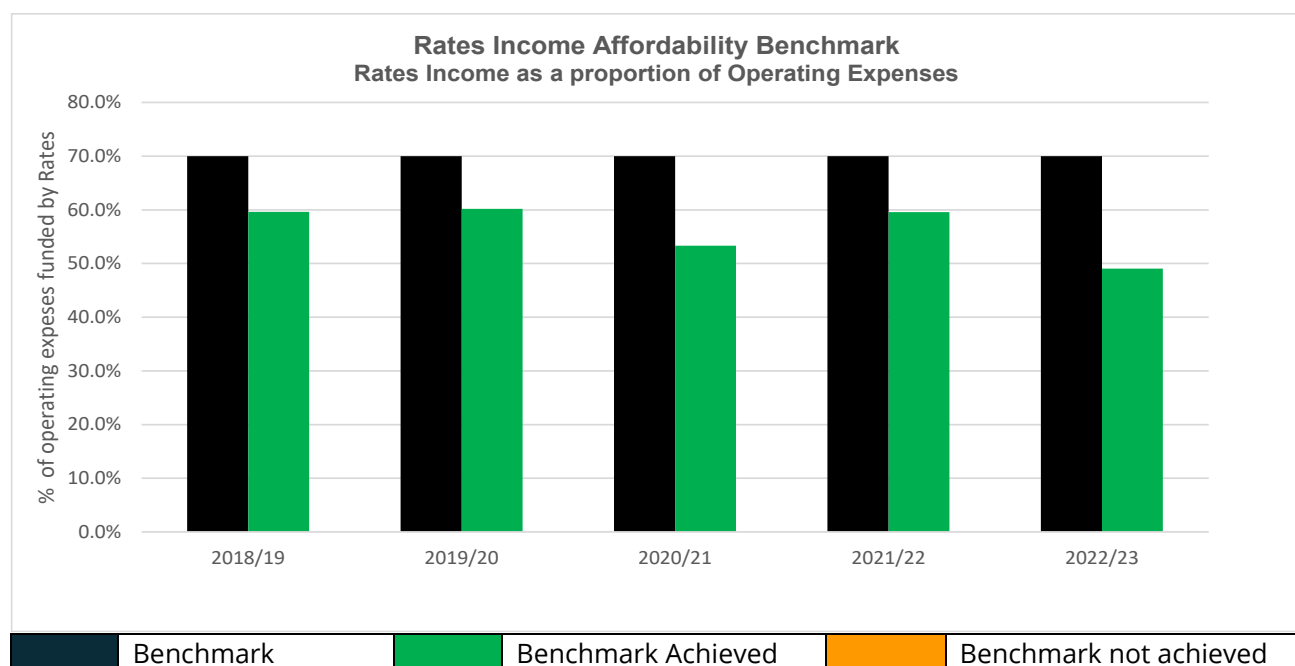
- Actual rates revenue equals, or is less than, each quantified limit on rates.
- Actual increases in rates equal, or are less than, each quantified limit on rates increases.

### Rates income affordability

These graphs compare Council's actual rates revenue with quantified limits on rates contained in the Financial Strategy appearing in Council's 2021-31 Long Term Plan. That quantified limit is that the average annual rate levied on a typical residential property in Ōamaru will not exceed 10% of married national superannuation, net of tax.



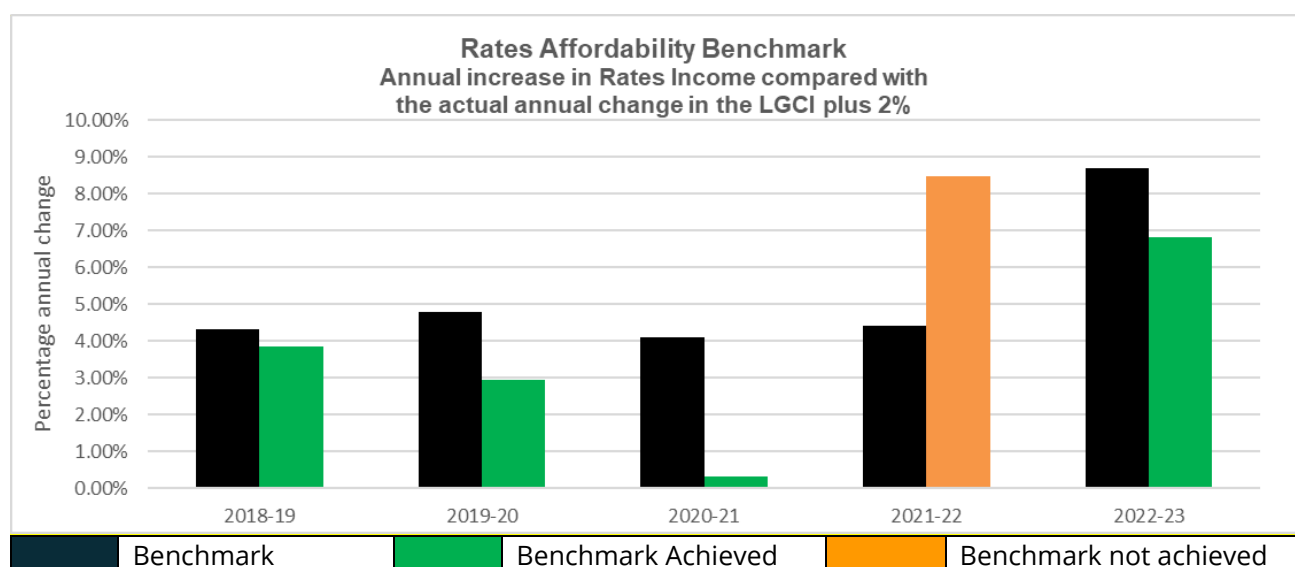
This graph compares Council's rates revenue with a quantified limit on rates contained in the financial strategy appearing in Council's 2021-31 Long Term Plan. That quantified limit is that revenue raised from rates should fund no more than 70% of total operating expenditure.



### Rates increases affordability

This graph compares Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy appearing in Council's 2021-31 Long Term Plan.

That quantified limit is that the increase in average annual rates levied by Council will not exceed the increase in the Local Government Cost Index (LGCI) for the previous year (to 30 June), plus 2%.



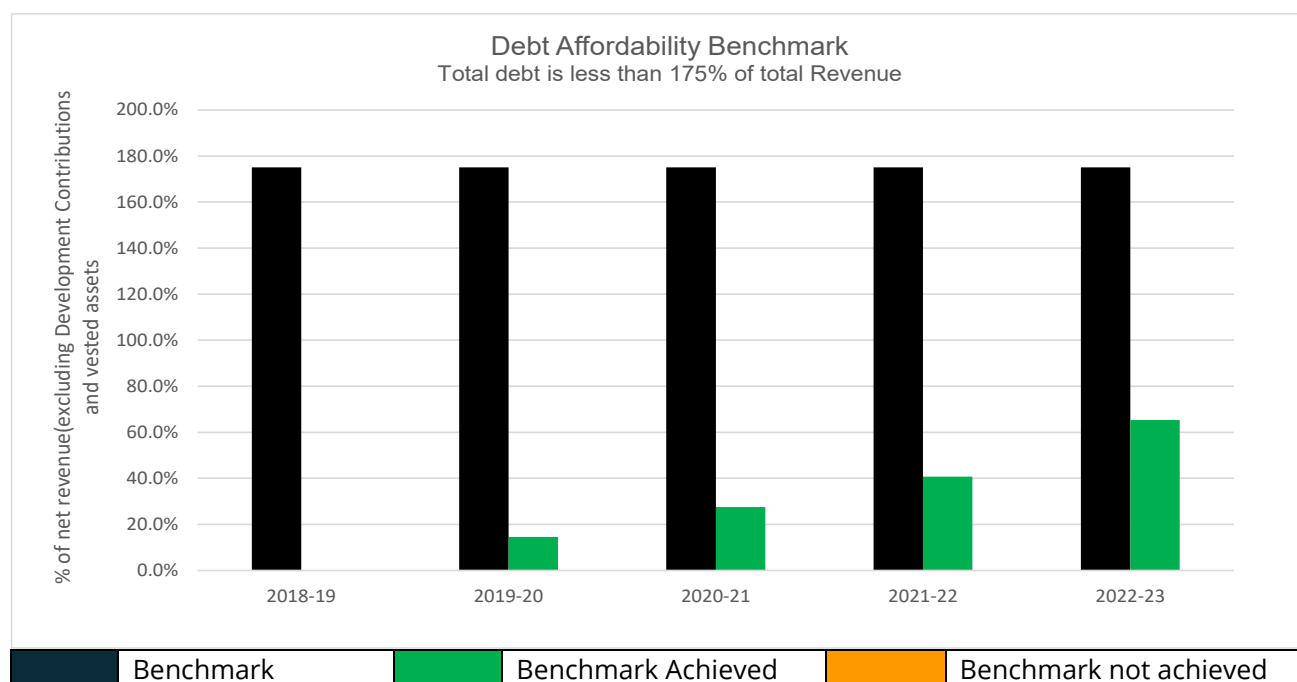
Rates are set annually at an appropriate level to match anticipated future service delivery costs. The alternative would be to reduce the level of service provided to the community, but that would always be a last-resort measure taken in consultation with the community.

## Debt affordability benchmarks

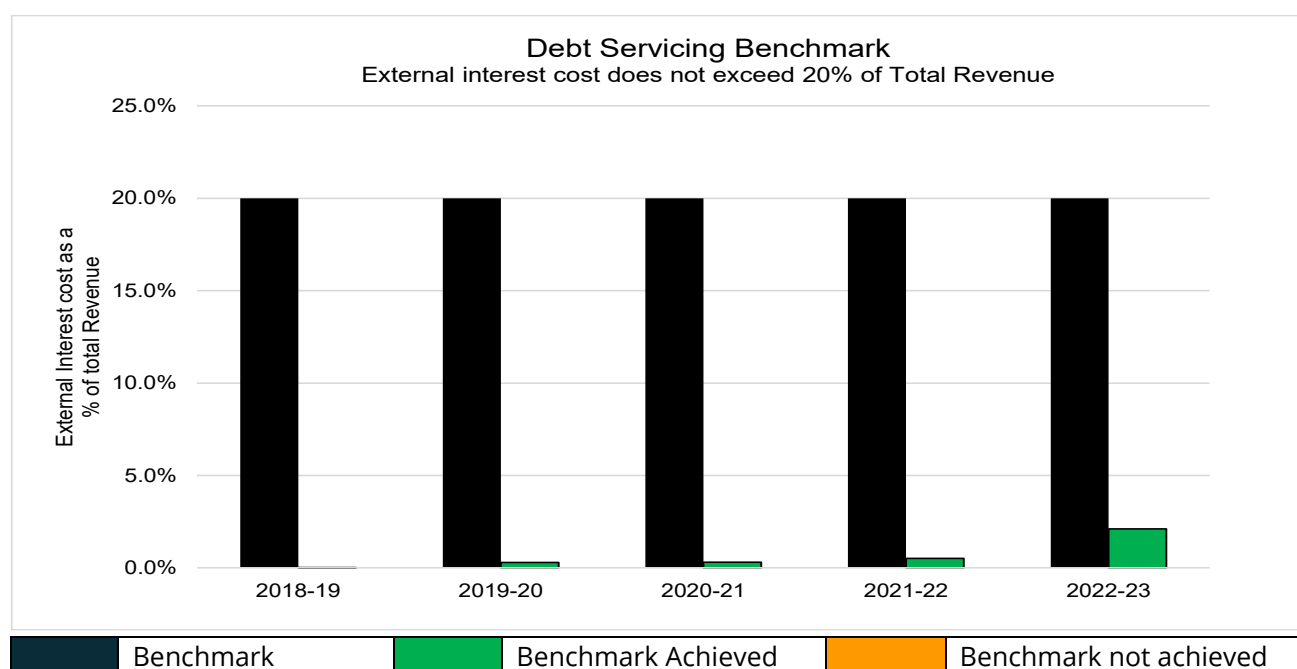
Council meets the debt affordability benchmarks when actual borrowings are within each quantified limit on borrowing. Actual external borrowing is compared with quantified limits on borrowing contained in the Financial Strategy appearing in Council's 2021-31 Long Term Plan.

The Financial Strategy in the 2021-31 Long Term Plan set four quantified limits on external debt:

- External debt will not exceed 175% of total revenue (excluding Development and Financial Contributions (DCs), vested assets, gains on derivative financial instruments, and revaluation of property, plant, and equipment).

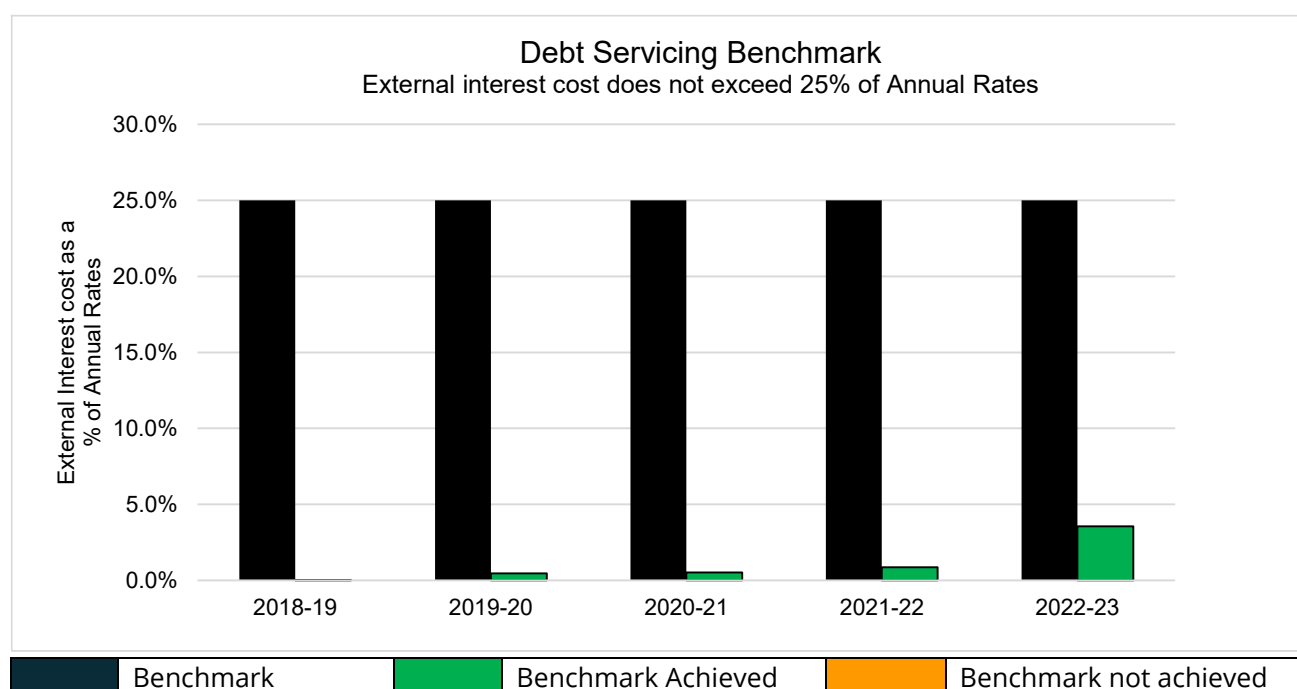


- Interest cost related to external debt will not exceed 20% of total revenue (excluding Development and Financial Contributions (DCs), vested assets, gains on derivative financial instruments, and revaluation of property, plant, and equipment).

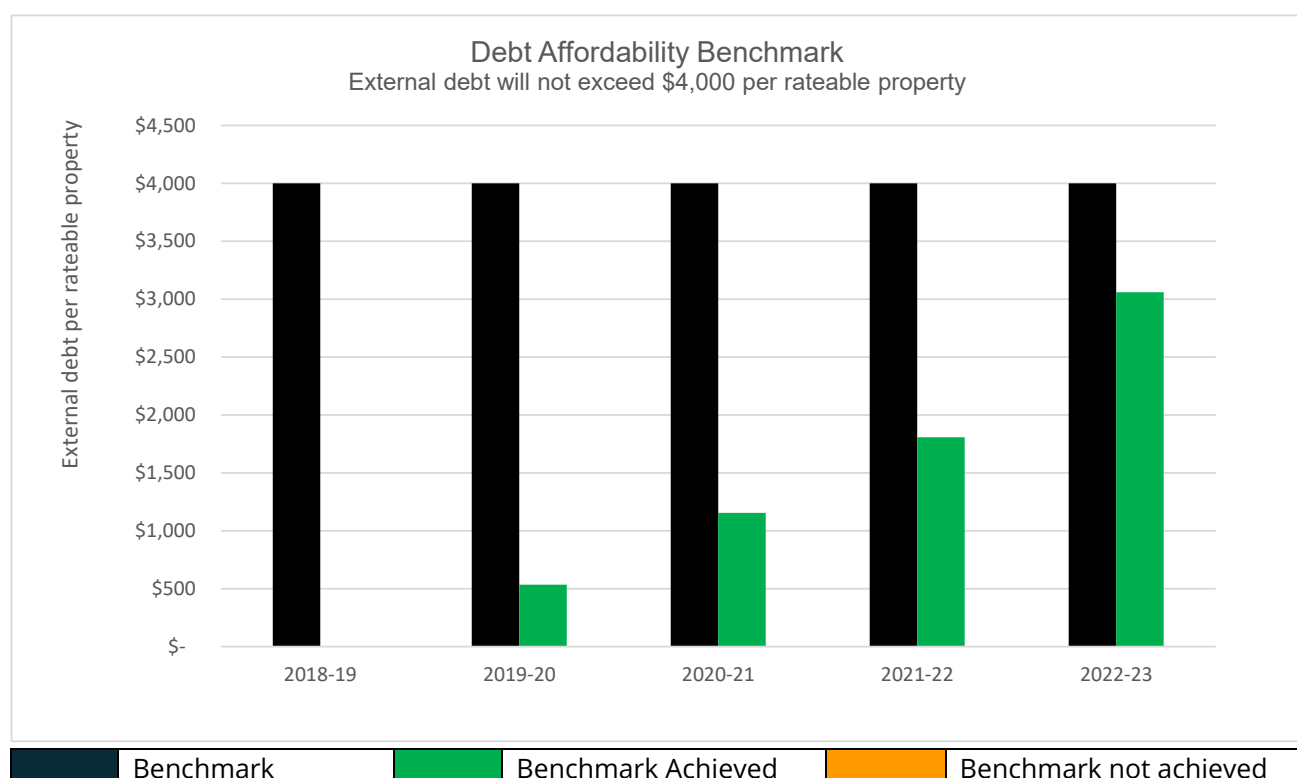




- Interest cost related to external debt will not exceed 25% of annual rates – the benchmark is achieved when external interest cost is less than 25% of annual rates.

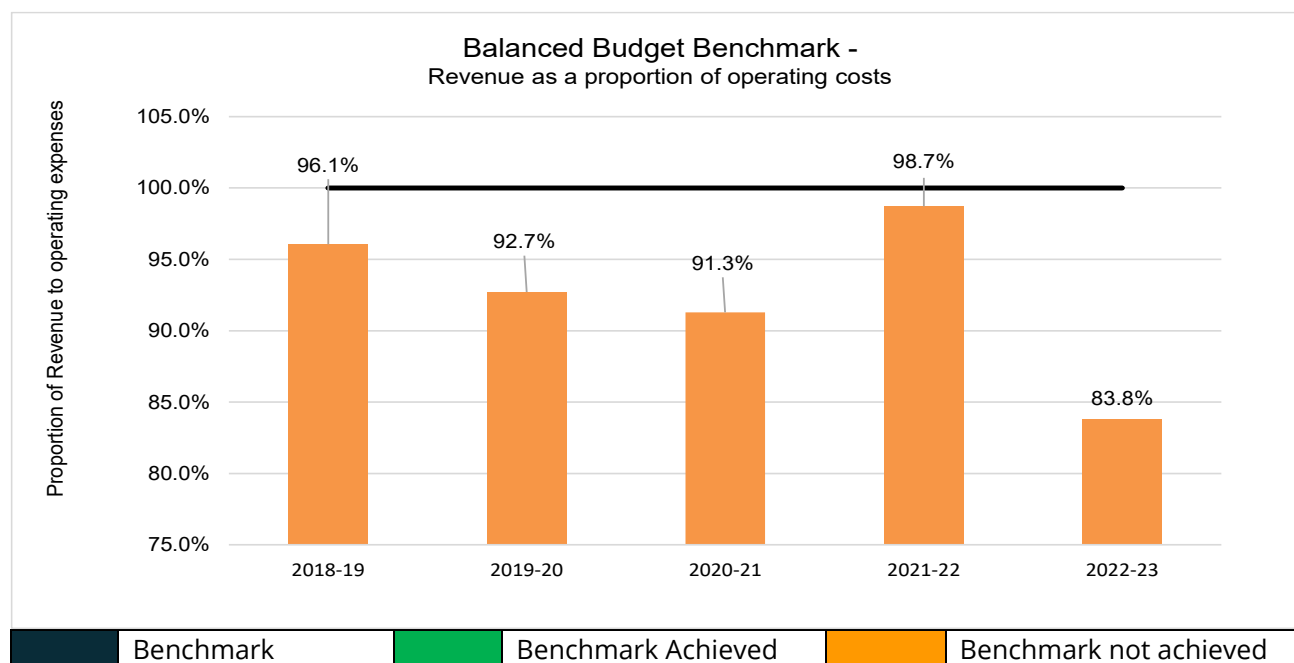


- External debt will not exceed \$4,000 per rateable property.



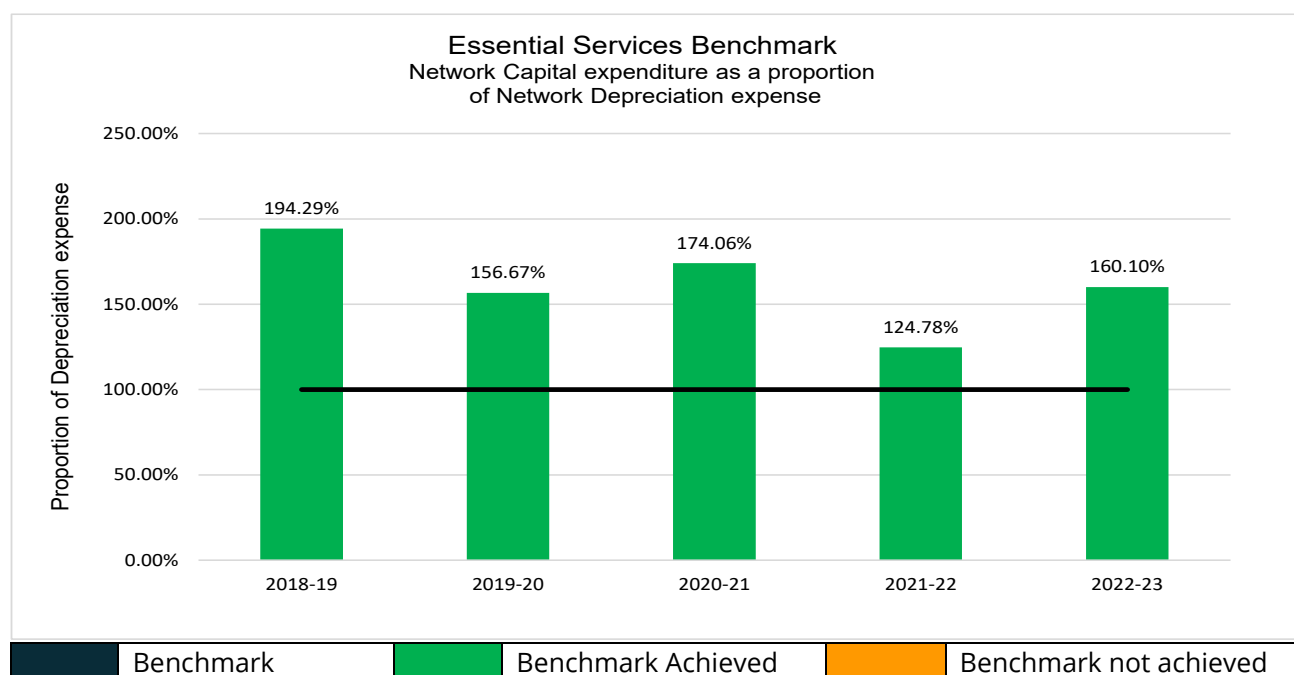
## Balanced budget benchmark

The following graph displays Council's total operating revenue (excluding Development and Financial Contributions (DCs), vested assets, gains on derivative financial instruments, and revaluation of property, plant, and equipment) as a proportion of total operating expenses (excluding losses on derivative financial instruments and revaluation of property, plant, and equipment). Council meets the balanced budget benchmark if its net operating revenue equals or is greater than its operating expenses.



## Essential services benchmark

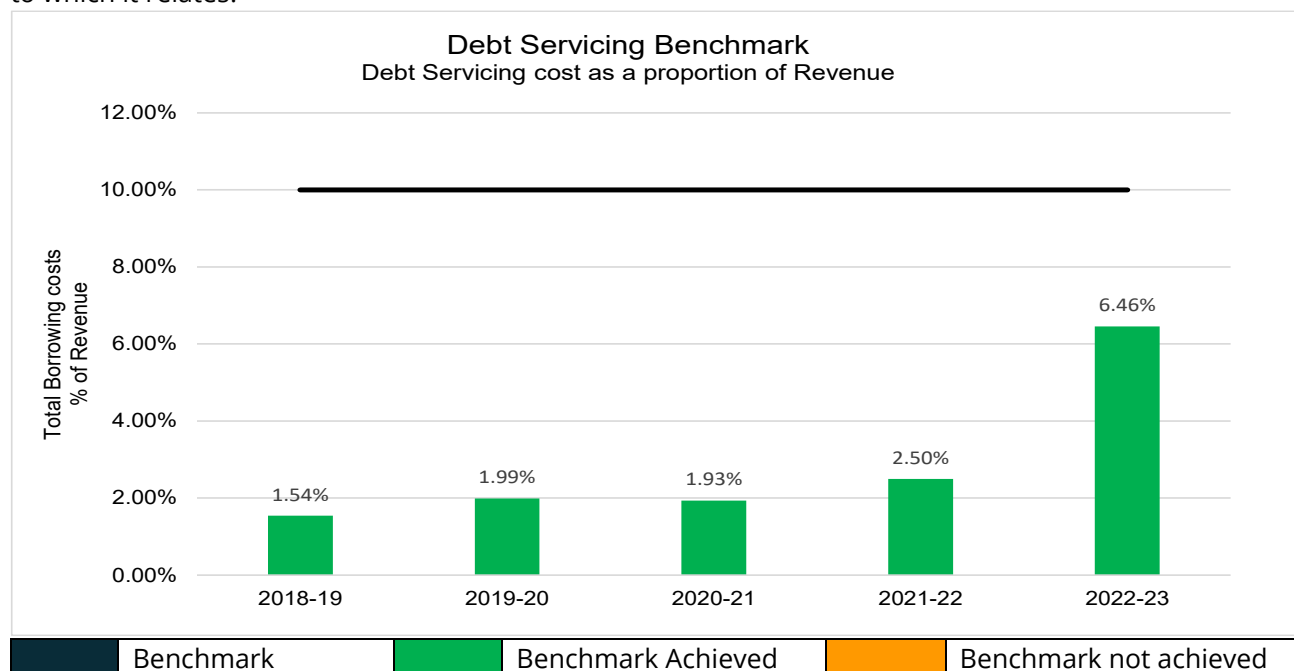
The graph below displays Council's capital expenditure on new or replacement network assets (being roading, water, wastewater, and stormwater infrastructural assets) as a proportion of depreciation charge on network services. Council meets the benchmark when capital expenditure equals or exceeds depreciation on those assets.



## Debt servicing benchmark

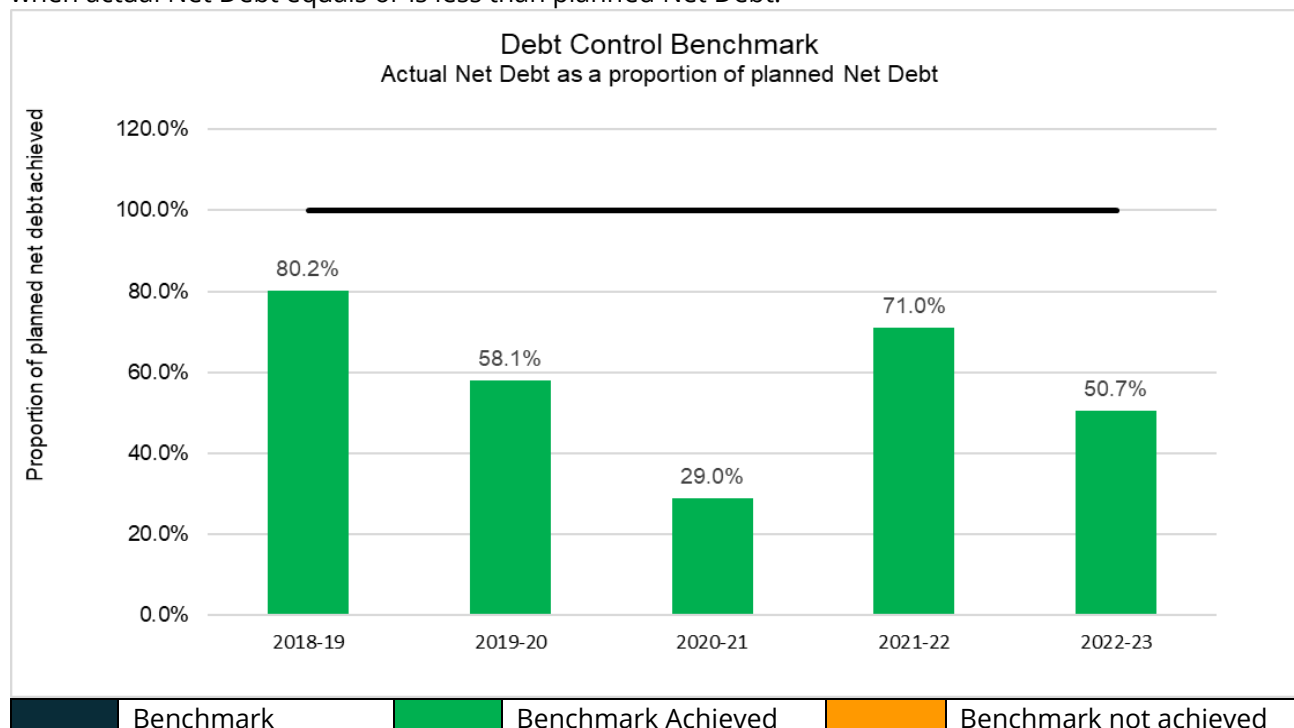
Because Statistics NZ projects the population of the Waitaki District will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if borrowing costs equal, or are less than, 10% of Operating Revenue (less Development and Financial Contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

This graph measures the total cost of servicing external borrowings. Servicing internal debt is a notional cost which is not reported elsewhere in this annual report, although it is a real cost for those service areas to which it relates.



## Debt control benchmark

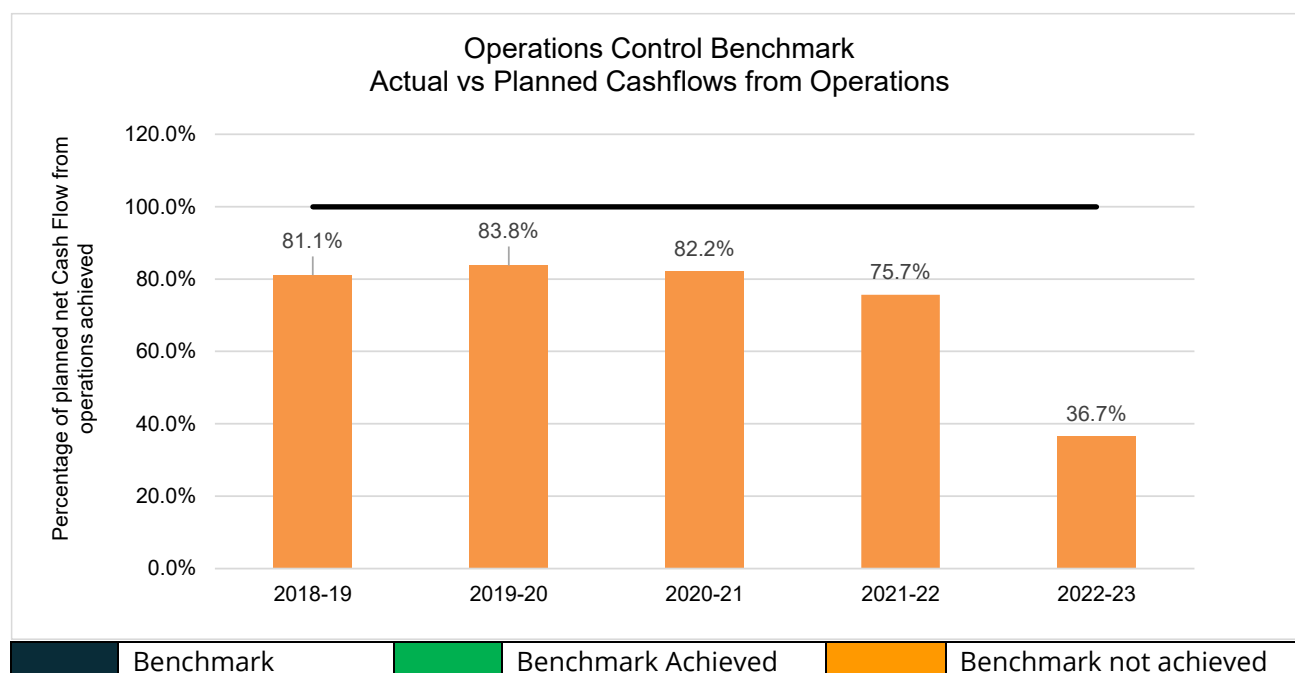
This benchmark reports Council's actual Net Debt as a proportion of planned Net Debt. Net Debt means Financial Liabilities less Financial Assets (excluding Trade and Other Receivables). The benchmark is met when actual Net Debt equals or is less than planned Net Debt.



## Operations control benchmark

Positive cash flow is critical for any business. Net Cash Flow from Operations is the net result of cash generated by and used in Council's normal day-to-day activities. This measure is dynamic and can be significantly influenced by the timing of receipts from debtors and of payments to suppliers, and payment of staff salaries.

This benchmark compares Council's actual Net Cash Flow from Operations as a proportion of its planned Net Cash Flow from Operations. Council meets the Operations Control benchmark when actual Net Cash Flow from Operations equals or exceeds planned Net Cash Flow from Operations.



Factors impacting Council's performance against this benchmark in recent years have included:

- Increased maintenance costs due to adverse weather events and works undertaken in connection with the removal of black mould at the Forrester Gallery (2019 and 2020).
- The impact of COVID, which affected Council's operations during the 2019-20, 2020-21 and 2021-22 financial years, and which has still been felt in the 2022-23 financial year.
- Receipt of external funding for improvements to water and allied infrastructure in 2020-21.
- Deferral of the Cultural Facilities redevelopment project in 2020-21 and 2021-22.
- Lack of progress on the Waitaki Event Centre project in 2022-23
- Emergency works undertaken due to adverse weather events in 2022-23.
- Increased costs affecting Council activities in the 2022-23 financial year due to unexpectedly high levels of inflation in the New Zealand economy.

# Statement of compliance & responsibility

## Compliance

- Council and management confirm that all statutory requirements of the Local Government Act 2002 regarding financial management and borrowing have been complied with.
- The Statement of Service Performance has been prepared in accordance with Part 3 of Schedule 10 of the Local Government Act 2002, including the requirement from s111 of the Act to prepare all information in accordance with New Zealand Generally Accepted Accounting Practice (GAAP).

## Responsibility

- Council and management accept responsibility for the preparation of the financial statements and the Statement of Service Performance and for judgements exercised in preparing these.
- Council and management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and service performance reporting; and
- In the opinion of Council and management, the Annual Report and the financial statements contained therein, and the Statement of Service Performance for the year ended 30 June 2023, fairly reflect the financial position and operations of the Waitaki District Council and Group.



Alex Parmley  
**Chief Executive**

Date 19 December 2023



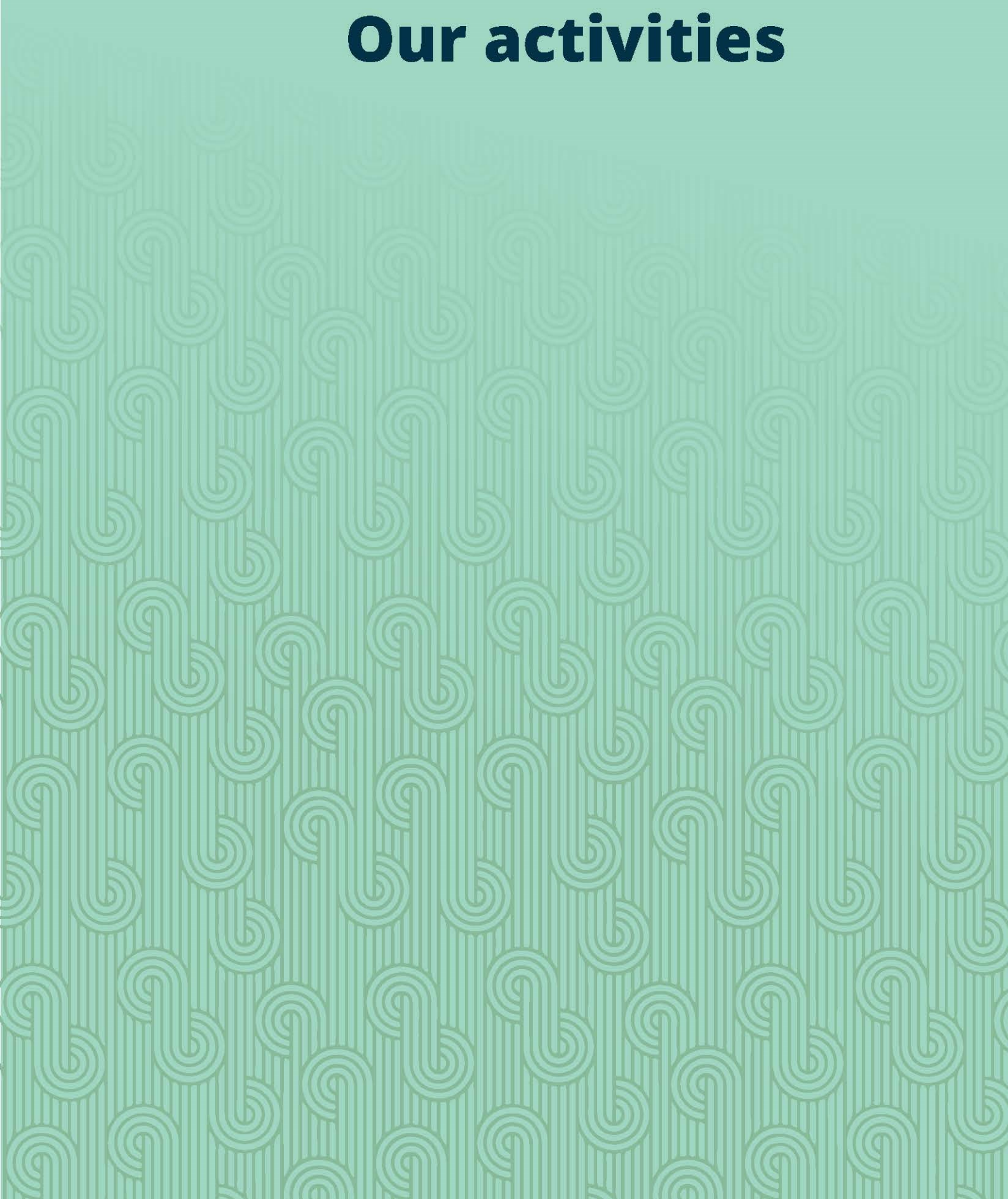
Gary Kircher  
**Mayor for Waitaki**

Date 19 December 2023



**Section two**

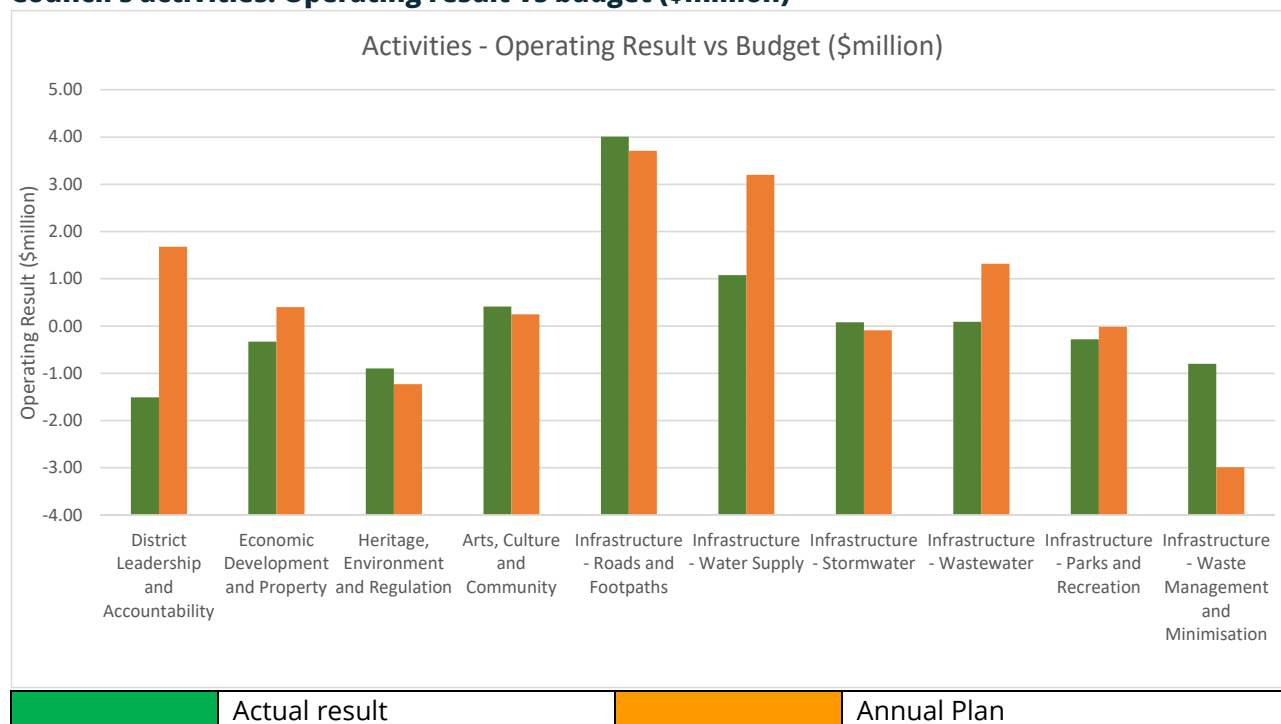
# **Our activities**



# Summary of operating results by activity

Council's financial position is sound, despite reporting both a significant operating deficit, and increased external debt during the year. Asset values have been maintained and investments in infrastructure and local enterprises have increased over the period under review. The following pages record significant achievements by Council's main activities, and the associated funding impact statements summarise the financial performance of each activity. Five out of Council's 10 major activity groups have recorded results better than budget (2022: three), while five have not performed as expected (2022: seven).

## Council's activities: Operating result vs budget (\$million)



The year was a challenging one for Council. As inflation took hold of the national economy, Council saw contractors' costs and the costs of other essential services, such as insurance, electricity, and fuel rise beyond the levels anticipated when setting the budgets for the 2022-23 Annual Plan.

Council's Democracy & Accountability activity was impacted by increased costs of debt servicing, by the deferral of key capital projects, such as the Waitaki Event Centre, which affected overhead recoveries, and by external charges related to the Transformation Programme, which looks forward to Council as it will be after there is certainty on the Affordable Waters Reform.

Council's Property Management & Investment activity was affected by emergency repairs to the Alps2Ocean Cycle Trail, the continuation of upgrades to Council's community housing to ensure compliance with Healthy Homes legislation, and refurbishment of units in Palmerston after a fire.

Council's Roads & Footpaths activity received additional funding to meet increased costs related to emergency works arising from adverse weather events.

Council's Water Supply and Wastewater activities and, to a lesser extent, Parks & Recreation, were impacted by the effects of general inflation on operating costs, including contractors and electricity.

Council's Waste Management & Minimisation activity benefited from delays in commencing the relocation of the former Hampden Landfill to Palmerston. Much of the budgeted costs associated with this work relate to the surrender of carbon credits, which now may not be required.

# District Leadership

## Kā Manukura

**Council's District Leadership activity group comprises:**



**Democracy & Accountability**



**Customer Services**



**Support Services**



**Communications**



**Economic Development**

**District Leadership contributes to the following community outcomes:**

### Community outcomes

#### **Quality services**

Robust core infrastructure and services.  
Community facilities and services we are proud of.

### Community wellbeings

Social

### How does District Leadership contribute to these?

- By providing governance structures, planning, and reporting to provide cost-effective, good-quality infrastructure, public services, and regulatory functions.

#### **Strong communities**

Promoting a greater voice for Waitaki.  
Connected, inclusive communities.

Social

- By providing opportunities to participate in democratic local decision-making, through representation on Community Boards, Council, and through engagement.
- By providing advice and encouraging initiatives to support existing and new economic activity and diversification across the district.

#### **Prosperous district**

Attractive to new opportunities.  
Support local businesses.  
Foster a diverse and resilient economy.

Economic

- By providing advice and encouraging initiatives to support existing economic activity and diversification across the district.

# Democracy & Accountability

## What we do

Waitaki's Mayor, Councillors, and Community Board Members are elected, and Youth Councillors are appointed to represent the district's communities during decision-making processes, forming a vital link between residents and Council staff who manage Council's assets and activities. The leadership and representation of Elected Members includes making significant decisions for the district, setting Council's strategic direction, reviewing and developing local bylaws, plans, policies, or strategies, reporting on Council's financial and non-financial performance, testing and challenging advice to make sure it's sound, monitoring risk, and conducting local elections every three years, by-elections as required, and representation reviews every six years.

Council staff are involved in the Democracy & Accountability activity to support Elected Members to carry out their roles efficiently and effectively. This includes preparing and co-ordinating meetings, providing meeting agendas and minutes, providing governance advice, and supplying Elected Members with remuneration, expenses, and technology. These activities draw on the resources of Council's Support Services Team, a broad area of professional expertise within Council, which includes financial services, communications, information technology systems, geographic information systems, and administrative services.

## Why we do it

Elected Members give voice to the interests of Waitaki's diverse communities, to make sure Council's activities best serve the interests of present and future generations. Council staff are involved in the Democracy & Accountability activity to support Elected Members to carry out effective and transparent representation, leadership, and decision-making.

## Democracy & Accountability in 2022-23

### Local Elections 2022

The inauguration of the 12<sup>th</sup> Waitaki District Council took place on Tuesday 25 October 2022, following the Local Government Elections which were held on Saturday 8 October 2022. New Councillors Brent Cowles (Ahuriri Ward), John McCone (Corriedale Ward), Tim Blackler (Ōamaru Ward), Courtney Linwood (Ōamaru Ward), and Rebecca Ryan (Ōamaru Ward) were welcomed, while former Deputy Mayor (and Councillor) Melanie Tavendale (Ōamaru Ward), and former Councillors Bill Kingan (Corriedale Ward), Colin Wollstein (Ōamaru Ward), and Kelli Williams (Ōamaru Ward) were farewelled. Incumbent Councillor Hana Halalele (Ōamaru Ward) was appointed Deputy Mayor for Waitaki. The 12<sup>th</sup> Waitaki District Council comprises of Mayor Gary Kircher, Deputy Mayor (and Councillor) Hana Halalele, and Councillors Brent Cowles (Ahuriri Ward), John McCone (Corriedale Ward), Guy Percival (Corriedale Ward), Tim Blackler (Ōamaru Ward), Jeremy Holding (Ōamaru Ward), Jim Hopkins (Ōamaru Ward), Courtney Linwood (Ōamaru Ward), Rebecca Ryan (Ōamaru Ward), and Jim Thomson (Waihemo Ward).

### Community engagements

Various community engagements were held throughout the 2022-23 financial year, including on the Draft Waitaki District Plan (June 2022-August 2022), the Draft Interim Speed Management Plan (March 2023), for which Council Hearings and Deliberations took place on Tuesday 2 May 2023, the Draft 2023-24 Annual Plan (March 2023-April 2023), for which Council Hearings and Deliberations took place on Tuesday 16 May 2023, and 'New Ways to Support Economic Growth in Waitaki' (April 2023-May 2023), for which Council Hearings and Deliberations took place on Monday 15 and Tuesday 16 May 2023. A good volume of feedback was received from individuals and communities on each of these matters.

## Setting direction

- Pre-election report published 14 July 2022
- *Uplifting Waitaki Hāpaitia te Waitaki* Economic Development Strategy adopted 20 September 2022
- Risk Management Policy adopted 28 February 2023
- 2022-25 Standing Orders adopted 28 February 2023
- 2022-25 Code of Conduct adopted 28 February 2023
- 2023-25 Otago Local Authorities' Triennial Agreement ratified 28 February 2023
- 2023-25 Canterbury Local Authorities' Triennial Agreement ratified 28 February 2023
- Updated Strategic Framework adopted 26 April 2023
- Updated Procurement Policy adopted 26 April 2023
- 2021-22 Annual Report and Summary adopted 9 May 2023
- 2023-24 Fees & Charges agreed 9 May 2023
- Property Strategy adopted 30 May 2023
- Climate Change Risk Framework Part 1: Climate Change Projections adopted 30 May 2023
- 2023-24 Annual Plan adopted 27 June 2023

## Submissions to Central Government

National discussion around the direction and proposed reforms of Local Government continued throughout 2022-23. Council made several submissions to Central Government in relation to proposed changes it would be affected by. These included a submission to the Finance and Expenditure Committee in relation to the Water Services Entities Bill (ratified August 2022), a submission to the Ministry for the Environment (MfE) on the National Policy Statement for Indigenous Biodiversity: Exposure Draft (ratified August 2022), a submission to the Ministry for Primary Industries (MPI) on the National Direction for Plantation and Exotic Carbon Afforestation (December 2022), a submission to the Ministry of Business, Innovation, and Employment (MBIE) on the Review of the Building Consent System (ratified September 2022), a submission to the Finance and Expenditure Committee on the Water Services Legislation Bill and Water Services Economic Efficiency and Consumer Protection Bill (ratified February 2023), a submission to the Environment Committee on the Natural and Built Environments Bill and Spatial Planning Bill (ratified February 2023), and a submission to the Review into the Future for Local Government (ratified March 2023).

## Community Boards

The Ahuriri and Waihemo Community Boards continued to provide funding support for local community-led initiatives. This included \$8,000 for the Waitaki Valley Community Society / Kurow Museum (provided by the Ahuriri Community Board), \$5,000 towards the re-roofing of the Hampden Community Hall (provided by the Waihemo Community Board), and \$20,000 for the Waihemo Heritage Trust / Palmerston Museum (also provided by the Waihemo Community Board).



## How did we do in 2022-23?

### Democracy & Accountability

| Community outcomes   | Performance measures   | Service targets   | Achievements               |  |
|--|--|---|----------------------------|--|
|  |  |   | 2021-22 (Year 1)           | 2022-23 (Year 2)                       |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki. | Residents satisfied or very satisfied with the leadership and direction provided by the Mayor and Councillors. | 70% of residents are satisfied or very satisfied with the leadership and direction provided by the Mayor and Councillors.   | <b>Not achieved</b><br>52% | <b>Not achieved<sup>1</sup></b><br>40% |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki. | Residents satisfied or very satisfied that the Ahuriri Community Board is making a positive difference.        | <b>Years 1 to 3</b><br>60% of residents are satisfied or very satisfied that the Community Board is making a positive difference.<br><b>Years 4 to 10</b><br>5% increase per year in satisfaction that the Community Board is making a positive difference. | <b>Not achieved</b><br>31% | <b>Not achieved<sup>2</sup></b><br>37% |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki. | Residents satisfied or very satisfied that the Waihemo Community Board is making a positive difference.        | <b>Years 1 to 3</b><br>60% of residents are satisfied or very satisfied that the Community Board is making a positive difference.<br><b>Years 4 to 10</b><br>5% increase per year in satisfaction that the Community Board is making a positive difference. | <b>Not achieved</b><br>40% | <b>Not achieved<sup>3</sup></b><br>30% |

#### Notes on service targets versus actual achievements

- 1 The results presented here are based on residents' opinions from the 2022-23 Annual Residents' Survey. Low levels of satisfaction may be related to the increasing cost of living experienced throughout 2022-23, which may have had an impact on the affordability of rates for residents. However, this was a national, not localised issue.
- 2 As above (Note 1).
- 3 As above (Note 1).

## Council: Communications

| Community outcomes   | Performance measures   | Service targets   | Achievements               |  |
|--|--|---|----------------------------|--|
|  |  |   | 2021-22 (Year 1)           | 2022-23 (Year 2)                       |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki. | Residents satisfied or very satisfied with the information provided about Council's current actions and its plans. | <b>Years 1 to 3</b><br>60% of residents satisfied or very satisfied with Council's consultation with the community.<br><b>Years 4 to 10</b><br>5% increase per year in satisfaction (to 80%). | <b>Not achieved</b><br>44% | <b>Not achieved<sup>1</sup></b><br>34% |
|  |  | <b>Years 1 to 3</b><br>60% of residents satisfied or very satisfied with communication from Council.<br><b>Years 4 to 10</b><br>5% increase per year in satisfaction (to 80%).                | <b>Achieved</b><br>67%     | <b>Not achieved<sup>2</sup></b><br>57% |

### Notes on service targets versus actual achievements

- 1 The results presented here are based on residents' opinions from the 2022-23 Annual Residents' Survey. Low levels of satisfaction may be related to national trends of increased political distrust, which is a national, not localised issue, but which may be impacting residents' perceptions of Council's communications and engagements.
- 2 As above (Note 1).

## Funding Impact Statement for 30 June 2023 for Democracy & Accountability

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 2,145                   | 2,407                   | 2,592                      |
| Targeted Rates   | 1,920                   | 2,223                   | 1,920                      |
| <b>Rates Revenue</b>   | <b>4,065</b>            | <b>4,629</b>            | <b>4,512</b>               |
| Subsidies and Grants for Operating Purposes                              | 230                     | -                       | 438                        |
| Fees and Charges   | 7                       | 7                       | 1                          |
| Interest and Dividends from Investments                                  | 1,205                   | 1,237                   | 1,911                      |
| Internal Charges and Overheads Recovered                                 | 24,326                  | 27,014                  | 23,157                     |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 485                     | 568                     | 463                        |
| <b>Operating Revenue</b>   | <b>26,253</b>           | <b>28,826</b>           | <b>25,970</b>              |
| <b>Total Sources of Operating Funding</b>                                | <b>30,318</b>           | <b>33,455</b>           | <b>30,482</b>              |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 17,860                  | 19,198                  | 20,895                     |
| Finance Costs  | 182                     | 265                     | 1,330                      |
| Internal Charges and Overheads Applied                                   | 11,475                  | 12,533                  | 9,764                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | <b>29,517</b>           | <b>31,996</b>           | <b>31,989</b>              |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | <b>801</b>              | <b>1,459</b>            | <b>(1,507)</b>             |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | 1,735                   | 1,020                   | 659                        |
| Development and Financial Contributions                                  | -                       | -                       | -                          |
| Increase / (Decrease) in Debt  | 17,032                  | 8                       | -                          |
| Gross Proceeds from Sale of Assets                                       | 62                      | 63                      | 24                         |
| <b>Total Sources of Capital Funding</b>                                  | <b>18,829</b>           | <b>1,091</b>            | <b>683</b>                 |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 1,952                   | 3,985                   | 380                        |
| to replace Existing Assets   | 1,526                   | 1,501                   | 1,124                      |
| Increase / (Decrease) in Reserves  | 4,218                   | 10,479                  | (3,394)                    |
| Increase / (Decrease) of investments                                     | 11,934                  | (13,414)                | 1,066                      |
| <b>Total Applications for Capital Funding</b>                            | <b>19,630</b>           | <b>2,551</b>            | <b>(824)</b>               |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | <b>(801)</b>            | <b>(1,459)</b>          | <b>1,507</b>               |
| <b>Funding Balance</b>   | <b>-</b>                | <b>-</b>                | <b>-</b>                   |

### Notes on variances

- Government grants were received to support the transition to the Affordable Water Reform.
- Interest earned on loans to external parties increased due to additional advances being made, and improved interest rates, although dividends received were under budget.
- Payments to suppliers and staff were over budget due to higher-than-expected levels of inflation, and to costs associated with the Transformation Programme.
- Finance costs were over budget, reflecting increased borrowing and higher interest rates.
- Sale of assets includes the value of vested assets, which can be highly variable and are never included in budgets.

# Economic Development

## What we do

Waitaki's businesses need the right economic environment to flourish. Part of Council's leadership involves supporting and enabling sustainable, inclusive growth within the district to improve community wellbeing. This is achieved through a range of economic development activities, including providing advice to, and collaborating with, mana whenua, local businesses, and other organisations on initiatives which support existing economic activity or further diversification across the district. Council encourages development of Waitaki's local economy through partnerships, innovation, and joined-up planning.

## Why we do it

Council aims to invest in the delivery of economic development initiatives and tourism services which provide value for money and measurable benefits for Waitaki's communities. Tourism Waitaki Ltd (a Council-controlled organisation) provides Regional Tourism Organisation (RTO) services to stimulate the visitor economy. Council recognises that in today's fast-changing world, collaborating with key stakeholders and embracing a partnership approach is essential for delivering the sustainable and inclusive economic growth objectives outlined in the Uplifting Waitaki Hāpaitia te Waitaki Economic Development (WED) Strategy.

## Economic Development in 2022-23

### Waitaki Economic Development (WED) Strategy

Council adopted the Uplifting Waitaki Hāpaitia te Waitaki Economic Development (WED) Strategy, co-designed with Te Rūnanga o Moeraki, in September 2022, following engagement with local businesses. Community engagement took place between 6 April 2023 and 7 May 2023, receiving 200 submissions. Further information was requested by Council before considering adopting a recommendation to set up an Economic Development Agency (EDA) as a Council-controlled organisation (CCO). Until a decision is made, Tourism Waitaki remains a RTO and the Ōamaru Blue Penguin Colony remains part of Tourism Waitaki. Government Better-Off funding enabled the recruitment of additional resourcing to implement key components of the WED strategy in 2022-23, which will continue over the next two years. The Business & Enterprise Growth Lead was seconded in collaboration with Business South.

### Waitaki Whitestone Geopark (WWG)

On 25 May 2023, the Executive Board of UNESCO officially endorsed WWG as New Zealand's first and Australasia's only UNESCO Global Geopark. Over 200 people attended the designation ceremony, including the Minister for Tourism, the Hon. Peeni Henare. An application to the Tourism Innovation Fund (TIF) to develop a business case for the feasibility of a Geopark Discovery Hub was successful. Council, Tourism Waitaki Ltd, and WWG will match Central Government's contribution of \$25,000.

### Other partnerships

Council continued to work closely with Te Rūnanga o Moeraki in 2022-23. The WED strategy was co-designed with Te Rūnanga and other local businesses, thirty of which participated in a new Neat Places campaign, updated to profile the Waitaki Whitestone UNESCO Global Geopark and two key geosites. Strategic Doing™, which encourages collaboration and active sharing of skills, experience, and expertise, was piloted with six businesses and organisations. The feedback from the inaugural Inspire Waitaki event will inform the development of a business incubator ecosystem to support start-ups and small businesses.

### Promoting the Waitaki District

The 'About Waitaki' section on Council's website was refreshed to more actively promote Waitaki as an attractive place to live, work, do business, and explore. A dedicated page promoting local business stories is also now included.

## How did Economic Development do in 2022-23?

| Community outcomes   | Performance measures   | Service targets   | Achievements  |   |
|--|--|---|---|---|
|  |  |   | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.<br>Foster a diverse and resilient economy. | Level of Central Government business support funding accessed by the district. | <b>Year 1</b><br>WDC works with businesses, trusts, and other organisations to secure \$150,000 of Central Government funding into Waitaki-based projects.<br><b>Years 2 to 3</b><br>WDC works with businesses, trusts, and other organisations to secure \$250,000 of Central Government funding into Waitaki-based projects.<br><b>Years 4 to 10</b><br>WDC works with businesses, trusts, and other organisations to secure \$300,000 of Central Government funding into Waitaki-based projects. | <b>Achieved</b><br>\$340k Tourism Infrastructure Funding (TIF) secured for upgrading the toilets at Awamoa Park; \$168k TIF secured for upgrading the carpark and toilets at Bushy Beach Scenic Reserve.  | <b>Achieved</b><br>\$25k of TIF secured to develop a business case for a Waitaki Whitestone Geopark (WWG) Discovery Hub; \$1.695m of Better-Off funding secured to support Council's programme of placemaking work; \$685k of Better-Off funding secured to support Council's 'Forward Waitaki' programme over the next three years.  |
|  |  | <b>Year 1</b><br>2 or more projects.<br><b>Years 2 to 3</b><br>Three or more projects.<br><b>Years 4 to 10</b><br>Four or more projects.  | <b>Achieved</b><br>Projects in Year 1 included:<br>Development of the Waitaki Economic Development Strategy;<br>Collaboration on a Neat Places campaign; Support for Te Rūnanga o Moeraki by securing a TIF contribution of \$113k for improvements to Takiroa and Maerewhenua rock art sites; Meet the Maker & Waitaki Arts Festival; Launch of the Virtual Waitaki website. | <b>Achieved</b><br>Projects included:<br>Engagement on the implementing the WED Strategy; Partnership with Business South to contract a Business & Enterprise Growth Lead; Developing a Waitaki Destination Management Plan; Collaborating on Neat Places campaign; Two <i>Country House Hunters: New Zealand</i> programmes filmed in the Waitaki District; Supporting the filming of a drama series in Ōmārama; Inaugural Inspire Waitaki event; 'Inspiring the Futures' high school programme. |



# Property

## Kā Rawa

### Council's Property activity group comprises:



**Property  
Management  
& Investment**

### Property contributes to the following community outcomes:

| Community outcomes   | Community wellbeings | How does Property contribute to these?  |
|--|----------------------|---|
| <b>Quality services</b><br>Community facilities and services we are proud of.  | Social               | <ul style="list-style-type: none"> <li>By providing properties which meet the needs of the community, meaning people are more likely to want to stay, and will encourage others to move here.</li> </ul>  |
| <b>Strong communities</b><br>Enable safe and healthy communities.<br>Connected, inclusive communities.                                   | Social               | <ul style="list-style-type: none"> <li>By providing quality community housing to elderly and vulnerable people in our community.</li> </ul>   |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.<br>Meeting environmental and climate change challenges. | Environmental        | <ul style="list-style-type: none"> <li>By enhancing development in keeping with the town's heritage, creating a unique experience residents are proud of, attracting visitors to Waitaki.</li> <li>By maintaining the breakwater to protect structures, property, and activities in the Ōamaru Harbour area.</li> <li>By managing the Ōamaru Harbour channel entrance by dredging to a safe depth. This also creates opportunities for visiting boats.</li> <li>By rock armouring the Ōamaru Harbour area to protect property and activities in the harbour area.</li> <li>By protecting wildlife and improving environmental outcomes, helping people to enjoy and understand both.</li> </ul> |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.  | Economic             | <ul style="list-style-type: none"> <li>By contributing to the economy of the district.</li> <li>By effectively managing the property portfolio, meaning returns are maximised and rates input is minimised.</li> </ul>  |

# Property Management & Investment

## What we do

Council's Property Management & Investment Team provides property advisory services to the Council organisation and manages the use of publicly owned land and buildings, Council operational and administrative buildings, community housing properties, the Ōamaru Harbour, and the Ōamaru Airport on behalf of Waitaki's communities.

## Why we do it

This work is done to support the administration of Council and maintain the integrity of our district's unique heritage, while supporting diverse lifestyles and experiences, opportunities for businesses, and contributing to the local economy.

## Property Management & Investment in 2022-23

### Community housing

Council welcomed 14 new tenants to its community housing units throughout 2022-23, representing a tenant turnover of 15%. The programme of rolling renewals for vacant units continued, with all vacated units being assessed and renovated where applicable. The programme of healthy homes upgrades across our community housing complexes continued, to ensure compliance with the Healthy Homes Standards. College Street, Usk Street, Exe Street, and Lincoln Street complexes are now fully Healthy Homes compliant and Council is on track to meeting its compliance obligations for our other community housing complexes by 1 July 2024. As a proactive safety approach for community housing, Council has established a relationship with Neighbourhood Support.

### Operational buildings

Several of Council's operational buildings received attention throughout 2022-23. Stage two of the cultural facilities development project was completed, which involved the total refurbishment of the ground and first floors of the Waitaki Museum & Archive building, including seismic upgrading, new heating and ventilation, and the installation of a lift. The roof of the Waitaki Museum & Archive storeroom was also replaced, as the previous roof had reached the end of its serviceable life.

The Ōamaru branch of the Waitaki District Libraries received a heating upgrade, which was the final project towards retiring the existing electric boiler system, which had been the primary source of heating for the Ōamaru Library, Waitaki Museum & Archive, Centennial Memorial building, and a back-up supply for the Ōamaru Opera House. The other buildings were upgraded to standalone systems over the previous three years, with the Ōamaru Library being the last building to transition to a new dedicated HVAC system.

Restoration of the Ōamaru Opera House dome was completed in March 2023. Extensive external façade maintenance was also undertaken, including stone indent repairs, lime pointing, foundation lime washing, window replacements, and repainting.

### Commercial buildings

The Property Management & Investment Team have focused on finalising lease renewals and rent reviews with a view to increasing revenue for Council. As a result, all rent reviews and lease renewals are up to date or are currently in the process of finalising. Scott's Brewery in Ōamaru received approval for a 10 metre extension to its leased area to enable landscaping, fencing, and safety improvements. This will address significant health and safety issues relating to truck and forklift movements at the rear of the site. A resource consent application for landscaping and planting within the extended area has been submitted by the Brewery and is currently being processed.

The premises at 1 Thames Street have sustained moisture damage from rising damp and building leaks, requiring extensive remediation work. Refurbishment of the building is progressing in stages and is scheduled for completion by 31 October 2023.

## Ōamaru Airport

All leases and rent reviews are current for this financial year. All maintenance of runways and grounds are up-to-date. Recent repairs to the surface of the sealed runway were carried out. Grass surface replanting took place on a damaged grass runway. Council officers and consultants presented the Airport Strategic Masterplan at a Council Committee briefing on 12 April 2023. A further briefing is due to be held in August 2023.

### Total movements

| Type         | 2022-23       |
|--------------|---------------|
| Take-offs    | 10,904        |
| Landings     | 11,502        |
| Touch & go's | 10,159        |
| <b>Total</b> | <b>32,565</b> |

| Type               | 2022-23       |
|--------------------|---------------|
| Aeroplanes         | 31,187        |
| Helicopters        | 1,252         |
| Other <sup>+</sup> | 126           |
| <b>Total</b>       | <b>32,565</b> |

<sup>+</sup> Other = Balloons, gliders, etc.

## Property Strategy

Council adopted a Property Strategy on 30 May 2023. The Property Management & Investment Team will be working on completing its implementation plan over the coming months. Reporting against the implementation roadmap will take the form of a quarterly report to Council.

## Ōamaru Harbour

Holmes Wharf structural and deck replacement work was completed in 2022-23. A larger carparking area was formed at the entrance of Holmes Wharf and a gate and new heritage bollards have been installed to stop vehicles entering the main wharf adjacent to the carpark. Additional seating and a bait station have been built at the end of the wharf. New underground services and streetlighting will be reticulated in 2023-24. We replenished depleted rock revetment, which protects against erosion, in the inner harbour in selected locations.

The slipway upgrade project to increase the current load rating from 12 tonnes to 20 tonnes was approved by Council with a \$105,000 budget and is scheduled for delivery in 2023-24. The Ōamaru Blue Penguin Colony car park upgrade project was approved by Council with a \$450,000 budget and is scheduled for completion by 31 October 2023, with MBIE contributing \$110,000 towards the cost of the project. Rock armouring of the breakwater has performed well over the past year, with an annual lidar survey calculating rock loss of 624 tonnes.

## How did Property Management & Investment do in 2022-23?

| Community outcomes  | Performance measures   | Service targets  | Achievements               |  |
|---|--|--|----------------------------|--|
|   |  |  | 2021-22 (Year 1)           | 2022-23 (Year 2)                       |
| <b>Strong communities</b><br>Connected, inclusive communities.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Community housing tenants are satisfied or very satisfied with their tenancy as a percentage of all tenancies by annual user survey. | 90% of community housing tenants are satisfied with their tenancy. | <b>Not achieved</b><br>89% | <b>Achieved</b><br>94%                 |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.   | Commercial tenants are satisfied or very satisfied with their tenancy as a percentage of all tenancies by annual user survey.        | 90% of commercial tenants are satisfied with their tenancy.        | <b>Not achieved</b><br>89% | <b>Achieved</b><br>100%                |
| <b>Strong communities</b><br>Connected, inclusive communities.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Community housing units – individual tenancies are occupied as a percentage of available units/tenancies.                            | 90% of community housing units are occupied.                       | <b>Achieved</b><br>97%     | <b>Achieved</b><br>95%                 |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.   | Commercial tenants – individual tenancies are occupied as a percentage of available units/tenancies.                                 | 90% of commercial tenancies are occupied.                          | <b>Achieved</b><br>100%    | <b>Not achieved<sup>1</sup></b><br>88% |

### Note on service target versus actual achievement

- Two Council-owned commercial buildings are unoccupied. One is between tenancies and one is untenanted due to remedial work taking place.

# Funding Impact Statement for 30 June 2023 for Economic Development and Property Management & Investment

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 196                     | 266                     | 62                         |
| Targeted Rates   | 792                     | 1,236                   | 897                        |
| <b>Rates Revenue</b>   | 988                     | 1,502                   | 959                        |
| Subsidies and Grants for Operating Purposes                              | 45                      | -                       | 489                        |
| Fees and Charges   | 2,422                   | 2,468                   | 2,170                      |
| Interest and dividends from investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | 11                      | 11                      | 16                         |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 30                      | 31                      | 170                        |
| <b>Operating Revenue</b>   | 2,507                   | 2,510                   | 2,845                      |
| <b>Total Sources of Operating Funding</b>                                | 3,495                   | 4,013                   | 3,804                      |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 2,078                   | 2,147                   | 1,973                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 1,221                   | 1,340                   | 2,157                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 3,299                   | 3,487                   | 4,130                      |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | 196                     | 526                     | (326)                      |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | -                       | -                       | 681                        |
| Development and Financial Contributions                                  | -                       | -                       | -                          |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | 117                     | 128                     | 153                        |
| <b>Total Sources of Capital Funding</b>                                  | 116                     | 128                     | 834                        |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 1,768                   | 260                     | 1,151                      |
| to replace Existing Assets   | 25                      | 638                     | 817                        |
| Increase / (Decrease) in Reserves  | (1,480)                 | (244)                   | (1,460)                    |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | 313                     | 654                     | 508                        |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | (196)                   | (526)                   | 326                        |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

## Notes on variances

- Government grants were received in relation to emergency works on the Alps2Ocean Cycle Trail.
- Payments to staff and suppliers include costs related to the Alps2Ocean emergency repairs.
- The Otago Community Trust provided funding of \$600k for the continuing redevelopment of the Waitaki Museum & Archive.
- Planned works on the redevelopment of the Forrester Gallery were largely deferred due to reduced availability of external funding.
- Restoration of Holmes Wharf continued.

# Heritage, Environment & Regulation

## Te Tiaki Hapori

**Council's Heritage, Environment & Regulation activity group comprises:**



**Heritage & Planning**



**Regulatory,  
Environmental  
& Building**



**Community  
Development  
& Engagement**

**Heritage, Environment & Regulation contributes to the following community outcomes:**

| Community outcomes   | Community wellbeings | How does Heritage, Environment & Regulation contribute to these?  |
|--|----------------------|---|
| <b>Quality services</b><br>Community facilities and services we are proud of.  | Social               | <ul style="list-style-type: none"> <li>By having a fully functional Emergency Operations Centre and trained and competent emergency management personnel to make sure we play an active role in supporting and co-ordinating emergency responses in the district.</li> </ul>  |
| <b>Strong communities</b><br>Enable safe and healthy communities.<br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki.<br>Celebration of our community identity. | Social               | <ul style="list-style-type: none"> <li>By making sure buildings are safe and do not pose a risk to the public.</li> <li>By making sure food for sale to the public is prepared in safe premises which meet food hygiene regulations.</li> <li>By making sure threats to the community from nuisance or dangerous dogs or wandering stock is minimised.</li> <li>By playing an active role in the Stronger Waitaki coalition.</li> </ul> |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.  | Economic             | <ul style="list-style-type: none"> <li>By managing the activity efficiently and effectively.</li> <li>By providing regulatory services in a professional and efficient manner.</li> <li>By making sure consents and licenses are processed accurately, efficiently, and within statutory timeframes.</li> <li>By making sure sufficient land is zoned for business, commercial, and rural activities.</li> </ul>                        |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.   | Environmental        | <ul style="list-style-type: none"> <li>By resolving domestic and commercial environmental impacts.</li> <li>By monitoring approved resource consents and conditions to minimise environmental impact and promote sustainable land management.</li> <li>By producing a new District Plan which will incorporate better provisions for the protection of the environment.</li> </ul>  |



# Heritage & Planning

## What we do

Council's Heritage & Planning Team carries out activities primarily initiated through land-use and subdivision planning. The Heritage & Planning Team also provide policy advice on planning and development, biodiversity, heritage, climate change, and environmental issues which affect the Waitaki District. Some of the key activities of Council's Heritage & Planning Team include:

- Processing resource consents for land-use and subdivisions under the RMA 1991.
- Providing ongoing administration and monitoring of the Waitaki District Plan.
- Reviewing and developing the Waitaki District Plan every 10 years.
- Processing private plan change requests and notices of requirements for designations.
- Responding to planning enquiries and providing advice on planning matters.
- Providing input into the approval of liquor licenses and Land Information Memorandums (LIMs).
- Processing Project Information Memorandums (PIMs) under the Building Act 2004.
- Assessing all building consents to ensure they meet the provisions of the Waitaki District Plan.
- Promoting sustainable management of natural resources in the district via the District Plan.
- Protecting biodiversity through implementing the Waitaki Indigenous Biodiversity Strategy.
- Promoting and protecting the unique heritage of our district.
- Scoping and delivering climate change outcomes for the Waitaki District, including climate change risk, adaptation, mitigation, and emissions reduction measurements and targets.
- Undertaking State of the Environment (SOE) monitoring and reporting every five years.
- Providing advocacy and input into regional planning processes.
- Engaging with a wide range of businesses, non-governmental organisations, interest groups, and forums on planning matters relating to the district.
- Participating in regional planning forums and the eight-agency Te Mōkihi programme.
- Ensuring information about the resource consent application process, planning and monitoring, and the RMA 1991 is up-to-date and easily accessible via Council's website.
- Responding to new and amended legislation, policies, and standards.

## Why we do it

These activities are carried out to make sure any development by individuals and businesses does not adversely affect Waitaki's environment. Council has a responsibility under the RMA 1991, via the provisions of the Waitaki District Plan, to manage the effects of residential or commercial development on the natural and physical resources of the district, and to protect the district's life-supporting capacity. The planning decisions that are made by Council in the present influence the nature of our communities and how the district will develop in the future.

## Highlights for Heritage & Planning in 2022-23

### Resource consenting

The usual range of consents was processed throughout the year, including subdivisions in all towns and rural parts of the district. One limited notified consent was heard and approved in early 2023 for a new dwelling in Ōtematatā. A range of infrastructure consents and outline plans for designated sites was also processed, ranging from Council infrastructure projects to telecommunication and electricity upgrades.

### Waitaki District Plan

Engagement on the Draft Waitaki District Plan took place in June and August of 2022, with over 320 people or groups providing feedback. Staff and consultants have been working through the feedback to provide recommendations for Council to consider before the plan is publicly notified in early 2024.

## Partnerships & engagement

Council's Heritage & Planning Team engaged with a variety of planning groups throughout 2022-23, in relation to climate change, biodiversity, heritage, contaminated land, and other planning matters. These included:

- Canterbury Planning Managers
- Resource Management Reform Otago / Southland
- Highly Productive Land Joint Working Group Otago
- Otago Contaminated Land Liaison Group
- Mackenzie Managers' Group
- Mackenzie Interagency Officers' Forum
- Te Mokihi Agency Steering Committee
- Otago Climate Officers' Group
- Canterbury Climate Change Working Group
- Canterbury Biodiversity Champions
- Otago Biodiversity Forum
- Heritage Forum Group
- New Zealand Planning Institute Otago Branch Committee

## Better-Off biodiversity project

Better-Off funding was secured to install a rabbit-proof fence along a coastal strip of land which is significant to Waitaki's biodiversity. The coastal strip runs south from the Moeraki Lookout to join the fence north of Katiki Point. A tender was awarded for the fencing contractor, the draft fencing layout has been confirmed, and an archaeological assessment has been commissioned. A tender has gone out for the ecological enhancement plan, which is another aspect of the Better-Off biodiversity project. Our Biodiversity Advisor is working closely with Council's Recreation Services Team and Te Rūnanga o Moeraki to consult with affected landowners.

## How did Heritage & Planning do in 2022-23?

| Community outcomes  | Performance measures   | Service targets   | Achievements   |  |
|---|--|---|--|--|
|   |  |   | 2021-22 (Year 1)   | 2022-23 (Year 2)   |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.   | Compliance with legislative requirement timeframes for the processing of resource consents.  | 95% of resource consents are processed within statutory timeframes.         | <b>Not achieved</b><br>90%   | <b>Not achieved<sup>1</sup></b><br>86%   |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.   | Customer level of satisfaction with the resource consent process.  | 80%   | <b>Not achieved</b><br>50% (two responses received).   | <b>Not achieved<sup>2</sup></b><br>50% (four responses received).  |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.   | Total number of individual resource consents monitored for compliance and were in non-compliance with at least one condition.      | Increasing trends of compliance with resource consent conditions.           | <b>Achieved</b><br>High levels of compliance, with a proactive first contact and educational approach taken. | <b>Achieved</b><br>99 new resource consents monitored, of which 12 breached one or more conditions.      |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.  | Level of protection of heritage items and features in the Waitaki District Plan.   | Maintain or increase.   | <b>Achieved</b><br>The Waitaki District Plan was under review, no new items were added                       | <b>Achieved</b><br>The Waitaki District Plan was under review, no new items were added                   |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.<br><b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. | Review the operative Waitaki District Plan and replace with new District Plan in compliance with statutory process and timeframes. | Two years from date of notification of Proposed District Plan.              | <b>Achieved</b><br>The Waitaki District Plan was under review, notification had not commenced.               | <b>Achieved</b><br>The Waitaki District Plan was under review, notification has not yet commenced.       |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.   | Compliance with legislative requirements for the processing of Council and private plan changes.                                   | Greater than 95% of plan changes are processed within statutory timeframes. | <b>Achieved</b><br>Nothing was received during the 2021-22 financial year.                                   | <b>Achieved</b><br>Nothing was received during the 2022-23 financial year.                               |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.  | Increase private land area being managed for the protection of indigenous biodiversity values (QEII / SNA / another covenant).     | Maintain or increase.   | <b>Achieved</b><br>No change in protected status, but more land was identified as warranting SNA status.     | <b>Achieved</b><br>No change in protected status, but more land was identified as warranting SNA status. |

### Notes on service targets versus actual achievements

- 248 of 288 consents were processed within 20 working days. This doesn't include consents where a section 37 RMA extension was granted. The average number of processing days was 13. The data presented here is waiting for verification from the Ministry for the Environment (MfE). Reasons for not meeting the service target (based on the unverified data) include resourcing challenges within the Heritage & Planning Team during the 2022-23 financial year and some resource consent applications being more complex than others, therefore requiring additional time to process.
- The reasons cited related to the time taken to process their consent (two respondents) and the cost of their consent (one respondent).

# Regulatory, Environmental & Building

## What we do

Council's Regulatory, Environmental & Building Team carries out a wide range of activities which focus on protecting community and environmental health, safety, and amenity across the Waitaki District. These activities include processing, monitoring, and enforcement functions in accordance with legislation such as the Resource Management Act 1991, the Health Act 1956, the Food Act 2014, the Building Act 2004, and the Civil Defence Emergency Management Act 2002, as well as the Waitaki District Plan and other local bylaws. Some of the key activities of Council's Regulatory, Environmental & Building Team include:

- Responding to new and amended legislation.
- Reviewing relevant Council policies and bylaws.
- Responding to animal-related complaints and enquiries.
- Managing the dog pound and looking after dogs in care.
- Providing education to animal owners.
- Monitoring parking.
- Investigating and resolving freedom camping and other Council bylaw complaints.
- Investigating Waitaki District Plan and RMA 1991 complaints and resource consent breaches.
- Managing applications for new and existing food, alcohol, and other registered premises.
- Monitoring water, sewer ponds, and landfills.
- Managing environmental health enquiries.
- Investigating complaints raised by residents or other authorities.
- Responding to noise complaints.
- Issuing building consents.
- Inspecting building consents against approved plans.
- Issuing code compliance certificates.
- Building warrant of fitness renewals and audits.
- Undertaking building non-compliance investigations.
- Monitoring and inspection of swimming pool fence compliance.
- Identifying earthquake-prone buildings.
- Civil Defence and Emergency Management (CDEM).

## Why we do it

Council carries out these activities to meet statutory obligations and ensure best-practice delivery with respect to regulatory and environmental services across the district. This includes ensuring that people, communities, and the environment are kept safe and that nuisances are mitigated. We provide our building control services to make sure that a safe residential and commercial built environment exists for people to use that meets the provisions of the Building Act 2004. Council provides civil defence and emergency management activities in accordance with the Civil Defence Emergency Management Act 2002, to ensure community preparedness, adequate response levels, and support for recovery before, during, and after events.

## Regulatory, Environmental & Building in 2022-23

### Regulatory Services & Environmental Health

#### Policy development

Our team reviewed the Compliance & Enforcement Policy during the year. As a territorial authority, Council is required to carry out several compliance and enforcement functions to meet Central Government legislative requirements and our own District Plan rules and bylaws. How Council goes about this is set out in our Compliance & Enforcement Policy (2020). Policies such as this are required to be reviewed periodically to ensure they are fit-for-purpose and address any legislative or compliance changes over that period.

Our team also began exploring the option of introducing a Diversion Policy to deal with minor compliance breaches. This will give Council the opportunity to make sure breaches of the Waitaki District Plan rules and the RMA are adequately remediated without the need to take formal enforcement action such as prosecution.

### **Enforcement**

Our team focused resources to continue to align with the Council's community outcomes and strategic priorities, specifically in protecting our diverse landscapes. This work has included taking enforcement action against a number of property owners for breaching our District Plan rules for unauthorised indigenous vegetation clearance and earthworks.

We also continued to promote our responsible dog owner philosophy throughout the district. This work has included auditing our dog owners in a number of categories, and focusing resources to align with Council's community outcomes and strategic priorities, specifically in enabling safe and healthy communities. This has resulted in a number of menacing and dangerous dogs being classified and enforcement action taken against irresponsible dog owners.

We engaged with over 2,000 freedom campers over the summer season to provide education on the changes to the Self-Contained Motor Vehicles Act and have promoted Council's support for local businesses through the enforcement of parking and implementing the 2 hour free parking initiative.

### **Maintaining compliance**

Our team maintained high standards of compliance with the Food Act and Sale and Supply of Alcohol Act.

## **Building Services**

### **Building consents & inspections**

Council's Building Consent Authority (BCA) Team issued 611 building consents in 2022-23, to a total value of \$86.3m. Due to issues affecting the construction sector and general economy in 2022-23, this was a 7.1% year-on-year reduction in the number of building consents issued when compared with 2021-22. Council's BCA Team continued to be a national leader for building consent processing times, with an average processing time of seven working days per consent in 2022-23. The BCA Team processed 100% of building consents within the 20-day legislative timeframe for the second year in a row, demonstrating the team's commitment to providing quality services to the community to ensure the continuity of development across Waitaki. In addition to this, the BCA Team carried out 4,898 building inspections across the district in 2022-23.

### **Biennial accreditation assessment**

A biennial accreditation assessment in May 2023 determined the BCA Team's compliance with the requirements of the Building (Accreditation of Building Consent Authorities) Regulations 2006 (the Regulations). The assessment identified "the BCA was dedicated towards maintaining a high standard of work and staff were proactive about improving their quality management processes." As a result of the assessment, the BCA is considered to remain low-risk, subject to routine reassessment.

### **Engagement with industry stakeholders**

The BCA Team are grateful for the support of industry stakeholders throughout 2022-23, particularly the members of the Waitaki Building Forum. The Forum continued to provide a valuable engagement opportunity and helped the team in understanding up-to-date industry pressures, the impact of changes in building control, and identifying areas for improvement.

### **New 'Build' portal**

A new 'Build' portal was developed and adopted to allow customers to have a more efficient and transparent view of the consenting and inspection process.

## How did we do in 2022-23?

### Regulatory Services & Environmental Health

| Community outcomes  | Performance measures   | Service targets   | Achievements  |   |
|---|--|---|---|---|
|   |  |   | 2021-22 (Year 1)  | 2022-23 (Year 2)                          |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | To transition to the Food Act 2014 requirements with premises verified in accordance with the new Act.             | 100%  | <b>Not achieved</b><br>130 of 134 premises were verified during the financial year (97%).     | <b>Achieved</b><br>100%                   |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | Licensed premises identified as having a high risk or identified as a high risk are inspected once every 6 months. | 100%  | <b>Not achieved</b><br>7 of 8 high risk premises had all 4 inspections done (87.5% complete). | <b>Achieved</b><br>100%                   |
| <b>Strong communities</b><br>Enable safe and healthy communities.                           | Number of dog owners in the district with a selected owner status.   | <b>Year 1</b><br>31%<br><b>Year 2</b><br>33%<br><b>Year 3</b><br>35%<br><b>Years 4 to 10</b><br>Maintain Year 3 levels. | <b>Not achieved</b><br>25.79%   | <b>Not achieved<sup>1</sup></b><br>28.78% |
| <b>Strong communities</b><br>Enable safe and healthy communities.                           | Residents satisfied or very satisfied with emergency services.   | 80% of residents are satisfied or very satisfied with emergency services.   | <b>Not achieved</b><br>66%  | <b>Not achieved<sup>2</sup></b><br>48%    |

#### Notes on service targets versus actual achievements

- 33% was an unrealistic target. Staff continued to promote selected ownership, however, the uptake during this period has been slow. 1 July 2023 dog registration fees were increased and there has been an increase in enquiries about the cheaper selected owner fee level. This will hopefully result in a slight increase in the 2023-24 performance results.
- Public satisfaction with emergency services is subjective. With no events in 2022-23, the community did not see activity in this area. Emergency services may also be misunderstood to be fire, police, and ambulance, which are stretched for resources in Waitaki and can have long response and/or wait times.



## Building Services

| Community outcomes  | Performance measures  | Service targets  | Achievements   |  |
|---|---|--|--|--|
|   |   |  | 2021-22 (Year 1)   | 2022-23 (Year 2)   |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | Building consents processed within 20 working days.   | 100% of building consents processed within 20 working days.                    | <b>Achieved</b><br>100%  | <b>Achieved</b><br>100%  |
|   |   | The average processing time for all building consents equals 15 working days.  | <b>Achieved</b><br>The average timeframe for processing building consents was 8 working days.            | <b>Achieved</b><br>The average timeframe for processing building consents was 7 working days.                            |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | Maintain Building Consent Authority Status.   | Maintain.  | <b>Achieved</b><br>Maintained.   | <b>Achieved</b><br>Maintained.   |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | Public buildings with specified systems audited annually against building compliance standards. | All public buildings with specified systems are audited once every five years. | <b>Achieved</b><br>21% of all properties with compliance schedules were audited.                         | <b>Not achieved<sup>1</sup></b><br>18% of all properties with compliance schedules were audited.                         |
|   | High-risk buildings (such as hotels) checked more than once every five years.                   | All high-risk buildings audited once every three years.                        | <b>Not achieved</b><br>99% of high-risk buildings were audited more than once over the five-year period. | <b>Not achieved<sup>2</sup></b><br>99% of high-risk buildings have been audited more than once over the last five years. |

### Notes on service targets versus actual achievements

- 1 The total number of compliance schedules is 417. Public buildings are audited once every five years. Eight buildings are still to be audited. Three out of the eight buildings have active building consents and will be audited at the final inspection. One out of the eight buildings is not open to the public due to a major water leak and has contacted Council to reschedule its inspection until August 2023. One other building will also be inspected in August 2023. The remaining three out of eight buildings have been contacted and Council are awaiting on confirmation of a date and time for inspection.
- 2 High-risk buildings are inspected once every three years. One high-risk building is due for its second audit in 2024, which would make 100%.

# Community Development

## What we do

Community Development activities are coordinated and managed in collaboration with key stakeholders from across Waitaki's communities, including government agencies, non-governmental organisations, community groups, and other partners. Community Development & Engagement, through Stronger Waitaki, uses a collective impact approach to build wellbeing, address issues, and create opportunities, leading to connected and safe communities across the district. Some of the key activities of Council's Community Development Team include:

- Facilitating a safe community for residents and visitors alike, through community liaison, facilitation, and support of community projects, initiatives, and events.
- Managing and coordinating the Stronger Waitaki Community Coalition.
- Managing, implementing, and monitoring the Stronger Waitaki Community Wellbeing Strategy and the Waitaki Housing Strategy, Healthy Homes for All: A Community Housing Strategy.
- Managing and coordinating the Welcoming Communities initiative.
- Managing and coordinating the Mayor's Taskforce for Jobs (MTFJ) community employment outcomes programme.
- Acting as a conduit for information dissemination and connectivity.
- Identifying and securing external funding opportunities.
- Family and sexual violence prevention.
- Ongoing youth development.
- Data collection and analysis.

## Why we do it

Community Development carry out activities to provide an effective mechanism for the community to work together, maximising expertise and resources. Through Stronger Waitaki, we have created an opportunity for the community to align and coordinate their efforts. Working in partnership in this way, we aim to build a vibrant culture, recognising and understanding diversity, maintaining a safe and welcoming environment for our residents and visitors to the Waitaki District, and contributing to economic development.

## Community Development in 2022-23

- 100% of the first cohort of Māori and Pasifika students in the Build Capability Waitaki programme successfully completed their tertiary studies and graduated with a Bachelor of Applied Management qualification.
- Mayor's Taskforce for Jobs (MTFJ) community employment outcome programme – successful execution of its operating model by exceeding contract obligations with 70 people placed into employment opportunities during the 2022-23 financial year.
- Grown and consolidated iwi relationships.
- Housing Taskforce, Healthy Homes for All Strategy – goals and outcomes reviewed, evaluation and monitoring framework developed, working group membership augmented to fill gaps in representation. Successfully recruited a Housing Solutions Advisor to drive the project forward.
- Successfully liaised with Warrior Princess workshops and schools to enable the delivery of the Hine Ora Wellbeing Programme into schools.
- Successfully advocated for Te Hurihanga (Time for Change, Mental Health and Addictions) continued resourcing.

- Family Violence prevention activities – provided coordination and delivery of activities that improve outcomes for families/whānau through development of effective joined-up responses to family and sexual violence. This included delivery of a Youth Film competition with participation by all high schools in the district, involving 17 teams (80 students). White Ribbon Ride with key messaging delivered onsite at 7 schools involving approximately 1,200 students. Continued to support the Methamphetamine Family Peer Support Group.
- Facilitated Locality network Mental Health and Addiction Hui and other Stronger Waitaki hui. 45 community engagement meetings over the reporting period.
- Initiated a Welcoming Communities Advisory Group and engaged a Welcoming Communities Coordinator enabled by funding from MBIE.
- In collaboration with Ōamaru Pacific Island Community Group Inc and others, coordinated and facilitated COVID Care in the Community Welfare Group.
- Provided support to Waitaki District Council Youth Council.
- Working with Te Whatu Ora coordinated and participated in co-design workshops for crisis response and child and youth mental health.
- Research and development – MOU Data Sharing Agreement developed, administered Waitaki Senior Survey, participated in and supported Canadian Social Sciences and Humanities Research Council of Canada (SSHRC) comparative research study on immigration to small and mid-sized cities in Canada, Australia, and New Zealand. Undertook comprehensive consultation on child, youth, and whānau mental health wellbeing as part of developing a child, youth, and whānau mental health wellbeing strategy (phase 1).
- Coordinated and facilitated delivery of cultural competency workshops for Council and community.
- In collaboration with Waitaki Multicultural Council, supported and participated in family harm training workshops.

## How did Community Development do in 2022-23?

| Community outcomes   | Performance measures   | Service targets   | Achievements   |   |
|--|--|---|--|---|
|  |  |   | 2021-22 (Year 1)                                       | 2022-23 (Year 2)  |
| <b>Strong communities</b><br>Enable safe and healthy communities.  | Residents are satisfied or very satisfied that Waitaki is a safe place to live.          | 80% of residents are satisfied or very satisfied that the Waitaki District is a safe place to live.   | <b>Achieved</b><br>82%                                 | <b>Not achieved<sup>1</sup></b><br>72%  |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki.<br>Celebration of our community identity. | Level of satisfaction that partner organisations have with Stronger Waitaki initiatives. | 80% of partner organisations are satisfied with Stronger Waitaki initiatives.   | <b>Achieved</b><br>100%                                | <b>Achieved</b><br>100%   |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki.<br>Celebration of our community identity. | Level of engagement with migrant communities.  | <b>Years 1 to 2</b><br>12 ethnic community meetings / forums attended by the Community Development Team.<br>20 engagements (meetings or events) between Stronger Waitaki and ethnic / migrant communities.<br><b>Years 3 to 10</b><br>Increase by 5% per annum. | <b>Achieved</b><br>34 meetings / forums / engagements. | <b>Achieved</b><br>17 meetings / forums / engagements, including five cultural competency workshops coordinated by Community Development in partnership with the Waitaki Multicultural Council. Additional engagement between individuals of Community Development / Stronger Waitaki and ethnic / migrant communities also took place throughout 2022-23 and Community Development managed and coordinated the Welcoming Communities programme during 2022-23. |

### Note on service target versus actual achievement

- Comments from the Annual Residents' Survey indicate there is still an overall perception of safety, but that there is a perception of increased theft and gang activity within the district.

## Funding Impact Statement for 30 June 2023 for Heritage, Environment & Regulation

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 2,782                   | 3,001                   | 3,087                      |
| Targeted Rates   | (51)                    | (51)                    | (75)                       |
| <b>Rates Revenue</b>   | 2,731                   | 2,950                   | 3,012                      |
| Subsidies and Grants for Operating Purposes                              | 365                     | 371                     | 721                        |
| Fees and Charges   | 2,340                   | 2,396                   | 2,138                      |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | 60                      | 62                      | 1,008                      |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 512                     | 578                     | 182                        |
| <b>Operating Revenue</b>   | 3,277                   | 3,407                   | 4,049                      |
| <b>Total Sources of Operating Funding</b>                                | 6,008                   | 6,357                   | 7,061                      |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 3,457                   | 3,645                   | 4,662                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 3,369                   | 3,567                   | 3,302                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 6,826                   | 7,212                   | 7,964                      |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | (818)                   | (855)                   | (903)                      |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | -                       | -                       | -                          |
| Development and Financial Contributions                                  | 210                     | 210                     | 513                        |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | 210                     | 210                     | 513                        |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | -                       | -                       | 10                         |
| to replace Existing Assets   | -                       | -                       | -                          |
| Increase / (Decrease) in Reserves  | (608)                   | (645)                   | (400)                      |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | (608)                   | (645)                   | (390)                      |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | 818                     | 855                     | 903                        |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

### Notes on variances

Funding received for the Mayors' Taskforce for Jobs (MTFJ) programme exceeded budget by \$250k. Payments to staff and suppliers included payments related to MTFJ and was also over budget.

# Infrastructure & Services

## Te Whakahaka Tuapapa

### Infrastructure & Services comprises:



**Roads & Footpaths**



**Water Supply**



**Stormwater**



**Wastewater**



**Recreation Services**



**Waste Management & Minimisation**

### Infrastructure & Services contributes to the following community outcomes:

#### Community outcomes

##### **Prosperous district**

Attractive to new opportunities.  
Support local businesses.

#### Community wellbeings

##### Economic

#### How does Infrastructure & Services contribute to these?

- By managing the activity efficiently and effectively.
- By planning for and building 3 Waters infrastructure which has capacity for growth.
- By providing facilities which contribute to the attractiveness of the district and create opportunities for new businesses, for example, tour operators, sports events, and accommodation.

##### **Valued environment**

Protecting our diverse landscapes and water bodies.  
Meeting environmental and climate change challenges.

##### Environmental

- By meeting obligations of 3 Waters consents.
- By providing infrastructure which treats and disposes of wastewater and stormwater in an environmentally sensitive and sustainable way.
- By acknowledging and incorporating the natural environment in design, construction, operation, and maintenance of infrastructure.
- By making sure activities are consistent with environmental standards, guidelines, and best-practice.
- By providing natural environment and greenspaces which are attractive to the community and provide habitat for biodiversity.
- By providing opportunities for people to enjoy the district's distinctive environment.
- By investigating options to mitigate the effects of landfills on the environment.
- By encouraging reduction, reuse, and recycling of waste.



## Community outcomes

### Quality services

Robust core infrastructure and services.

Community facilities and services we are proud of.

### Strong communities

Enable safe and healthy communities.

## Community wellbeings

Social

## How does Infrastructure & Services contribute to these?

- By providing roads and footpaths which are safe, effective, efficient, accessible, and fit-for-purpose for people and goods.
- By providing transport networks that are safe.
- By providing safe drinking water to agreed areas, meeting the New Zealand Drinking Water Standards.
- By providing infrastructure which protects people and property from flooding events.
- By providing a timely response to service requests and system failures.
- By providing community reticulated systems in agreed areas.
- By providing parks, gardens, greenspaces, sports, and recreational facilities which contribute to the district's physical, mental, and environmental wellbeing, enhancing quality of life, and making Waitaki attractive to existing and prospective residents and businesses.
- By providing opportunities at a cost that is affordable to users and managing the activity efficiently and effectively.
- By providing recreational spaces which meet the needs of the wider community and cultural, recreational, and sports groups.
- By meeting industry standards and providing opportunities for people to feel safe while being active, and to connect the community through sport and recreation.
- By providing access to affordable, reliable, accessible, and efficient waste disposal systems and facilities.
- By encouraging the provision of different waste disposal options by the private sector.

# Roads & Footpaths

## What we do

Council develops and maintains an accessible, affordable, and safe land transport network across the Waitaki District. We own and maintain 1,796 kilometres of local roads, 170 kilometres of footpaths, 171 bridges, 15 major culverts, and 2,033 streetlights. 85% of the public roads within the Waitaki District are owned and operated by Council, with the remaining 15% being state highways operated by Waka Kotahi New Zealand Transport Agency.

## Why we do it

The Waitaki District covers 7,216km<sup>2</sup> and is sparsely populated, home to approximately 24,000 residents. This is reflected in 84% of the district's roads being rural, with speed limits of 70km or more per hour, 94% of the district's roads being low-volume, with traffic volumes of less than 500 vehicles per day, and 57% of the district's roads being unsealed, meaning the district's roading network is comprised of more unsealed than sealed roads.

This makes ease of movement within the district a key focus for Council, making sure the district's land transport network provides access and connectivity to people, communities, properties, and places. Our roads connect people and places and are lines of communication, which is essential for our daily connectivity and wellbeing. Our roads also link goods and freight from our farms and high-country stations to far-away markets. Without a reliable roading network, much of the economic activity within our district would not be possible. Our road corridors have essential community services, electricity, telecommunications and data, and 3 waters infrastructure, both under and above the surface. Our roads provide access for emergency response, healthcare, education, and recreation. Without access to a maintained road network, people become isolated and marginalised.

Most of Council's investment in the district's land transport network goes towards annual maintenance, operation of, and renewal of, the land transport infrastructure. Other areas of investment include transport planning, demand management, and developing new and improved infrastructure for local roads. Equity and accessibility are becoming more important as network use changes with demographics and technology.

## Roads & Footpaths in 2022-23

### Network maintenance & improvements

A new roading maintenance contract commenced on 1 October 2022. Whitestone Roding Ltd secured the performance outcome contract with an initial term of five years. The contract includes utilising SME's from within the district, equivalent to 30% of the monthly allocated value of works.

### Minor safety improvements

Council completed 33 out of 34 Road to Zero road safety intersection improvement projects, as well as seal widening on Weston-Ngapara Road. 3km of seal widening on Seven Mile Road has been completed, with the remainder proposed within the next three year programme. 1km of shared path was constructed on Weston Road between Saleyards Road and Essex Street.

### Interim Speed Management Plan

Phase 1 of the Interim Speed Management Plan for 30km/hr speeds around schools has been completed, approved by Council and included in the National Speed Limit Register. Signage to reflect the new speeds will be implemented in the new financial year.

## **Road safety**

The COVID pandemic and a four-month vacancy in the Road Safety Co-ordinator role resulted in the full programme for the year not being completed. The programmes that have been completed, such as RYDA, Clued UP Kids, Cycle Fun Day, have been very successful. Roding has also been collaborating with Timaru and Ashburton District Councils in road safety which has allowed resources in radio advertising to reach an increased number of listeners.

## **Streetlight central management system**

Roding has commissioned a streetlight central management system which will allow streetlight faults to be monitored from a central computer as well as allowing streetlights to be turned on and off at certain hours of the night, e.g., Ōamaru Blue Penguin Colony carpark, so that energy savings can be made.

## **Transport planning**

The Roding Team is well placed to complete a Roding Business Case and Asset Management Plan for submission at the end of August 2023 for investment from Waka Kotahi for the 2024-27 National Land Transport Plan. Levels of service provision have been a focus given the financial constraints that Council and customers are experiencing given the current global situation.

## **Challenges**

July and August 2022 were very wet months for the Waitaki District, particularly in the Ahuriri Ward, around where the bridge off State Highway 8 to Lake Ōhau was washed out. We experienced multiple events which culminated in a repair bill of \$3.2 million, of which Waka Kotahi funded \$2.1 million and the balance was funded out of Council's disaster fund. Repairs to the road network have since been completed.

The Roding Manager took the option to move to Major Projects which has left the position vacant with an interim Roding Manager since appointed. The full-time position has been advertised. The Roding Team has also experienced staff vacancies in the asset management team and have been fortunate to get very experienced staff in the latter half of the financial year, to fill the Road Safety Co-ordinator role and the Asset Management Systems Officer role.

## Maintenance & renewals

The tables below show expenditure from the maintenance and operations report to Waka Kotahi New Zealand Transport Agency for 2022-23. The expenditure presented here has allowed for 2.1 kilometres of footpath resurfacing, 331 metres of culvert renewals, 885 metres of kerb and channel renewal, 136 kilometres of unsealed road metalling, 34.1 kilometres of road resurfacing, and 1.3 kilometres of urban road renewal.

### Maintenance

| Work category no. | Works completed                           | Actual expenditure 2022-23 |
|-------------------|---|----------------------------|
| 111               | Routine pavement repairs                  | \$1,571,970                |
|                   | Pre-reseal repairs                        | \$375,610                  |
|                   | Other sealed pavement maintenance         | \$19,891                   |
| 112               | Grading unsealed roads                    | \$380,281                  |
|                   | Other unsealed pavement maintenance       | \$376,951                  |
| 113               | Street cleaning                           | \$37,470                   |
|                   | Drainage maintenance                      | \$704,528                  |
| 114               | Bridge maintenance                        | \$288,348                  |
|                   | Retaining wall maintenance                | \$0                        |
| 121               | Vegetation control                        | \$413,049                  |
|                   | Winter maintenance activities             | \$15,000                   |
|                   | Litter, debris & graffiti control         | \$0                        |
|                   | Other environmental maintenance           | \$53,009                   |
| 122               | Traffic services power supply             | \$118,033                  |
|                   | Carriageway lighting maintenance          | \$40,951                   |
|                   | Road markings                             | \$215,299                  |
|                   | Signs & other traffic services            | \$126,719                  |
| 123               | Event & incident management               | \$0                        |
| 124               | Cycleway operations & maintenance         | \$368                      |
| 151               | Network management (includes inspections) | \$1,970,940                |
| 341               | Minor Improvements                        | \$3,227,970                |

### Renewals

| Work category no. | Works completed                           | Actual expenditure 2022-23 |
|-------------------|---|----------------------------|
| 211               | Unsealed road rehabilitation              | \$663,477                  |
| 212               | Chip seals resurfacing                    | \$1,695,221                |
|                   | Thin asphaltic surfacing                  | \$0                        |
|                   | Other pavement resurfacing                | \$0                        |
| 213               | Culvert renewals                          | \$341,382                  |
|                   | Kerb & channel renewals                   | \$200,000                  |
|                   | Other drainage renewals                   | \$0                        |
| 214               | Rural sealed road pavement rehabilitation | \$0                        |
|                   | Urban sealed road pavement rehabilitation | \$2,604,393                |
| 215               | Other structure component replacements    | \$40,939                   |
| 222               | Traffic signs renewals                    | \$32,777                   |
|                   | Traffic monitoring & lighting renewals    | \$104,475                  |

## How did Roads & Footpaths do in 2022-23?

| Community outcomes   | Performance measures   | Service targets   | Achievements  |   |
|--|--|---|---|---|
|  |  |   | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Strong communities</b><br>Enable safe and healthy communities. | The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number (excludes State Highways). | Reduce the number of serious injuries and fatalities when compared to the previous year. <sup>+</sup> | <i>Serious injuries:</i><br><b>Not achieved</b><br>8 serious injuries (increase of 4 from 2020-21). | <i>Serious injuries:</i><br><b>Achieved</b><br>3 serious injuries (decrease of 5 from 2021-22).   |
|  |  |   | <i>Fatalities:</i><br><b>Achieved</b><br>0 fatalities (decrease of 3 from 2020-21).                 | <i>Fatalities:</i><br><b>Not achieved<sup>1</sup></b><br>1 fatality (increase of 1 from 2021-22). |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Prosperous district</b><br>Support local businesses.           | Residents satisfied or very satisfied with the condition of Waitaki's non-State Highway <i>sealed</i> roads.   | <b>Years 1 to 3</b><br>60%<br><b>Years 4 to 10</b><br>70%   | <b>Not achieved</b><br>43%  | <b>Not achieved<sup>2</sup></b><br>19%  |
|  |  |   |   |   |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Prosperous district</b><br>Support local businesses.           | Residents satisfied or very satisfied with the condition of Waitaki's non-State Highway <i>unsealed</i> roads.   | <b>Years 1 to 3</b><br>50%<br><b>Years 4 to 10</b><br>60%   | <b>Not achieved</b><br>28%  | <b>Not achieved<sup>3</sup></b><br>24%  |
|  |  |   |   |   |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Prosperous district</b><br>Support local businesses.           | The average quality of ride on a sealed local road network, measured by smooth travel exposure (excluding State Highways):   | Greater than 90%. <sup>++</sup>   | <i>Combined:</i><br><b>Achieved</b><br>93%  | <i>Combined:</i><br><b>Not achieved<sup>4</sup></b><br>90%  |
|  |  |   | <i>Primary:</i><br><b>Not achieved</b><br>89%   | <i>Primary:</i><br><b>Not achieved<sup>5</sup></b><br>87%   |
|  |  |   | <i>Secondary:</i><br><b>Achieved</b><br>93%   | <i>Secondary:</i><br><b>Achieved</b><br>90%   |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Prosperous district</b><br>Support local businesses.           | The percentage of the sealed local road network that is resurfaced:  | Greater than 5% of sealed roads are resurfaced each year.   | <i>Combined:</i><br><b>Not achieved</b><br>5%   | <i>Combined:</i><br><b>Not achieved<sup>6</sup></b><br>2.4%                                       |
|  |  |   | <i>Urban:</i><br><b>Not achieved</b><br>2%  | <i>Urban:</i><br><b>Not achieved<sup>7</sup></b><br>1.7%  |
|  |  |   | <i>Rural:</i><br><b>Not achieved</b><br>3%  | <i>Rural:</i><br><b>Not achieved<sup>8</sup></b><br>0.7%  |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Prosperous district</b><br>Support local businesses.           | The percentage of footpaths within the district that fall within the specified level of service (fit for purpose) set within the Roading Asset Management Plan.                | 96% <sup>+++</sup>  | <b>Achieved</b><br>98% of footpaths within levels of service.                                       | <b>Achieved</b><br>97% of footpaths within levels of service.                                     |

| Community outcomes  | Performance measures  | Service targets  | Achievements               |  |
|---|---|--|----------------------------|--|
|   |   |  | 2021-22 (Year 1)           | 2022-23 (Year 2)                       |
| <b>Quality services</b><br>Robust core infrastructure and services. | The percentage of requests for service relating to roads and footpaths responded to within agreed timeframes. | At least 90% of public enquiries responded to within two working days. | <b>Not achieved</b><br>84% | <b>Not achieved<sup>9</sup></b><br>86% |

#### General notes

<sup>+</sup> This is reporting on the DIA measure which refers to the number of serious injury and fatal crashes. Council is reporting on the number of serious injuries and fatalities in total. It is possible to have multiple serious injuries and/or fatalities from one crash.

<sup>++</sup> Combined results are taken from the STE RAMM report, primary and secondary results are taken from the Amenity Customer Outcome 1 – Smooth Travel Exposure (ACO STE). In the prior year, all results were taken from the STE RAMM report.

<sup>+++</sup> Survey of total network to be completed every five years.

#### Notes on service targets versus actual achievements

- Figures obtained from CAS in March 2023, covering the period 1 July 2022 – 30 June 2023. More crashes may be uploaded to CAS for the 2022-23 financial year by Waka Kotahi after the date this report was obtained. Council has no control over third parties. It promotes road safety and provides safety interventions and improvements to the road network. Data will be reviewed to assess trends which Council could positively influence going forward.
- Roads maintained to Council's agreed service levels. A high % of 'Neutral' and 'Don't Know' feedback was received. Reasons for dissatisfaction are not always relevant to the condition of the road network.
- As above (Note 2).
- Road renewals completed less than required due to high cost-escalations and constrained budget.
- As above (Note 4).
- Length of network sealed should be 56km, now dropped to 35km due to high cost-escalations and constrained budget.
- Urban roads sealed every 10-15 years.
- Rural roads sealed every 10-15 years or longer if in good condition.
- Increase of 94.5% in responses required, from 1,479 in 2021-22, to 2,877 in 2022-23.



## Funding Impact Statement for 30 June 2023 for Roads & Footpaths

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 46                      | 47                      | 63                         |
| Targeted Rates   | 7,062                   | 7,421                   | 8,101                      |
| <b>Rates Revenue</b>   | 7,108                   | 7,468                   | 8,164                      |
| Subsidies and Grants for Operating Purposes                              | 2,981                   | 3,127                   | 8,151                      |
| Fees and Charges   | -                       | -                       | -                          |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | 7                       | 6                       | 17                         |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 622                     | 644                     | 596                        |
| <b>Operating Revenue</b>   | 3,610                   | 3,778                   | 8,764                      |
| <b>Total Operating Funding</b>   | 10,718                  | 11,246                  | 16,928                     |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 5,488                   | 5,635                   | 11,455                     |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 1,475                   | 1,775                   | 1,460                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 6,963                   | 7,410                   | 12,915                     |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | 3,755                   | 3,836                   | 4,013                      |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | 3,699                   | 3,797                   | 3,625                      |
| Development and Financial Contributions                                  | 280                     | 280                     | 204                        |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | 3,979                   | 4,077                   | 3,829                      |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 901                     | 1,499                   | 1,964                      |
| to replace Existing Assets   | 5,714                   | 5,912                   | 6,608                      |
| Increase / (Decrease) in Reserves  | 1,119                   | 502                     | (730)                      |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications of Capital Funding</b>                             | 7,734                   | 7,913                   | 7,842                      |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | (3,755)                 | (3,836)                 | (4,013)                    |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

### Notes on variances

Additional funding was received from Waka Kotahi NZ Transport Agency in relation to emergency works arising from adverse weather events in July 2022. Payments to staff and suppliers includes over \$3.2m repairing damage caused by the adverse weather events. The decrease in reserves largely represents Council's internal funding of its share of the cost of those emergency repairs.

# Water Supply, Stormwater & Wastewater

Some common factors impacted Council's Water Supply, Stormwater, and Wastewater activities in 2022-23. These have been outlined below.

## Affordable Water Reform

Navigating the Affordable Water Reform (previously the Three Waters Reform) was a continued focus for all of Council's water services activities in 2022-23. When Council planned its 2022-23 Annual Plan, it was working on the knowledge that water services would be transferred to the new entity by 1 July 2024. An announcement in April 2023 indicated changes to the reform programme, which included a delayed transfer date.

Central Government continued to roll out the reform in 2022-23, introducing a suite of new legislation, including the Water Services Entities Amendment Bill. Council reviewed all water services bills to make sure we understood the implications for our community and made submissions to Central Government when appropriate.

Throughout the year, staff continued to work with the National Transition Unit (NTU) on progressing transition to a new Water Services Entity (WSE). This included completing several requests for information (RFIs) and participating on some of the NTU's workstreams, with one of our team members on the Asset Management, Operations, and Stormwater Technical Reference Group. This involvement helped to increase our understanding of the entity and will help to make the transition to the entity smoother for Water Services staff and the community.

At balance date it was expected that Council's water services activities will transition to the Canterbury-Westland Entity by 1 July 2025. However, following the general election held on 14 October 2023, a new coalition government was formed which raised uncertainty about the future of the water services reform programme. On 14 December 2023, the government announced its intention to introduce and pass legislation early next year to repeal and replace the existing Affordable Waters Reform legislation. The effect of this announcement on the Council is uncertain until such legislation is passed.

## Other challenges

Throughout the year, inflationary pressures had a significant impact on our business, particularly on procurement. While these pressures have eased somewhat in recent months in the procurement of materials, cost increases are still being experienced across the board, particularly in the procurement of professional services. Recruitment of suitably qualified and experienced staff also continues to be challenging. Recruitment may become even more difficult if reform processes are further delayed as uncertainty is causing some to leave the sector.

## About this section

Council's Water Supply, Stormwater, and Wastewater activities each have five portfolios. These are:

- Policy & service levels
- Planning & systems
- Design & construction
- Operations & maintenance
- Compliance & regulation

Each portfolio within an activity addresses a key aspect of the asset management cycle for Council's water services activities. The portfolios are used as the basis for outlining what Council did during the year on the pages which follow.



# Water Supply

## What we do

Council supplies water to 90% of Waitaki's population through the operation of 15 individual water supplies, five of which are urban and ten of which are rural. The urban supplies provide an 'on-demand' service to consumers in most urban areas. The rural supplies are intended to supply water for domestic-use and some stock-drinking water on a continuous but restricted-supply basis.

Management of the urban and rural water supplies is undertaken by a combination of Council and consumer-led entities. Council's water supply activities are funded by service-targeted rates from properties connected to the water supply systems. We support this service by providing, operating, and maintaining water infrastructure in compliance with New Zealand legislation and standards; responding to callouts and service disruptions quickly and efficiently; and through planning for future development and needs.

## Why we do it

There are several different pieces of legislation we need to comply with when providing drinking water to our community. We have a legal obligation under the Health Act 1956 to improve, promote, and protect public health across the district. Under the Local Government Act 2002 (LGA 2002), the continued operation of water supplies is required unless approval has been obtained by Council to cease some or all of the activity. The Water Services Act 2021 ensures that drinking water suppliers provide safe drinking water to consumers.

As a result of the Havelock North water incident in 2016, the subsequent Government inquiry, and now the Affordable Water Reform programme, there is renewed focus on the very high standard of care and diligence required to supply drinking water to our community. Water is the single most significant resource supporting business growth and environmental health. We consider that the provision of reliable and safe drinking water to our community is a major contribution to the district's economy and to resident's wellbeing. Our water supplies contribute to improving, promoting, and protecting public health, and provide firefighting capabilities in some urban areas. In rural areas, water is also used by stock, thus contributing to the rural economy.

## Water Supply in 2022-23

### Policy & service levels

#### Ōamaru Water Supply Strategy

Work started on developing an Ōamaru Water Supply Strategy, based on the detailed analysis undertaken through the Ōamaru Water Capacity Study Design Basis completed in 2022. In addition to current Ōamaru Water Supply township zones, the strategy considers the wider area south to Moeraki, west to Enfield and beyond, and north to Lower Waitaki and towards the Waitaki River. The strategy will provide a long-term masterplan detailing capacity requirements for the entire supply system, including whether new plants are required and if the existing plant in Ōamaru should be upgraded, and when.

#### Maheno Water Supply

Prior to 30 June 2023, Maheno was a private water supply owned and operated by the Maheno Water Committee, a group of volunteers. The Committee successfully ran the Maheno Water Supply for more than 80 years, but the changing legislative landscape (Water Services Act 2021 and new regulator, Taumata Arowai) and increasing requirements, made running all water supplies more complex, challenging, and expensive. In late 2021, the Committee approached Council about taking over the supply and staff worked closely with them throughout 2022 and up until June 2023 to progress the transfer of ownership and management of the Maheno Water Supply to Council, which was formalised on 1 July 2023.

## Planning & systems

We developed a risk model (consequence of failure or criticality) for water services assets which is used to help with forward planning. Asset deterioration modelling was carried out on our water networks across the district to inform how much should be spent on an annual basis on water pipe renewals. We carried out a risk and evidence-based condition assessment of water pipes to assess large diameter cast iron mains. Rain gauges have been installed around the district for modelling and operational purposes. We introduced digital record keeping with facility operators, to replace paper record keeping.

## Design & construction

In addition to projects planned in the 2021-31 Long Term Plan, we continued work on completing projects that attracted \$7.46 million through the Government's Three Waters Reform Tranche One Funding. These projects were selected to improve water supply resilience, quality, and capacity across multiple supplies. Projects that received Tranche One Funding that are completed, or near completion, include: Weston watermain upgrades (stage one), water main renewals in Ōamaru, Palmerston, and Ōtematātā, the Ōtematātā campgrounds water supply upgrade, and the Stoneburn water supply intake switchboard replacement and SCADA upgrade.

Work also progressed on several projects from the 2022-24 Enhanced Investment Programme, which brought forward several projects from the 2021-31 Long Term Plan. This programme was agreed by Council to ensure key community infrastructure needs in Waitaki are addressed prior to any potential transition of our water services to another entity as part of the Government's Affordable Water Reform programme.

Other key projects started or completed in 2022-23 are detailed below:

### Weston watermain upgrades

In April 2023, as part of the Enhanced Investment Programme, we began the next stage of upgrading watermains and installing new service connections to properties within the residential area of the Weston Water Supply. This significant project will provide several benefits, including reducing the risk of breakages and leaks in the network, which will improve supply security over the longer term and reduce ongoing maintenance costs, along with providing capacity for firefighting and a transition from restricted supply to on-demand supply. The project is expected to be completed in December 2023.

### Kakanui watermain renewals

In June 2023, work started on upgrading watermains in Kakanui. This four-stage project will run until April 2024 and help improve supply resilience and make it easier and more cost-effective to operate and maintain the supply. Service lines to properties will also be replaced and restrictors relocated to property boundaries, minimising Council assets within private properties.

### Water filling stations

New water filling stations have been installed in Palmerston and Ōmārama, in addition to the existing water filling station in Ōamaru. Water filling stations allow contractors to draw water from our water network in a safe manner and reduce the risk of supply contamination resulting from backflow.

### South Hill additional water reservoir

Following consultation with residents in the area, a preferred contractor for this project was identified through a 'registration of interest' process. This will soon become a formal contract and work will begin on building the new water reservoir later this year. The new reservoir is expected to be in place and operational by the end of 2024. This will provide additional water storage for Ōamaru's South Hill and southern restricted zones, ensuring continued service during supply outages.

## Backflow prevention installation

While a backflow hazard inspection programme was underway in Ōamaru, we purchased a stock of backflow prevention devices in anticipation of a contract to install these. These devices must be installed at all premises that present a risk of backflow contamination to the water supply network and will help ensure the safety of the drinking water supplied to our community. Officers will be working with affected property owners during 2023-24 to ensure backflow risks are addressed.

## Operations & maintenance

### Ōamaru Water Treatment Plant

We made two modifications at the Ōamaru Water Treatment Plant which have helped to improve membrane performance and will hopefully extend the life of the membranes. The first was a back pulse cleaning cycle, which reverses the flow through the membranes during the cleaning cycle to enhance the dislodging of filtered particles and helps retain permeability during normal flow. The second modification was to install a heat pump system, which replaced the element heating system, to obtain optimum cleaning temperatures and reduce electrical costs.

### Renewal of the water maintenance contract

We renewed our 3 Waters maintenance contract which covers reactive and planned network and facility operations and maintenance and enables us to respond proactively to customer requests and urgent issues. The contract, which was awarded to SouthRoads in 2016 following a competitive tender process, has been renewed with SouthRoads until July 2027.

### Orwell Street pump station

The Orwell Street pump station was severely impacted by the sea during the July weather events, with parts of the access road eaten away. We have since installed rock protection along the sea edge to help secure the site. We are working with KiwiRail to investigate and plan for protection of the pump station and associated pipework. KiwiRail has selected a preferred design option for the foreshore that supports protection of Council's assets and will be reviewed for resource consent application mid-2023.

### Ōamaru water fluoridation

We have been directed by the Director-General of Health under Section 116E of the Health Act to add fluoride to the Ōamaru Water Supply. In accordance with the Health Act, we are required to ensure the Ōamaru supply is fluoridated at the optimal levels by 30 June 2024.

## Compliance & development

### Drinking water safety plans

The new drinking water regulator (Taumata Arowai) has now been established for over a year and the new rules and regulations for drinking water are in action. We worked closely with Wai Comply to develop Drinking Water Safety Plans and Source Water Risk Management Plans for nine of Council's water supplies to meet new requirements under the Water Services Act 2021. These were submitted to Taumata Arowai as required.

### Backflow prevention inspection programme

Significant progress was made on the backflow hazard inspection programme, with water services staff visiting approximately 340 businesses in Ōamaru to assess the level of backflow risk at each property. The programme was developed to support implementation of our Backflow Prevention Policy (adopted in 2021). These visits also provided an opportunity for property and business owners to discuss any questions they have regarding their water services.

## How did Water Supply do in 2022-23?

| Community outcomes   | Performance measures   | Service targets  | Achievements  |  |
|--|--|--|---|--|
|  |  |  | 2021-22 (Year 1)  | 2022-23 (Year 2)   |
| <p><b>Strong communities</b><br/>Enable safe and healthy communities.</p> <p><b>Quality services</b><br/>Robust core infrastructure and services.</p> <p><b>Valued environment</b><br/>Protecting our diverse landscapes and water bodies.</p> | <p>The extent to which Council's water supply complies with:</p> <p>a. Part 4 of the Drinking Water Standards (<i>bacteria compliance criteria</i>).</p> <p>b. Part 5 of the Drinking Water Standards (<i>protozoa compliance criteria</i>).<sup>*</sup></p> | <p>Compliance required: Kauru Hill, Kurow, Lake Ōhau, Lower Waitaki, Ōamaru,<sup>++</sup> Ōmārama, Ōtematātā, Tokarahi, Waihemo, Windsor.</p> <p>No compliance required (classified rural / agricultural water supplies): Bushy Creek, Stoneburn.</p> <p>No compliance required (Council has elected to comply with Section 10): Duntroon.</p> | <p><i>a. Bacteria compliance:</i><br/><i>For Jul 2021 – Jun 2022 (DWSNZ 2005 (2018)):</i><br/><b>Achieved</b><br/>Compliant: Awamoko, Kurow, Ōmārama, Ōtematātā.<br/><b>Not achieved</b><br/>Non-compliant: Kauru Hill, Lake Ōhau, Lower Waitaki, Ōamaru, Tokarahi, Waihemo, Windsor.</p> | <p><i>a. Bacteria compliance:</i><br/><i>For Jan – Jun 2023 (DWQAR 2022):</i><br/><b>Achieved</b><br/>Compliant: Lower Waitaki.<br/><b>Not achieved<sup>1</sup></b><br/>Non-compliant: Awamoko, Kauru Hill, Kurow, Lake Ōhau, Ōamaru, Ōmārama, Ōtematātā, Tokarahi, Waihemo, Windsor.<br/><i>For Jul – Dec 2022 (DWSNZ 2005 (2018)):</i><br/><b>Achieved</b><br/>Compliant: Waihemo.<br/><b>Not achieved</b><br/>Non-compliant: Awamoko, Kauru Hill, Kurow<sup>*</sup>, Lake Ōhau, Lower Waitaki, Ōamaru<sup>*</sup>, Ōmārama<sup>*</sup>, Ōtematātā<sup>*</sup>, Tokarahi, Windsor.</p> |

| Community outcomes  | Performance measures   | Service targets   | Achievements  |   |
|---|--|---|---|---|
|   |  |   | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
|   |  |   | <i>b. Protozoa compliance:</i><br><i>For Jul 2021 – Jun 2022 (DWSNZ 2005 (2018)):</i><br><b>Achieved</b><br>Compliant: Ōamaru.<br><b>Not achieved</b><br>Non-compliant: Awamoko, Kauru Hill, Kurow, Lake Ōhau, Lower Waitaki, Ōmārama, Ōtematātā, Tokarahi, Waihemo, Windsor. | <i>b. Protozoa compliance:</i><br><i>For Jan – Jun 2023 (DWQAR 2022):</i><br><b>Not achieved<sup>2</sup></b><br>Non-compliant: Awamoko, Kauru Hill, Kurow, Lake Ōhau, Lower Waitaki, Ōamaru, Ōmārama, Ōtematātā, Tokarahi, Waihemo, Windsor.<br><i>For Jul – Dec 2022 (DWSNZ 2005 (2018)):</i><br><b>Achieved</b><br>Compliant: Kurow, Oamaru, Ōtematātā.<br><b>Not achieved</b><br>Non-compliant: Awamoko, Kauru Hill, Lake Ōhau, Lower Waitaki, Ōamaru, Ōmārama, Tokarahi, Waihemo, Windsor. <sup>***</sup> |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. | The percentage of real water loss from our networked reticulation system. This is calculated in accordance with Water New Zealand's Water Loss Guidelines Minimum Night Flow Analysis. | Maintain or reduce.   | <b>Not achieved</b><br>Kurow: 41%<br>Ōamaru: 62%<br>Ōmārama: 74%<br>Ōtematātā: 45%<br>Palmerston: 36%   | <b>Not achieved<sup>3</sup></b><br>Kurow: 60%<br>Ōamaru: 47%<br>Ōmārama: 52%<br>Ōtematātā: 35%<br>Palmerston: 46%   |
| <b>Quality services</b><br>Robust core infrastructure and services.   | Where Council attends a callout in response to a fault or unplanned interruption to its networked reticulated system, the following median response times are measured:                |   |   |   |
|   | <i>Attendance for urgent callouts:</i> From the time that Council receives notification to the time that service personnel reach the site.   | <i>Attendance for urgent callouts:</i> One-hour median attendance time for urgent callouts. | <i>Attendance for non-urgent callouts:</i><br><b>Not achieved</b><br>1.1 hours.   | <i>Attendance for non-urgent callouts:</i><br><b>Not achieved<sup>4</sup></b><br>1.5 hours.   |



| Community outcomes   | Performance measures  | Service targets   | Achievements  |   |
|--|---|---|---|---|
|  |   |   | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
|  | <i>Resolution of urgent callouts:</i> From the time that Council receives notification, to the time that service personnel confirm resolution of the fault or interruption.   | <i>Resolution of urgent callouts:</i> 24 hours median time for resolution of urgent callouts.                 | <i>Resolution of urgent callouts:</i><br><b>Achieved</b><br>3.6 hours.                              | <i>Resolution of urgent callouts:</i><br><b>Achieved</b><br>4.9 hours.                                |
|  | <i>Attendance of non-urgent callouts:</i> From the time that Council receives notification, to the time that service personnel reach the site.  | <i>Attendance of non-urgent callouts:</i> Two working day median attendance time for non-urgent callouts.**** | <i>Attendance of non-urgent callouts:</i><br><b>Achieved</b><br>0.4 working days / 4 working hours. | <i>Attendance of non-urgent callouts:</i><br><b>Achieved</b><br>0.7 working days / 6.1 working hours. |
|  | <i>Resolution of non-urgent callouts:</i> From the time that Council receives notification, to the time that service personnel confirm resolution of the fault or interruption.   | <i>Resolution of non-urgent callouts:</i> Five working day median attendance time for non-urgent callouts.    | <i>Resolution of non-urgent callouts:</i><br><b>Achieved</b><br>0.7 working days / 6 working hours. | <i>Resolution of non-urgent callouts:</i><br><b>Achieved</b><br>1 working day / 9.3 working hours.    |
| <b>Strong communities</b><br>Enable safe and healthy communities.<br><b>Quality services</b><br>Robust core infrastructure and services. | Total number of complaints received by Council about:<br>a. Drinking water clarity.<br>b. Drinking water taste.<br>c. Drinking water odour.<br>d. Drinking water pressure or flow.<br>e. Continuity of supply.<br>f. Council's response to any of these issues. | Fewer than 25 complaints per 1,000 connections to Council's networked reticulation system.                    | <b>Achieved</b><br>14 (183 complaints in total).  | <b>Achieved</b><br>23 (279 complaints in total).*****   |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.<br>Meeting environmental and climate change challenges. | The average consumption of drinking water per day per resident within the Waitaki District.   | Fewer than 500 litres per day average consumption of drinking water per resident within the Waitaki District. | <b>Not achieved</b><br>522 litres per day average.  | <b>Not achieved<sup>5</sup></b><br>524 litres per day average.  |

#### General notes

\* Changes to Drinking Water Standards: The results reported in relation to bacteria and protozoa compliance are taken from the *Drinking Water Compliance Assessment July 2022-June 2023* and *Corriedale Water Supplies Drinking Water Compliance Assessment July 2022-June 2023* reports prepared for Council by Waugh Infrastructure Management Ltd. On 15 November 2022, Taumata Arowai introduced new Drinking Water Quality Assurance Rules (DWQAR 2022) (as they relate to bacteria and

protozoa). Council is expected to report against bacteria and protozoa compliance for the entire 2022-23 financial year. The results for bacteria and protozoa compliance have therefore been reported on separately for the July-December 2022 period and the January-June 2023 period, in accordance with the legislation that was relevant to the respective period. Under the old Drinking Water Standards (DWSNZ 2005 (2018)), Council was not required to report on Lake Ōhau's compliance with Part 4 and 5 of the DWSNZ 2005 (2018), however, Council elected to do so anyway. Under the DWQAR 2022, Bushy Creek, Duntroon, Lake Ōhau, and Stoneburn are required to be reported on. Bushy Creek and Lake Ōhau are not included in the Waugh assessment, as there is no treatment of these supplies and as such, they are automatically non-compliant. Awamoko, Bushy Creek, Kauru Hill, Lake Ōhau, Ōmārama, Stoneburn, Tokarahi, and Windsor are yet to be upgraded to meet either the old or the new Drinking Water Standards.

<sup>++</sup> Ōamaru includes Hampden-Moeraki and Herbert-Waianakarua.

<sup>+++</sup> Note the Awamoko, Kauru Hill, Tokarahi, and Windsor water supplies are managed by Corriedale Water Management Ltd.

<sup>\*\*\*\*</sup> A working day is any calendar day, between the hours of 8am-5pm, except for on Saturdays, Sundays, and public holidays. For routine fault notifications received outside of working hours, the service target response and resolution timeframes apply from 8am the next working day.

<sup>\*\*\*\*\*</sup> All measures are expressed per 1,000 connections to Council's networked reticulation system. The '1,000 connections' unit is based on a count of physical service connections. For the Waitaki District, this is a more accurate method of measurement than rateable units.

\* Water supplies which have been marked with \* were determined 'compliance recommended' in the Waugh report, due to a non-conformance being observed. However, supporting information provides evidence of the supplier (Council) providing safe drinking water irrespective of the standards stating that the incident is a non-compliance.

### Notes on service targets versus actual achievements

- 1 The new Drinking Water Standards (DWQAR 2022) impose much stricter requirements on water supplies. Some water supplies which were compliant under the previous legislation are now non-compliant under the new legislation. The change in status does not represent a decline in performance of the supplies. Several supplies have not yet been upgraded to meet the old or new drinking water standards.
- 2 The new Drinking Water Standards (DWQAR 2022) impose much stricter requirements on water supplies. Some water supplies which were compliant under the previous legislation are now non-compliant under the new legislation. The change in status does not represent a decline in performance of the supplies. Several supplies have not yet been upgraded to meet the old or new drinking water standards and automatically do not achieve protozoa compliance.
- 3 The methodology used to calculate these figures is the Minimum Night Flow Analysis procedure included in the Non-Financial Performance Measures Water Loss Guidance. The methodology assigns a value of 2 litres per connection per hour as a minimum night flow for all properties, including commercial or industrial operations which may use significantly higher volumes of water during their night shifts. Waitaki District Council does not use data loggers and does not have nighttime flow information for any consumers, as is required by the Water Loss Guidance. As such it is likely that reported water losses would be overstated in instances where there is genuine nighttime use that is not being adjusted for. Ageing infrastructure across the board continues to be a factor in these results, however, we have renewal programmes in place to address these issues. Oamaru – the calculation was amended slightly this year. In previous years, the volume supplied to restricted zones south of Oamaru has been deducted from the Oamaru total volume using data from HamNak PS1. This didn't account for restricted volumes between Oamaru and HamNak PS1 and that was corrected for the 2022/23 calculation. Omarama – Due to the high percentage water loss in Omarama, leak detection has been carried out in Omarama over the last year. Leaks were found and fixed and we expect this has made a material difference to the percentage water loss. Kurow – The increase in waterloss is to be due to aging infrastructure resulting in more leaks. The nature of Kurow soil, namely river run gravel, means leaks (on the public infrastructure and private infrastructure) often don't come to the surface. This year water loss percentage for Kurow was calculated using the benchloss approach, as all consumers on the Kurow supply do have meters.
- 4 Investigation is ongoing to determine the cause of the slightly delayed attendance. Council staff will work closely with SouthRoads to ensure targets can be met going forward.
- 5 This is an average across all urban supplies. Consumption in several of the Waitaki Valley townships is considerably higher than other urban areas. To prevent freezing pipes in the Waitaki Valley during winter, it is understood that taps are at times left running to avoid private pipe bursts. Further educational information will be provided to communities on ways to use water more economically.

## Summary of bacteria & protozoa compliance in Waitaki's water supplies

Both the Council-managed and Corriedale Water Management Ltd water supplies were independently assessed for bacteria and protozoa compliance by Waugh Infrastructure Management Ltd. The tables below reflect the findings of the independent assessments. The results for bacteria and protozoa compliance have been reported on separately for the July-December 2022 period and the January-June 2023 period, in accordance with the legislation that was relevant to the respective period, i.e., the period July-December 2022 has been assessed against the old Drinking Water Standards (DWSNZ 2005 (2018)), while the period January-June 2023 has been assessed against the new Drinking Water Standards (DWQAR 2022).

### Council-managed supplies

#### Waitaki District treatment plant compliance summary against DWSNZ 2005 (2018) and DWQAR (2022)

| Treatment plant      | Hinekōrako codes | July-December 2022<br>(DWSNZ 2005 (2018)) |                            | January-June 2023<br>(DWQAR 2022) |                            |
|----------------------|------------------|---|----------------------------|-----------------------------------|----------------------------|
|                      |                  | Bacteria compliance                       | Protozoa compliance        | Bacteria compliance               | Protozoa compliance        |
| <b>Duntroon</b>      | TP00543          | N/A                                       | N/A                        | Compliant                         | Compliant                  |
| <b>Kurow</b>         | TP00254          | Compliance recommended                    | Compliant                  | Non-compliant <sup>M</sup>        | Compliance recommended     |
| <b>Lower Waitaki</b> | TP00547          | Non-compliant <sup>C</sup>                | Non-compliant <sup>C</sup> | Compliant                         | Non-compliant <sup>T</sup> |
| <b>Ōamaru</b>        | TP00253          | Compliance recommended                    | Compliant                  | Non-compliant <sup>M</sup>        | Non-compliant <sup>C</sup> |
| <b>Ōmārama</b>       | TP00257          | Compliance recommended                    | Non-compliant <sup>T</sup> | Non-compliant <sup>M</sup>        | Non-compliant <sup>T</sup> |
| <b>Ōtematātā</b>     | TP03176          | Compliance recommended                    | Compliant                  | Non-compliant <sup>M</sup>        | Non-compliant <sup>C</sup> |
| <b>Stoneburn</b>     | TP00551          | N/A                                       | N/A                        | Non-compliant <sup>T</sup>        | Non-compliant <sup>T</sup> |
| <b>Waihemo</b>       | TP03054          | Compliant                                 | Non-compliant <sup>C</sup> | Non-compliant <sup>C</sup>        | Non-compliant <sup>C</sup> |

#### Key

<sup>C</sup> Compliance criteria not met.

<sup>T</sup> Insufficient treatment.

<sup>M</sup> Monitoring criteria not met.

#### General notes

\* Criteria 10 (DWSNZ) not met over entire assessed period.

## Bacteria compliance summary for Council-managed water supplies

| Supply name          | Hinekōrako codes  | Bacteria compliance source / treatment | Bacteria compliance distribution                                    | Supply compliance (July-December 2022) |
|----------------------|---|--|---|--|
| <b>Kurow</b>         | G00193<br>TP00254<br>KUR001KU   | Non-compliant:<br>Quarters 1, 2        | Complies  | Compliance recommended <sup>++</sup>   |
| <b>Lower Waitaki</b> | G01989<br>TP00547<br>LOW004LO   | Non-compliant:<br>Quarters 1, 2        | Complies  | Non-compliant                          |
| <b>Ōamaru*</b>       | S00162<br>TP00253<br>OAM001AR<br>OAM001CE<br>OAM001HA<br>OAM001HE<br>OAM001KA<br>OAM001MO<br>OAM001NE<br>OAM001RR<br>OAM001SH<br>OAM001WE | Non-compliant:<br>Quarters 1, 2        | Non-compliant:<br>Quarter 2<br><br>OAM001HE<br>OAM001RR<br>OAM001SH | Compliance recommended <sup>++</sup>   |
| <b>Ōmārama</b>       | G00194<br>TP00257<br>OMA001OM   | Non-compliant:<br>Quarters 1, 2        | Complies  | Compliance recommended <sup>++</sup>   |
| <b>Ōtematātā</b>     | G02082<br>TP03176<br>OTE001OT   | Non-compliant:<br>Quarters 1, 2        | Complies  | Compliance recommended <sup>++</sup>   |
| <b>Waihemo*</b>      | G01990<br>TP03054<br>WAI215DU<br>WAI215GO<br>WAI215PA   | Complies                               | Non-compliant:<br>Quarter 2   | Compliance recommended <sup>++</sup>   |

### General notes

\* Criteria 2A used to demonstrate compliance.

<sup>++</sup> Days total days sampled / between criteria not met (with samples collected within seven days after it should be collected to comply with the criteria), however, the total number of samples collected over this period was greater than 100% of the required number. The samples were scheduled and collected, however, courier failure caused the samples not to be analysed.

DWA leniency – where (minor) technical non-compliances occurred, the audit team will note the occurrences and recommend compliance, however, this is to be seen as a recommendation only.

## Corriedale Water Management Ltd-managed supplies

Waitaki District Corriedale supplies treatment plant compliance summary against DWSNZ 2005 (2018) and DWQAR (2022)

| Treatment plant   | Hinekōrako codes | July-December 2022<br>(DWSNZ 2005 (2018)) |                            | January-June 2023<br>(DWQAR 2022) |                            |
|-------------------|------------------|---|----------------------------|-----------------------------------|----------------------------|
|                   |                  | Bacteria compliance                       | Protozoa compliance        | Bacteria compliance               | Protozoa compliance        |
| <b>Awamoko</b>    | TP00540          | Non-compliant <sup>M</sup>                | Non-compliant <sup>T</sup> | Non-compliant <sup>M</sup>        | Non-compliant <sup>T</sup> |
| <b>Kauru Hill</b> | TP00546          | Non-compliant <sup>M</sup>                | Non-compliant <sup>T</sup> | Non-compliant <sup>M</sup>        | Non-compliant <sup>T</sup> |
| <b>Tokarahi</b>   | TP00260          | Non-compliant <sup>M</sup>                | Non-compliant <sup>T</sup> | Non-compliant <sup>M</sup>        | Non-compliant <sup>T</sup> |
| <b>Windsor</b>    | TP00553          | Non-compliant <sup>M</sup>                | Non-compliant <sup>T</sup> | Non-compliant <sup>M</sup>        | Non-compliant <sup>T</sup> |

### Key

<sup>T</sup> Insufficient treatment.

<sup>M</sup> Monitoring criteria not met.

## Bacteria compliance summary for Corriedale Water Management Ltd-managed water supplies

| Supply name       | Hinekōrako codes              | Bacteria compliance source / treatment | Bacteria compliance distribution    | Supply compliance (July-December 2022) |
|-------------------|-------------------------------|--|-------------------------------------|--|
| <b>Awamoko</b>    | S00353<br>TP00540<br>AWA001AW | Non-compliant: Quarter 2               | Complies                            | Non-compliant: Quarter 2               |
| <b>Kauru Hill</b> | S00333<br>TP00546<br>KAU001KA | Non-compliant: Quarter 2               | Compliance recommended <sup>+</sup> | Non-compliant: Quarter 2               |
| <b>Tokarahi</b>   | S00169<br>TP00260<br>TOK003TL | Non-compliant: Quarter 2               | Compliance recommended <sup>+</sup> | Non-compliant: Quarter 2               |
| <b>Windsor</b>    | S00339<br>TP00553<br>WIN004WI | Non-compliant: Quarter 2               | Complies                            | Non-compliant: Quarters 1, 2           |

### General notes

<sup>+</sup> Days total days sampled / between criteria not met (with samples collected within seven days after it should be collected to comply with the criteria), however, the total number of samples collected over this period was greater than 100% of the required number. The samples were scheduled and collected, however, courier failure caused the samples not to be analysed.

DWA leniency – where (minor) technical non-compliances occurred, the audit team will note the occurrences and recommend compliance, however, this is to be seen as a recommendation only.

# Funding Impact Statement for 30 June 2023 for Water Supply

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 1                       | 2                       | 1                          |
| Targeted Rates   | 7,826                   | 8,100                   | 8,866                      |
| <b>Rates Revenue</b>   | 7,827                   | 8,102                   | 8,867                      |
| Subsidies and Grants for Operating Purposes                              | -                       | -                       | -                          |
| Fees and Charges   | 705                     | 728                     | 29                         |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | 50                      | 51                      | (362)                      |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | -                       | 30                      | 9                          |
| <b>Operating Revenue</b>   | 755                     | 809                     | (324)                      |
| <b>Total Sources of Operating Funding</b>                                | 8,582                   | 8,912                   | 8,543                      |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 3,784                   | 3,902                   | 5,117                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 1,694                   | 1,814                   | 2,347                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 5,478                   | 5,716                   | 7,464                      |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | 3,104                   | 3,196                   | 1,079                      |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | 4,112                   | 116                     | 302                        |
| Development and Financial Contributions                                  | 401                     | 401                     | 535                        |
| Increase / (Decrease) in Debt  | -                       | -                       | 17,183                     |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | 4,513                   | 517                     | 18,020                     |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 4,370                   | 6,369                   | 2,114                      |
| to replace Existing Assets   | 2,613                   | 3,589                   | 5,686                      |
| Increase / (Decrease) in Reserves  | 634                     | (6,246)                 | 11,299                     |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | 7,617                   | 3,713                   | 19,099                     |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | (3,104)                 | (3,196)                 | (1,079)                    |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

## Notes on variances

- Government funding was received in 2022 to support significant capital and operational projects in that year. The 2021-31 LTP did not foresee that additional funding, or that it would enable Council to bring forward a number of significant capital projects, and that the current financial year would see those projects completed, and increased levels of operating expenditure incurred as a consequence.
- Payments to staff and suppliers includes significantly increased contractual costs related to maintenance, electricity supply, insurance, and other operational expenses.
- In the 2021-31 LTP, increased levels of borrowing were allocated to the Treasury function as part of the wider Democracy and Accountability activity rather than to the Water Supply activity.

# Stormwater

## What we do

Council operates stormwater systems at Kurow, Lake Ōhau, Moeraki, Ōamaru, Ōmārama, Ōtematatā, Palmerston, and Weston. Our stormwater systems are designed to provide a safe and effective collection of excess water and to protect properties from getting damaged. It is estimated that 60% of the district's population have access to a public reticulated stormwater system, with the remaining 40% being served by individual soak pits and associated disposal systems. We support this service by providing, operating, and maintaining the stormwater infrastructure, responding to call outs and service disruptions quickly and efficiently, and by planning for future development and needs.

## Why we do it

Our stormwater assets contribute to protecting public health to enhance the quality of life of residents in urban areas of the district. We are legally obliged under the Health Act to improve, promote, and protect public health within the district, which includes identifying the need for stormwater services and either providing these directly, or overseeing the service if it is provided by others.

Like water supply, the LGA02 requires the provision of ongoing stormwater services unless Council has gained approval to withdraw from such services. Council-issued building consents require that plans comply with the building regulations for drainage, which specify standards for protection of buildings against flood inundation. Council-owned stormwater assets in urban areas must also comply with building regulations.

## Stormwater in 2022-23

### Design & construction

#### CCTV inspections

A contract was procured to carry out CCTV inspections of various stormwater mains within the Ōamaru stormwater network. The work started in June 2023 and will help Council to understand the condition of the stormwater network so that we can plan our renewal programme.

#### Porori Awa Muddy Creek

As part of our regular maintenance on the section of Porori Awa Muddy Creek that Council maintains, we worked with Waitaki Boys High School (WBHS) to help with its restoration. Porori Awa Muddy Creek flows through the WBHS gardens before discharging to the sea.



## How did Stormwater do in 2022-23?

| Community outcomes  | Performance measures  | Service targets  | Achievements  |   |
|---|---|--|---|---|
|   |   |  | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
| <b>Quality services</b><br>Robust core infrastructure and services.   | The number of flooding events that occur in the Waitaki District.   | Nil  | <b>Achieved</b><br>Nil – there were no flooding events. | <b>Achieved</b><br>Nil – there were no flooding events. |
| <b>Quality services</b><br>Robust core infrastructure and services.   | For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to Council's stormwater system).   | Nil  | <b>Achieved</b><br>Nil – there were no flooding events. | <b>Achieved</b><br>Nil – there were no flooding events. |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. | Compliance with Council's resource consent for discharge from its stormwater system measured by the number of:<br>a. Abatement notices.<br>b. Infringement notices.<br>c. Enforcement orders.<br>d. Convictions in relation to breaches of those resource consents. | Nil  | <b>Achieved</b><br>Nil for all.                         | <b>Achieved</b><br>Nil for all.                         |
| <b>Quality services</b><br>Robust core infrastructure and services.   | The median response time to attend a flooding event, measured from the time that Council receive notification to the time that service personnel reach the site.  | 2 hours  | <b>Achieved</b><br>N/A – there were no flooding events. | <b>Achieved</b><br>N/A – there were no flooding events. |
| <b>Quality services</b><br>Robust core infrastructure and services.   | The total number of complaints received by Council about the performance of the stormwater system, expressed per 1,000 properties connected to our stormwater system.   | Fewer than eight (8) complaints per 1,000 connections. | <b>Achieved</b><br>7 (59 in total).                     | <b>Not achieved<sup>1</sup></b><br>10 (96 in total).    |

### Notes on service targets versus actual achievements

- Council staff will be investigating the possible causes for the increase in complaints. Data improvements will be made over the coming year to make sure only those complaints relating to assets within the stormwater system (pipes and mud tanks) are captured and not other assets such as kerb and channel and culverts, which belong to Roads & Footpaths.

## Funding Impact Statement for 30 June 2023 for Stormwater

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | -                       | -                       | -                          |
| Targeted Rates   | 511                     | 530                     | 339                        |
| <b>Rates Revenue</b>   | 511                     | 530                     | 339                        |
| Subsidies and Grants for Operating Purposes                              | -                       | -                       | -                          |
| Fees and Charges   | -                       | -                       | -                          |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | -                       | -                       | -                          |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | -                       | -                       | -                          |
| <b>Operating Revenue</b>   | -                       | -                       | -                          |
| <b>Total Sources of Operating Funding</b>                                | 511                     | 530                     | 339                        |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 50                      | 52                      | 105                        |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 169                     | 186                     | 158                        |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 219                     | 238                     | 263                        |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | 292                     | 292                     | 76                         |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | -                       | -                       | -                          |
| Development and Financial Contributions                                  | -                       | -                       | -                          |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | -                       | -                       | -                          |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | -                       | -                       | -                          |
| to replace Existing Assets   | -                       | -                       | 182                        |
| Increase / (Decrease) in Reserves  | 292                     | 292                     | (106)                      |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | 292                     | 292                     | 76                         |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | (292)                   | (292)                   | (76)                       |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

### Notes on variances

Less maintenance work was completed during 2022-23 than was budgeted. Major capital works were undertaken on Ōtematātā stormwater infrastructure.

# Wastewater

## What we do

Council provides eight wastewater systems at Duntroon (limited-service area), Kurow, Lake Ōhau, Moeraki, Ōamaru (including Kakanui and Weston), Ōmārama, Ōtematātā, and Palmerston. The wastewater systems collect liquid waste from more than 14,000 residents across the district, before treating and disposing of it to acceptable environmental standards. The wastewater network is operated under the resource consent framework, which meets regional council requirements, and requires Council to make sure that adverse environmental effects associated with the discharges are mitigated. The quality of treated effluent is continually monitored and must be compliant with resource consent conditions.

## Why we do it

The aim of reticulated wastewater systems is to ensure the health of the community where urban housing exists, thereby eliminating the need for individuals to provide their own wastewater system, which carries a much higher health risk. Council has an obligation under the Health Act to improve, promote, and protect public health within the district. This includes identifying the need for wastewater services and either providing these directly or overseeing the service if it is provided by others. We see the provision of reliable wastewater collection and treatment services to the community as a major contribution to the district's economy and to resident's wellbeing. The LGA 2002 requires ongoing wastewater services unless Council has obtained approval to withdraw these services. Our wastewater assets are fundamental to Council's statutory responsibilities and strategies for conserving public health in pursuit of its mission to enhance the quality of life of residents in the district.

## Wastewater in 2022-23

### Planning & systems

Wastewater hydraulic models are being developed to assess the capacity of existing infrastructure to meet current and future demand and plan for system upgrades.

### Policy & service levels

#### Ōamaru Wastewater Treatment Plant

The Ōamaru Wastewater Treatment Plant's resource consent will expire in 2035. Work was begun on a strategy which will consider the long-term treatment requirements in Ōamaru. The strategy will also consider the cultural and environmental context.

### Operations & maintenance

Throughout the year we worked on improvements at our wastewater treatment plants around the district, including doubling the aeration capacity at the Ōamaru plant to improve treatment capacity, and replacing switchboards at older sites. We also installed security and fencing at our Ōamaru plant and will make these improvements at other sites. We are making these changes in light of the drowning of a three-year-old boy at a wastewater treatment pond in Gore in 2019, and the findings from the subsequent WorkSafe inquiry.

### Design & construction

#### Palmerston wastewater dispersal field

We completed a number of improvements at the Palmerston Wastewater Dispersal Field which were funded using tranche one funding. These improvements included a new pump shed and carpark, new pumps, pipework, and electrical controls were installed in the building and a field control cabinet was installed on the additional dispersal field.

### **Ōamaru & Palmerston wastewater main renewals**

Our contractor completed the relining of 2.3km of wastewater pipes in Ōamaru and Palmerston. This work is a cost effective means of restoring the serviceability of these assets without the need for a full replacement.

### **CCTV inspections & smoke testing**

We procured a contract to carry out CCTV inspections and smoke testing of a number of mains in the Ōamaru wastewater network. This work will start in August 2023 and will help us understand the condition of the wastewater network so we can plan our renewal programme and identify potential sources of rainwater inflow and infiltration that put the network under significant pressure in rainfall events.

### **CCTV inspections & cleaning (Ōamaru & Palmerston)**

Our contractor finished CCTV inspections of the wastewater networks in Ōamaru and Palmerston. The CCTV inspection footage will confirm which pipes require re-lining. The re-lining part of the contract is due to start in September.

## How did Wastewater do in 2022-23?

| Community outcomes  | Performance measures  | Service targets  | Achievements  |  |
|---|---|--|---|--|
|   |   |  | 2021-22 (Year 1)  | 2022-23 (Year 2)   |
| <b>Quality services</b><br>Robust core infrastructure and services.   | The number of dry weather overflows from the sewerage system, expressed per 1,000 sewerage connections to the system.   | Fewer than four sewerage overflows per 1,000 connections (<20 total).          | <b>Achieved</b><br>1.3 (10 total).                              | <b>Achieved</b><br>1.3 (10 total). <sup>+</sup>  |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. | Compliance with resource consents for discharge from the sewerage system, measured by the number of:<br>a. Abatement notices.<br>b. Infringement notices.<br>c. Enforcement orders.<br>d. Convictions received by Council in relation to those resource consents. | Nil for all.   | <b>Not achieved</b><br>Three abatement notices.                 | <b>Not achieved<sup>1</sup></b><br>Two infringement notices for breach of an abatement notice. |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. | Where Council attends sewerage overflows resulting from a blockage or other fault in the sewerage system, the following median response times measured:   |  |   |  |
|   | <i>a. Attendance time:</i><br>From the time Council receives notification to the time service personnel reach the site.   | <i>a. Attendance time:</i><br>One hour attendance time for sewerage overflows. | <i>a. Attendance time:</i><br><b>Not achieved</b><br>1.6 hours. | <i>a. Attendance time:</i><br><b>Not achieved<sup>2</sup></b><br>1.8 hours.                    |
|   | <i>b. Resolution time:</i><br>From the time Council receives notification to the time service personnel confirm resolution of the blockage or other fault.  | <i>b. Resolution time:</i><br>24 hours resolution time for sewerage overflows. | <i>b. Resolution time:</i><br><b>Achieved</b><br>21.2 hours.    | <i>b. Resolution time:</i><br><b>Achieved</b><br>8.6 hours.                                    |

| Community outcomes  | Performance measures  | Service targets                                 | Achievements                     |                                  |
|---|---|---|----------------------------------|----------------------------------|
|   |   |   | 2021-22 (Year 1)                 | 2022-23 (Year 2)                 |
| <b>Quality services</b><br>Robust core infrastructure and services.<br><b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. | The total number of complaints received by Council about any of the following: <ol style="list-style-type: none"> <li>Sewage odour.</li> <li>Sewerage system faults.</li> <li>Sewerage system blockages; and</li> <li>Council's response to issues with the sewerage system, expressed per 1,000 properties connected to the system.</li> </ol> | Fewer than 12 complaints per 1,000 connections. | <b>Achieved</b><br>6 (44 total). | <b>Achieved</b><br>9 (71 total). |

#### General notes

\* The Waitaki District has 7,572 residential properties connected to the wastewater network. In 2022-23, we had 10 dry weather overflows. To calculate the overflows from the sewerage system, expressed per 1,000 sewerage connections to the system, we have divided 7,572 by 1,000 (7.572), and then divided 10 (the number of overflows) by 7.572 (number per 1,000 connections) to arrive at the result of 1.3 dry weather overflows per 1,000 connections.

#### Notes on service targets versus actual achievements

- 1 The two infringement notices relate to abatement notices received in the previous financial year (2021-22) and as such there have been no new instances of non-compliance.
- 2 Investigation is ongoing to determine the cause of the slightly delayed attendance. Council staff will work closely with SouthRoads to ensure targets can be met going forward.

## Funding Impact Statement for 30 June 2023 for Wastewater

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | -                       | -                       | -                          |
| Targeted Rates   | 2,932                   | 3,070                   | 3,059                      |
| <b>Rates Revenue</b>   | 2,932                   | 3,070                   | 3,059                      |
| Subsidies and Grants for Operating Purposes                              | -                       | -                       | -                          |
| Fees and Charges   | 316                     | 326                     | 275                        |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | 278                     | 285                     | 388                        |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | -                       | -                       | -                          |
| <b>Operating Revenue</b>   | 594                     | 610                     | 663                        |
| <b>Total Sources of Operating Funding</b>                                | 3,526                   | 3,680                   | 3,722                      |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 1,810                   | 1,560                   | 2,443                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 873                     | 917                     | 1,186                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 2,683                   | 2,477                   | 3,629                      |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | 843                     | 1,203                   | 93                         |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | 15                      | 15                      | 47                         |
| Development and Financial Contributions                                  | 153                     | 153                     | 222                        |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | 168                     | 168                     | 269                        |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 365                     | 119                     | 265                        |
| to replace Existing Assets   | 1,700                   | 2,637                   | 1,846                      |
| Increase / (Decrease) in Reserves  | (1,054)                 | (1,385)                 | (1,749)                    |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | 1,011                   | 1,371                   | 362                        |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | (843)                   | (1,203)                 | (93)                       |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

### Notes on variances

Payments to staff and suppliers includes significantly increased contractual costs related to maintenance, electricity supply, insurance, and other operating expenses. Increased cost contributed to a decrease in reserves.



# Recreation Services

## What we do

Council provides and manages a wide range of attractive and affordable recreation services, facilities, and opportunities across the district. Some of the key activities of Council's Recreation Services Team include:

- Managing approximately 1,200 hectares of parks, reserves, sports fields, open spaces, public gardens, and walking and cycling trails across the district.
- Providing 23 public playgrounds and four school playgrounds in Ōamaru, which are available to the public outside of school hours in return for grounds maintenance.
- Providing four skateparks and three bike parks across the district.
- Managing the district's 13 cemeteries (11 of which are currently open), with a total land area of 38.44 hectares, and providing burial services.
- Providing and managing six 'kiwi experience' style camping grounds, and five commercially-leased camping grounds.
- Providing and managing 37 public toilet facilities and maintaining three other toilet facilities located at parks, sports fields, and camping grounds.
- Providing dump stations in Ōamaru, Palmerston, and Ōmārama townships, and at Falstone, Wildlife, Boat Harbour, and Parsons Rock camping grounds.
- Owning and operating the Waitaki Aquatic Centre.
- Providing Council grants to assist with community access to school pools at Kurow and Palmerston.
- Maintaining monuments and heritage items.
- Providing town and street beautification to enhance the amenity value of urban areas. This includes planting and maintenance of trees and shrubs, development and maintenance of landscaped areas, and maintenance of hanging flower baskets.
- Managing approximately 114 hectares of commercial farming forestry (reserve or endowment land) from which income is generated.

## Why we do it

Council provides and manages recreation services, facilities, and opportunities to promote happy, healthy, and connected communities within the Waitaki District. They make a significant contribution to the physical and mental wellbeing of Waitaki's communities and foster social connectivity. Due to limited commercial opportunity and benefit, the private sector will not provide a wide range of parks and recreation opportunities. Therefore, provision by Council as a public good is required. Waitaki's communities expect parks, recreation facilities, public toilets, and interment facilities to be managed in such a way that costs are minimised, whilst providing the levels of service that the community desires. This is a balancing act.

Our parks and reserves are highly valued by the community and many of those in the Waitaki District have significant history associated with them. Many of the parks and reserves are protected and managed through legislation, and their underlying ownership history is crown-derived or vested land. Through protecting, enlarging, and enhancing this network we will, over time, create significant ecological, amenity, recreation, and economic value.

## Recreation Services in 2022-23

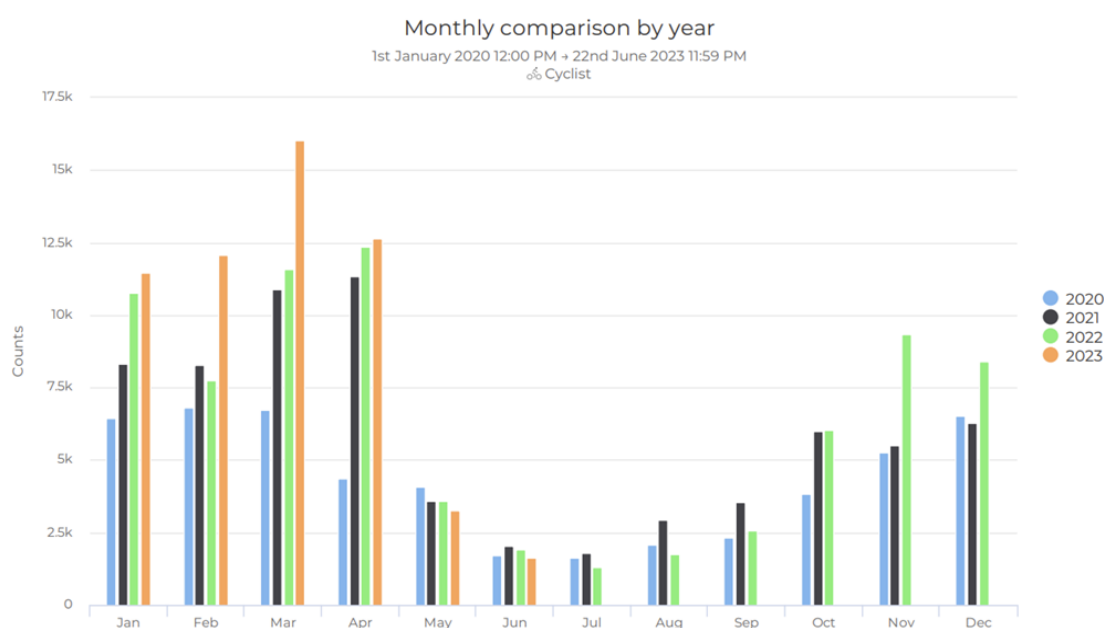
### Alps2Ocean (A2O) Cycle Trail

The A2O Cycle Trail celebrated its 10<sup>th</sup> anniversary in February 2023. As one of the first New Zealand Cycle Trails Ngā Haerenga Great Rides of New Zealand cycle trails to be developed, the A2O's 10<sup>th</sup> anniversary marked a significant milestone and provided an opportunity to recognise the efforts of all those involved in its development, and their ability to deliver such an incredible asset for the Waitaki District.

The A2O Cycle Trail continued to make a significant economic contribution to the district and wider region in 2022-23. Based on data from a New Zealand Cycle Trails survey, the average expenditure per person on the A2O over the 12 months was \$1,900 per person (total), or \$300 per person (per night). This compares favourably to the national average economic contribution of \$960 per person (total), or \$238 per person (per night) across all Great Rides of New Zealand cycle trails.

Trail count data (Figure 1, below) shows both the strength of the 2022-23 A2O season, as well as its year-on-year growth since the previous years. The month of March continued to be the heaviest trafficked of the year, with a total of 16,045 counts in 2023, followed by the month of April, with a total of 12,651 counts, and February, with a total of 12,080 counts. The highest growth since the 2021-22 financial year was experienced in the months of November 2022 (97%) and February 2023 (56%).

**Figure 1: A2O Monthly Traffic Counts from 1 January 2020 until 22 June 2023**



A new website was launched for the A2O Cycle Trail in October 2022. The website has improved the visibility of the A2O Cycle Trail, receiving an average of 7,000 web visitors per month since its launch, and provides a platform to communicate up-to-date information about trail safety and conditions. It also showcases the A2O's official partners and drives traffic to the official partners' websites.

The A2O Cycle Trail was named amongst the world's best cycle trails by Lonely Planet in its 2023 publication *The Bikepackers' Guide to the World* and is amongst the most 'Instagrammed' cycle trails in the world.

A business case and funding application was submitted to the Ministry of Business, Innovation, and Employment (MBIE) in September 2022 to complete the vision for the A2O Cycle Trail to be a continuous off-road trail from Aoraki Mount Cook to Ōamaru. The national fund has experienced significant pressure because of extreme weather events in 2022-23, delaying an outcome to the application. The outcome of the business case will inform future trail development work plans and funding requirements and will allow for the Visitor Experience Development Plan (VEDP) to be completed.

The Department of Conservation (DOC) concession variation is nearing completion. While the addition of support activities was declined, the A2O Cycle Trail can now move forward and fully implement the concession conditions and operate legally.

Work will continue to encourage businesses and trail users to recognise the value of the trail and donate to the ongoing maintenance and trail promotion in a manner which aligns with their business model.

A severe rain event in July 2022 caused widespread damage to the A2O Cycle Trail in excess of \$688,000. We were successful in securing \$500,000 of financial assistance from MBIE. Following a tender process, contractors have been appointed and are working through the repairs and resilience works, including the addition of a new bridge at Otamatapaio River.

## **Camping grounds**

Camping is still a popular summer activity in the Waitaki District, however, the number of campers who used the Waitaki Lakes Camping Grounds and Duntroon and Dunback Domain Camping Grounds in 2022-23 decreased from 2021-22. Minor works have been undertaken on small projects, however, the greatest change has been the provision of treated water for the Loch Laird, Wildlife, and Parsons Rock camping grounds. The temporary liquor ban which was placed on Loch Laird over Labour Weekend in October 2022 had the desired effect and will be used on an annual basis.

## **Waitaki Aquatic Centre**

During 2022, we revamped the spa pool pump and filters were replaced. Investment has been made in volleyball nets and flippa ball goals, which allows for a wider array of programmes that we can provide to the community. This has also allowed us to make better use of the other inflatables throughout the year. Recruitment has been a struggle over the past year, especially for the role of shift supervisor. The Christmas 'Give a Gift' campaign was successful and has benefited 14 children. Nominations can be made through the Waitaki Aquatic Centre website. The number of individuals who used the facility in 2022-23 year exceeded our budgeted expectations.

## **Playgrounds**

Work has been occurring in finalising specifications for the water play development within the Ōamaru Public Gardens. Safety fencing was installed at Palmerston Centennial Park. We have replaced the safety surfacing in Moeraki. We are also planning to replace some playground equipment at Southern Reclamation Reserve and install some new equipment at Casa Nova Park. This work will occur in the early part of the 2023-2024 financial year. The Ōtematātā Residents' association, working with the Department of Internal Affairs Community-Led Development Fund, installed new play equipment in the Ōtematātā Reserve and designed landscape improvements, which will be constructed between 1 August and Labour weekend. They are also working on plans to enhance the wetlands. Council has supported these projects with advice and will take responsibility for maintenance of the reserve improvements once completed.

## **Parks & reserves**

A project was set up this financial year to look at removing debris and sediment that has built up in the ponds at the Ōamaru Public Gardens. Council did receive a price for its removal, however as we would not have achieved a desirable result meant that we needed to investigate other options. Work continues in the Brough Road Forestry Block in the development of cycle tracks. We have undertaken replacement of the safety surfacing in Moeraki.

Work continues with Otago Regional Council and landowners in implementing rabbit control around the peri-urban area of the Moeraki township. Council has reviewed the options for a new track up Puketapu. Full funding is yet to be secured and the Waihemo Community Board will be seeking the views and support of the Waihemo community as part of its 10-year plan before confirming any decisions. Staff have been working on the removal or demolition of the Boys Brigade building in Dunback Domain.

In July 2022, the district experienced significant rainfall. This had an impact for the lessee at Ōmārama as well as damaging Council assets close to the Ōmārama Stream.

## **Community amenities**

### **Beautification / streetscapes**

Various plantings have been occurring in Palmerston, Moeraki, and Ōamaru. Bulb planting which was initiated by Puketapu Trust has been undertaken along the Craig St Zig Zag walkway in Palmerston. Road carriageway clearance work has been undertaken on a variety of memorial oaks alongside SH83 and SH85. There is further work required up the valley which will be undertaken in the next financial year. Commemorative plantings to recognise the coronation of King Charles were undertaken in Ōamaru, Palmerston, and Ōmārama.

### **Monuments**

Work has been occurring with investigation around the land parcel where the Brydone Memorial is situated.

## **Community facilities**

### **Public toilets**

A new toilet facility with landscaping has been commissioned in Duntroon. This project also included safety improvements across SH83. Design work is underway for a replacement toilet block for Awamoa Park, with the offsite construction of the new facility now underway. We have had an increase in vandalism at our public toilets and will continue to work with NZ Police to catch offenders.

### **Network Waitaki Events Centre**

Council continued to support the Waitaki Event Centre Trust in 2022-23 to move the Waitaki Event Centre project closer to becoming a reality. With a project target of \$32m, Council has increased its capital contribution to \$15m. With support from Network Waitaki, our benefactor and many businesses, families, and individuals we have funding of close to \$27m committed. Applications are imminent to Otago Community Trust, Lotteries, and other trusts to cover the remaining gap. Three companies to design and build the facility have been shortlisted and have provided proposals which are currently being reviewed and assessed. Council and the Project Board are very excited by the potential designs. A contract will be awarded once the remaining funding has been secured with a detailed design and construction period expected of 24 months.

### **Cemeteries**

New cemetery beams were completed in Duntroon and were started in Herbert.

## How did Recreation Services do in 2022-23?

| Community outcomes  | Performance measures  | Service targets   | Achievements  |  |
|---|---|---|---|--|
|   |   |   | 2021-22 (Year 1)  | 2022-23 (Year 2)                                       |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Increase in visitors to the Waitaki Aquatic Centre.   | 1% increase in number of visits per annum.  | <b>Not achieved</b><br>26% decrease in visitor numbers. | <b>Achieved</b><br>19.27% increase in visitor numbers. |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Customers satisfied or very satisfied with the Waitaki Aquatic Centre.  | 80% of customers satisfied or very satisfied with the Waitaki Aquatic Centre.                 | <b>Not achieved</b><br>78%                              | <b>Not achieved<sup>1</sup></b><br>77%                 |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Residents satisfied or very satisfied with Waitaki's parks and reserves.  | 80% of residents are satisfied or very satisfied with Waitaki's parks and reserves.           | <b>Achieved</b><br>90%                                  | <b>Achieved</b><br>82%                                 |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Residents who have used the district's campgrounds and are satisfied or highly satisfied with the quality of the greenspace provided. | 70% of users are satisfied or very satisfied.   | <b>Achieved</b><br>77%                                  | <b>Not achieved<sup>2</sup></b><br>62%                 |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Residents satisfied or very satisfied with Waitaki's sports fields and facilities.  | 80% of residents are satisfied or very satisfied with Waitaki's sports fields and facilities. | <b>Not achieved</b><br>78%                              | <b>Not achieved<sup>3</sup></b><br>70%                 |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Residents who have visited a cemetery in Waitaki who are satisfied or very satisfied with the maintenance of the greenspace.          | 80% satisfaction with the district's cemeteries.  | <b>Achieved</b><br>81%                                  | <b>Not achieved<sup>4</sup></b><br>76%                 |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Residents who have recently used public toilets in the district who are satisfied or very satisfied with the facilities.              | 70% of residents are satisfied with public toilets.   | <b>Achieved</b><br>79%                                  | <b>Not achieved<sup>5</sup></b><br>65%                 |

### Notes on service targets versus actual achievements

- 1 Some COVID restrictions were still in place throughout 2022-23, which may have impacted public satisfaction with the Waitaki Aquatic Centre.
- 2 Council didn't receive any negative feedback in relation to the district's campgrounds throughout the 2022-23 financial year, so it's unclear as to why this service target wasn't met.
- 3 Adverse weather impacted court-based sports in 2022-23, but these sports facilities are not managed by Council. This theme may still have come through this question in the Annual Residents' Survey. Disagreement with Council's plans to provide a financial contribution to the Waitaki Event Centre Trust to build an event centre may also have come through this question in the Annual Residents' Survey.
- 4 Ground conditions and presentation were impacted by adverse weather conditions throughout 2022-23.
- 5 Council received regular complaints about one particular public toilet facility throughout 2022-23, which is being upgraded in the 2023-24 financial year. There has been an increase in graffitiing and vandalism to public toilets throughout 2022-23, which may have impacted levels of public satisfaction with the facilities.

## Funding Impact Statement for 30 June 2023 for Recreation Services

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 1,364                   | 1,450                   | 1,615                      |
| Targeted Rates   | 2,657                   | 2,969                   | 2,545                      |
| <b>Rates Revenue</b>   | 4,021                   | 4,419                   | 4,160                      |
| Subsidies and Grants for Operating Purposes                              | 88                      | 90                      | 43                         |
| Fees and Charges   | 854                     | 871                     | 1,141                      |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | -                       | -                       | -                          |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 41                      | 42                      | 25                         |
| <b>Operating Revenue</b>   | 983                     | 1,003                   | 1,209                      |
| <b>Total Sources of Operating Funding</b>                                | 5,004                   | 5,421                   | 5,369                      |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 4,040                   | 4,283                   | 4,980                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 1,232                   | 1,362                   | 665                        |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 5,272                   | 5,645                   | 5,645                      |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | (268)                   | (224)                   | (276)                      |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | 2,534                   | 9,248                   | 167                        |
| Development and Financial Contributions                                  | -                       | -                       | -                          |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | 2,534                   | 9,248                   | 167                        |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 2,590                   | 12,944                  | 527                        |
| to replace Existing Assets   | 1,124                   | 728                     | 535                        |
| Increase / (Decrease) in Reserves  | (1,448)                 | (4,648)                 | (1,171)                    |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | 2,266                   | 9,024                   | (109)                      |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | 268                     | 224                     | 276                        |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

### Notes on variances

Payments to staff and suppliers includes significantly increased contractual costs related to maintenance and other operational expenses. Limited progress was made on the proposed Waitaki Event Centre, which has been effectively deferred until 2024-25, affecting both capital expenditure and capital funding from external sources.

# Waste Management & Minimisation

## What we do

Council works collaboratively with private sector and community organisations to make sure Waitaki's households and businesses have access to convenient, affordable, and effective solid waste disposal and waste minimisation services and facilities, with the ability to choose what best suits their needs and budgets. Some of the key activities of Council's Waste Management & Minimisation Team include:

- Providing an operating landfill in Palmerston (the Palmerston Landfill).
- Providing a network of four rural recovery parks (transfer stations), which are located in Hampden, Kurow, Ōmārama, and Ōtematātā.
- Financial assistance to the Waitaki Resource Recovery Trust (WRRT) for the continued operation of the Waitaki Resource Recovery Park.
- Financial assistance to other community organisations, such as the Waihemo Wastebusters, who provide community-led recycling and waste minimisation services.
- Providing three recycling drop-off facilities in Papakaio, Enfield, and Herbert.
- Promoting educational material about reducing, reusing, and recycling waste.
- Facilitating EnviroSchools at 15 schools and early childhood centres across the district.
- Managing the district's 14 closed landfills (including the closed Ōamaru Landfill).

## Why we do it

Council has various legislative responsibilities to promote effective waste management and minimisation services within the district. Provision of good quality services are essential to supporting the social, economic, environmental, and cultural wellbeings of Waitaki's communities. Providing convenient access to waste minimisation services reduces the volume of residual waste going to landfill and provides opportunities for individuals, communities, and businesses to save money through reducing their waste. Waste management and minimisation services need to be sufficiently robust, and yet flexible enough to meet the reasonable needs of all sectors of our community. Inadequate services can place substantial cost burdens on businesses, residents, and visitors alike, reducing affordability and discouraging development.

## Waste Management & Minimisation in 2022-23

### Solid waste management

#### Operations and Maintenance Contracts

Council continued to operate Palmerston Landfill in 2022-23 under an Operations and Maintenance Contract with Whitestone Contracting Ltd. The four rural transfer stations located in Hampden, Kurow, Ōmārama, and Ōtematātā, as well as the recycling drop-offs in Papakaio, Enfield, and Herbert, continued to be operated in 2022-23 under an Operations and Maintenance Contract with WasteCo NZ Ltd.

#### Closed landfill management

Council successfully managed the district's 14 closed landfills, with all sites meeting their resource consent conditions. The closed Ōamaru Landfill underwent remediation work to attend to some minor slumping.

#### Project Reclaim

The Waitaki District is home to three coastal contaminated land sites which are in danger of slipping into the sea. Two fly-tipping (illegal dumping) sites on Beach Road near Awamoa Road, and the Hampden Closed Landfill. The waste from these sites can be received at the Waitaki District Council Palmerston Landfill. Council decided in 2022 to take a proactive approach to this situation by agreeing to action this project. Tenders were requested to excavate the waste, take it to the Palmerston Landfill, and manage the Palmerston Landfill through to its consent expiry and closure by October 2027. Council awarded the contract to a combined tender from Waste Management New Zealand and Fulton Hogan. The remediation work is expected to begin in January 2024.



## Council's Waste Management & Minimisation Plan (WMMP)

A review of Council's WMMP which was adopted in 2018 began in 2022 and is still progressing. The WMMP is a legislative requirement and is the guiding document for waste management and minimisation within the Waitaki District. A Waste Assessment is underway to determine whether Council can roll over the current WMMP or whether it needs to amend, or revoke and rewrite it.

We continued to provide financial support to the Waitaki Resource Recovery Trust (WRRT) to make sure their services are available to the community. Between July 2022 and June 2023, WRRT diverted a total 2,500 tonnes of waste. This included: 2,000 tonnes of recycling (including chipped green waste) and 500 tonnes of items sold in the secondhand store. This equates to approximately 100kg of waste diverted per person in the district.

## Te Rautaki Para Waste Strategy

The recently released New Zealand Waste Strategy, *Te Rautaki Para*, sets a new direction for waste. It has a refreshed vision to see NZ as a low-emissions, low-waste country by 2050. To help achieve this, mandated kerbside standardisation and performance standards will be implemented in the next few years. Waitaki will be required to have a Council-controlled kerbside recycling collection in place by 1 January 2027. Officers are undertaking work to understand the implications of this and identify the options available.

## Waste minimisation

### Enviroschools programme

Council appointed an Enviroschools Facilitator in early 2023 to work alongside our Waste Minimisation Officer, increasing Council's capability to foster awareness of waste reduction, sustainable resource-use, and environmental protection amongst youth. Enviroschools is an action-based programme where young people are empowered to design and lead sustainability projects in their schools and communities. The increased Enviroschools facilitation supports a deeper fostering of sustainability practices across schools in the Waitaki District and our rangatahi, which in turn provides for future wellbeing. Council's waste minimisation activities, including resourcing for a Waste Minimisation Officer and Enviroschools Facilitator, are funded by grants received from the Ministry for the Environment.

### Waste Free Waitaki

Waste Free Waitaki branding was developed to help Waitaki's individuals to identify Council's work in waste minimisation. The branding will be used to roll out all waste minimisation initiatives, education, and projects.

### Waitaki Waste Minimisation Fund

The inaugural Waitaki Waste Minimisation Fund opened in August 2022. 11 applications were received, of which 8 schools and community groups received a collective total of \$27,000. The fund will open for the month of August again in 2023, and we hope to get more applications due to increased connections with our communities.

### Other waste minimisation initiatives

Council facilitated a number of other waste minimisation initiatives in 2022-23, including a workshop on the importance of keeping organics out of landfills and a business sustainability workshop. We launched our Waste Free Waitaki Facebook page and refreshed our rubbish, recycling, and waste minimisation page on the Council website. We ran a Plastic Free July competition. We hosted three very successful Enviroschools hui and worked on several collaborative projects with Enviroschools students, Youth Council, Council departments, and other organisations, including a waste audit of Council waste, a Red Billed Gulls relocation project, implementation of bokashi bins at Council and an investigation into fibre recycling. We facilitated a collaborative contribution to the Ōhau community restoration plantings when Envirostudents from Waitaki Boys' and Girls' High Schools spent a weekend planting on Avoca Reserve.

## How did Waste Management & Minimisation do in 2022-23?

| Community outcomes  | Performance measures   | Service targets   | Achievements   |                                      |
|---|--|---|--|--------------------------------------|
|   |  |   | 2021-22 (Year 1)   | 2022-23 (Year 2)                     |
| <b>Quality services</b><br>Community facilities and services we are proud of.   | Waitaki residents reside within 25km of a refuse transfer station, rural recovery park, landfill, or recycling drop-off station.                           | Greater than 90% of residents are within 25km of a refuse transfer station, landfill, or recycling drop-off station.                        | <b>Achieved</b><br>Greater than 97%.                       | <b>Achieved</b><br>Greater than 90%. |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. Meeting environmental and climate change challenges. | Volume of waste generated per person in Waitaki and received at the Ōamaru Refuse Transfer Station and Palmerston Landfill over the lifetime of this plan. | <b>Years 1 to 3</b><br>Decrease of 2.5% year-on-year.<br><b>Years 4 to 10</b><br>5% decrease year-on-year (2020-21 set as baseline).        | <b>Not achieved</b><br>521kg per capita.                   | <b>Achieved</b><br>396kg per capita. |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies. Meeting environmental and climate change challenges. | Volume of recycling and diversion per capita received by the Waitaki Resource Recovery Park (WRRP).  | <b>Year 1</b><br>Baseline.<br><b>Years 2 to 3</b><br>Increase of 5% year-on-year.<br><b>Years 4 to 10</b><br>Decrease of 2.5% year-on-year. | <b>Achieved</b><br>97kg per capita.<br><i>New measure.</i> | <b>Achieved</b><br>103kg per capita. |

# Funding Impact Statement for 30 June 2023 for Waste Management & Minimisation

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 985                     | 1,032                   | 916                        |
| Targeted Rates   | -                       | -                       | -                          |
| <b>Rates Revenue</b>   | 985                     | 1,032                   | 916                        |
| Subsidies and Grants for Operating Purposes                              | 87                      | 89                      | 248                        |
| Fees and Charges   | 115                     | 117                     | 105                        |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | -                       | -                       | 178                        |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | -                       | -                       | -                          |
| <b>Operating Revenue</b>   | 202                     | 206                     | 531                        |
| <b>Total Sources of Operating Funding</b>                                | 1,187                   | 1,238                   | 1,447                      |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 1,265                   | 1,779                   | 1,899                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 237                     | 227                     | 343                        |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | 1,502                   | 2,006                   | 2,242                      |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | (315)                   | (768)                   | (795)                      |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | -                       | -                       | -                          |
| Development and Financial Contributions                                  | -                       | -                       | -                          |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | -                          |
| <b>Total Sources of Capital Funding</b>                                  | -                       | -                       | -                          |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | -                       | -                       | 8                          |
| to replace Existing Assets   | -                       | -                       | -                          |
| Increase / (Decrease) in Reserves  | (315)                   | (768)                   | (803)                      |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | (315)                   | (768)                   | (795)                      |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | 315                     | 768                     | 795                        |
| <b>Funding Balance</b>   | -                       | -                       | -                          |

## Notes on variances

Payments to staff and suppliers are over budget, as planning and evaluation of options for relocating the contents of the former Hampden Landfill and other sites identified on Beach Road to the Palmerston Landfill commenced.

# Arts, Culture & Community

## Te Kāhui Ahurea

### Arts, Culture & Community comprises:



**Waitaki District  
Libraries**



**Forrester Gallery,  
Waitaki Museum  
& Archive  
Te Whare Taoka  
o Waitaki**



**Ōamaru Opera  
House**

### Arts, Culture & Community contributes to the following community outcomes:

#### Community outcomes

#### Community wellbeings

#### How does Arts, Culture & Community contribute to these?

##### **Strong communities**

Enable safe and healthy communities.  
Connected, inclusive communities.  
Promoting a greater voice for Waitaki.  
Celebration of our community identity.

##### **Quality services**

Community facilities we are proud of.

Social  
Cultural

- By providing facilities and services that contribute to the quality of life of the district and make it attractive for people to live here.
- The library reflects the bicultural and multicultural diversity of the community through appointment practices, training, ongoing learning and development, and provision of inclusive services to the community. The library collaborates with all service sector organisations in Waitaki.

##### **Prosperous district**

Attractive to new opportunities.  
Support local businesses.

Economic

- By growing the use of the Opera House for commercial events, providing work for contractors, hospitality, and accommodation providers.
- The library is the only space where all people, regardless of their background or ethnicity, have access to information, technology, resources, support, educational opportunities, and connection with others. Access to services and community. Connection facilitates economic wellbeing.
- To support business development, the library provides space, information, and advice to local businesses.

##### **Valued environment**

Protecting our diverse landscapes and water bodies.  
Meeting environmental and climate change challenges.

Environmental

- The library supplies resources, invites environmental specialists, and arranges displays around environmental issues and milestones.

# Waitaki District Libraries

## What we do

Waitaki District Libraries provide collections, resources, programmes, and services to promote literacy for all, for life. Our central library in Ōamaru, as well as our five community library branches throughout the district, are welcoming hubs which foster the love of reading, encourage lifelong learning, research, and innovation, and facilitate community engagement and wellbeing.

## Why we do it

Our libraries are inclusive spaces where everyone is welcome. Everyone has equal access to books, information, technology, resources, support, and educational opportunities. This is driven by the vision set by Public Libraries of New Zealand – “literacy for all, for life” – enabling people to be connected to both knowledge and each other. To achieve this goal, our professional library team assist library users to get the most out of their library experience, as an integral part of community wellbeing and to achieve a better and more connected future for themselves and their whānau.

## Waitaki District Libraries in 2022-23

### Supporting digital literacy

Digital literacy remained a significant focus for Waitaki District Libraries in 2022-23 to facilitate digital inclusion and build community capability across the district. Materials were developed by library staff to assist individuals and communities to be discerning of online information. A ChatGPT workshop was held at The Business Hive in 2023 to assist businesses to use Artificial Intelligence (AI) as an effective business tool. Loanable ‘Tech Kits for Kids’ were developed to bridge the digital divide and make sure all children in the district have access to technology-rich learning. With the support of the Rotary Club of Ōamaru, Waitaki District Libraries were able to develop a ‘Maker Space’ and launch monthly ‘Maker Space Mondays,’ where hands-on, educational sessions were held on technology-orientated activities, such as 3D printing, using Cricut machines, and learning to sew.

A new Waitaki District Libraries website was developed and integrated into Council’s main website to support the programme of activities aimed towards building digital literacy. Public engagement with this platform increased steadily throughout 2022-23, with the most popular pages being ‘Tech Kits for Kids,’ ‘Maker Space Mondays,’ and Mātauranga Māori activities.

Library staff noticed a growth in the number of people in the Waitaki District requiring Skinny Jump modems, a low-cost prepaid broadband option. Customers were referred to the Waitaki District Libraries by the North Otago Budget Advisory Service to seek assistance setting the modems up, which highlighted the impact the economic climate and rising cost of living was having on residents in 2022-23.

### Programmes for children & young people

Literacy-rich programmes for babies, toddlers, children, and young adults, including ‘Wriggle and Rhyme,’ ‘Toddler Time,’ ‘Kid’s Book Club,’ and ‘Young Adult Book Chat,’ continued to be offered throughout 2022-23. A new summer reading programme, ‘Grow Your Reading Superpowers,’ was launched district-wide to support the maintenance of children’s reading skills during the December-February school holidays. The programme provided activity packs, bags of books, and reading logs. A dyslexia-friendly library collection was developed to support children with dyslexia. Many local schools also engaged in library tours, with many school classes visiting throughout the year.

## Engaging individuals & communities in the 2023 New Zealand Census

Waitaki District Libraries played an important role in engaging Waitaki's individuals and communities to participate in the 2023 New Zealand Census. Six drop-in sessions were held at the Ōamaru branch, where people could obtain advice and assistance completing the census form. The drop-in sessions, coupled with the promotional material, which was on display at all six library branches, contributed to the Waitaki District achieving the highest census completion rate in New Zealand.

## Book launches

Waitaki District Libraries hosted several book launches and talks by renowned authors in 2022-23. These included a poetry reading by the renowned local Māori poet, Robert Sullivan, and the launch of Hampden resident and lion trainer for the film *Born Free* (1966), Peter Whitehead's memoir *Bwana! There's a Body in the Bath*, which received national attention and recognition on TVNZ's Seven Sharp.

## Te reo & mātauranga Māori

Embodying Te Tiriti o Waitangi and illustrating our evolving partnership with mana whenua, Waitaki District Libraries worked with the community to embed te reo and mātauranga Māori in its programme of deliveries. Matariki celebrations were held in July 2022, where Waitaki District Libraries hosted a presentation by Māori astronomy expert, Victoria Campbell, Kaiwhakahaere (General Manager) o te Rūnanga ki Moeraki, on 'Nine Things You Need to Know about Matariki,' and held a star gazing event at Makotukutuku, Cape Wanbrow Lookout.

Various other public kōrero led by mana whenua were hosted in 2022-23, as well as school holiday activities for tamariki (children). Te reo classes continued to be offered at the following levels: Te Kākano (beginner) and Te Rito (for those with some prior knowledge). Community waiata classes were also offered. To support further learning of mātauranga Māori, a new section of the Waitaki District Libraries website was developed, with links to a variety of resources and information.

Work also began developing a Te Āo Māori Collection, with an initial visit from Kaitiaki Mātauranga Māori from the Hocken Collections to assist with selecting books from our existing collections. Waitaki District Libraries received a donation of Te Ao Māori books from Te Takarangi Project, a Royal Society project, which celebrates Māori authors, publications, and scholarship. The collection has been gifted a name by mana whenua, 'Te Kahuraki,' meaning a treasured possession, something prized, precious, and honourable.

## Fostering an environmental outlook

Protecting the environment and Waitaki's diverse landscapes was a significant focus for Waitaki District Libraries in 2022-23, with various community events held to explore this theme further. Te Rūnanga o Moeraki spoke about mahika kai, the traditional practice of natural resource management, which is of utmost importance to Kāi Tahu Whānui, and Whiria te Waitaki, a project aimed towards restoring and reconnecting to mahika kai. With the support of Jobs for Nature funding from Toitū Te Whenua Land Information New Zealand, the Whiria te Waitaki project has allowed Moeraki whānau to return home to work together to restore the Waitaki River and mahika kai.

A Waste Free Waitaki event was held for participants to learn how to become a Waste Free Waitaki ambassador by becoming involved in and staying informed of the evolving world of rubbish and what's happening in the near future, both nationally and locally. Participants also learned about what recycling markets are available and why it's important to keep organics out of landfills. A Predator Free 2050 drop-in Q&A session was held with a Community Ranger from the Department of Conservation (DOC) and the Ōamaru Urban Trapping Alliance (OUTA). An alliance between the Ōamaru community, Waitaki Menzshed, and local businesses is working to save our native birds and plants. Residents were able to drop in and find out more about purchasing their own box tunnels and traps and how to get trapping in their own backyards.

## **Pilot programme for individuals living with dementia**

Waitaki District Libraries has been privileged to be involved in a pilot programme to connect people with dementia / Alzheimer's disease to reading and the community. A Memory Care Kit containing books, puzzles and resources has been put together as a borrowable kit to support individuals and their carers. This work is being completed in partnership with the North Otago Arts Society's Creative Connections and Alzheimer's Otago.

## **Other community programmes, services & events**

Waitaki District Libraries promoted an 'On Your Bike' campaign promoting cycling in February 2023, where children were encouraged to take part in a scavenger hunt for cycle-safety items.

During the Highland Fling Heritage Celebrations, Waitaki District Libraries hosted a bagpipe welcome at the Ōamaru branch, Scottish genealogy workshops in conjunction with the New Zealand Society of Genealogists (NZSG), a talk presented by Emeritus Professor Tom Brooking on 'The Newest Edinburgh: The Scots in New Zealand,' a 'Toddler Time for Wee Bairns' session, and a 'Crafting with a Scottish Theme' session.

To highlight Citizens Advice Bureau (CAB) Awareness Week, the Ōamaru branch hosted a morning drop-in session with local CAB volunteers, supported by displays, to provide the community with an opportunity to be exposed to the varied services and expertise CAB can offer. The New Zealand Heart Foundation continued to promote healthy heart checks, with the Ōamaru, Hampden, and Palmerston branches hosting sessions where the public were offered free pulse and blood pressure checks. Altrusa volunteers delivered books to three rest homes in the district each month, and working closely with Network Waitaki, the 'Healthy Home Toolbox,' continued to be promoted for residents to complete their own healthy home assessments. Various organisations also continued to utilise the space at the Ōamaru library branch in 2022-23, including, but not limited to, Justice of the Peace (JP) services, North Otago Embroiderers' Guild, Genealogy Club, and the Scrabble, Board Games, and Puzzle Clubs.

## **Online survey**

An online survey took place in early 2023 to understand why non-library users weren't engaging with Waitaki District Libraries. The survey captured qualitative data from 222 residents. The themes and suggestions which emerged from the survey indicated over 43% of respondents experienced time-related barriers to using the library or didn't know enough about the services on offer. The insights gained from the survey are being used to inform Waitaki District Libraries' programmes going forward.

## **Partnerships**

Partnership remains a strong theme throughout all service development, with continued reliance on our 70 volunteers and community organisations which deliver library services. Some of the organisations Waitaki District Libraries have worked with over the last year include Forest and Bird, Waitaki Whitestone Geopark, Waitaki Menz Shed, Combined Churches, Ōamaru Pacific Island Community Group Inc, Aged Concern, the Newcomers Network, Waitaki Multicultural Council, Ōamaru Language School, schools, kindergartens, early childhood centres, the Business Hive, and the Department of Conservation.

## **Library closure**

The Ōamaru Library was closed from the end of business on Friday 12 May 2023 and reopened on Monday 29 May 2023 while a new heat pump system was installed.

Overall, 2022-23 was a challenging year for the Waitaki District Libraries, with increasing demand for services within the context of a complex and shifting environment, combined with staff shortages. Despite these challenges, Waitaki District Libraries remains focused on meeting the core role of libraries: freedom to read, freedom to learn, freedom to be a citizen, freedom to know, and freedom to be who we are.



## How did Waitaki District Libraries do in 2022-23?

| Community outcomes  | Performance measures  | Service targets   | Achievements  |   |
|---|---|---|---|---|
|   |   |   | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Residents who have visited the library who are satisfied or very satisfied with library services.   | 85% of residents are satisfied or very satisfied with library services. | <b>Achieved</b><br>92%  | <b>Achieved</b><br>85%  |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Average number of attendees per event held at the libraries.  | Maintain or grow average number of people attending each event.         | <b>Not achieved</b><br>12 (12.38)                                       | <b>Achieved</b><br>14 (14.41)   |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Increase in the number of enquiries handled by librarians, which include, for example, readers' advisory, assistance with mobile devices, and research enquiries. | Maintain or grow numbers.   | <b>Not achieved</b><br>3,818  | <b>Achieved</b><br>4,184  |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Number of library visitors: <ul style="list-style-type: none"> <li>Electronic visits</li> <li>Physical visits</li> </ul>  | Maintain or grow numbers.   | <i>Electronic visits:</i><br><b>Achieved</b><br>72,055                  | <i>Electronic visits:</i><br><b>Not achieved<sup>1</sup></b><br>58,292  |
|   |   |   | <i>Physical visits:</i><br><b>Not achieved</b><br>84,257                | <i>Physical visits:</i><br><b>Achieved</b><br>99,993                    |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | % of the resident population who are library members.   | 60%   | <b>Achieved</b><br>65% of the resident population were library members. | <b>Achieved</b><br>67% of the resident population were library members. |

### Note on service target versus actual achievement

- Baseline was set at Year 1. During Year 1, the number of electronic visits was heightened due to COVID restrictions being in place, meaning people couldn't use the physical library facilities. Now that COVID restrictions have eased, the library is seeing people return to physical visits, hence the decrease in electronic visits in Year 2.

# Forrester Gallery, Waitaki Museum & Archive Te Whare Taoka o Waitaki

## What we do

Forrester Gallery, Waitaki Museum & Archive Te Whare Taoka o Waitaki preserve, promote, and provide access to the visual, social, and natural culture of the Waitaki District. This involves looking after, developing, and growing collections as important repositories of knowledge about our district's culture, both past and present. Our collections are preserved and made publicly accessible in perpetuity, to facilitate stories being told, and to enable activities to take place which explore our collections, through the delivery of exhibitions, events, education, and outreach programmes. We provide support for visiting and local researchers and historians, as well as other museums and cultural facilities within our district as required. We also preserve and provide access to archived Council records in accordance with the Public Records Act 2005.

## Why we do it

We are a community service contributing to the district's quality of life so that people want to stay and move here. We service our community by acquiring, caring for, creating, and sharing new knowledge and ideas about our art, museum, heritage, and archive collections in order to tell the stories of our district as a community in the world. As a museum, we are a permanent, not for profit institution in the service of society and its development. We are valuable because we enable cultural activities through the exploration of our collections, the art, culture, and natural heritage of our district, which leads to the development and support of a connected, culturally inclusive, vibrant, and safe community.

## Forrester Gallery, Waitaki Museum & Archive in 2022-23

### Forrester Gallery

The Forrester Gallery presented a full programme of exhibitions in 2022-23. Exhibition highlights included *Rā Whānau: 40 Years of the Forrester Gallery*, *Rare and Unrivalled Beauty: Landscape Paintings from the Kelliher Art Trust Collection*, and *Zeitgeist: Works by Peter Cleverly*. A key focus for gallery staff was to fundraise and plan for stage two of the gallery extension. In June 2023, Lottery Environment and Heritage granted \$400,000 towards the extension project. Collection work also continued in 2022-23, with further works digitised and made available via Collections Online.

### Waitaki Museum & Archive Te Whare Taoka o Waitaki

Work on stage two of the Cultural Facility Development Project was completed in 2022-23. The refurbished archive enquiry space opened in December 2022 and the upper floor of the museum opened in March 2023. Stage two of this project was supported by grants from the Otago Community Trust and Lottery Significant Projects Fund. After a gap of several years, the museum was able to return to a programme of temporary exhibitions as a result of the building work having been completed. Since opening the refurbished spaces, visitor numbers have grown. Archive staff and volunteers continued to work on collection indexing, transcription, digitisation, and cataloguing, to allow more of the collection to be available online.

## How did Forrester Gallery, Waitaki Museum & Archive do in 2022-23?

| Community outcomes  | Performance measures  | Service targets   | Achievements                                   |                          |
|---|---|---|--|--------------------------|
|   |   |   | 2021-22 (Year 1)                               | 2022-23 (Year 2)         |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Number of visitors to the gallery.  | Maintain or grow visitor numbers to the gallery year-on-year.   | <b>Not achieved</b><br>6,481                   | <b>Achieved</b><br>8,986 |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Number of visitors to the museum and archive.   | Maintain or grow visitor numbers to the museum and archive year-on-year (baseline set at Year 1).                                     | <b>Achieved</b><br>2,866<br><i>New measure</i> | <b>Achieved</b><br>6,808 |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Schools in the Waitaki District who are satisfied or very satisfied with the gallery and museum's educational activities and/or engagement. | 80% of the district's schools are satisfied or very satisfied with the gallery and museum's educational activities and/or engagement. | <b>Achieved</b><br>96%                         | <b>Achieved</b><br>87.5% |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Archive users satisfied with the archive services.  | 80% of archive users are satisfied with the archive services.   | <b>Achieved</b><br>100%                        | <b>Achieved</b><br>100%  |

# Ōamaru Opera House

## What we do

The Ōamaru Opera House is a cultural hub located in central Ōamaru, providing a variety of public and rentable spaces, which can be used for different purposes, including, but not limited to, performing arts, community events, conferences, private functions, and other cultural activities. The café and bar on the ground floor is a welcoming space for residents and visitors to enjoy.

## Why we do it

The Ōamaru Opera House is one of the most significant heritage buildings in Ōamaru, recognised as a Category 1 Historic Place under the Heritage New Zealand Pouhere Taonga Act 2014. Council proudly maintains the integrity of the Ōamaru Opera House to preserve its contributions to Waitaki's unique cultural heritage and to provide a high-quality cultural venue, which can be enjoyed by residents and visitors alike. By providing these spaces, Council enhances cultural and economic wellbeing and development within the Waitaki District.

## Ōamaru Opera House in 2022-23

The Ōamaru Opera House gladly continued to experience a return to visitor numbers in 2022-23, as COVID restrictions continued to ease both nationally and internationally. More than 16,000 people came through the doors in 2022-23 to attend shows, events, conferences, and functions, or to enjoy the café and bar, use the bathroom facilities, or to simply appreciate the building itself. This was a 68% increase in visitor numbers since the 2021-22 financial year.

### Ticketed events

The Ōamaru Opera House held 30 ticketed events throughout 2022-23, for which a collective total of 7,092 tickets were sold. These included local, national, and international touring shows, as well as school festivals. An uptake was experienced in 2022-23 of touring shows booking the Opera House for future shows, however, as shows can be booked for up to one year in advance, full recovery post-COVID won't be realised until after the 2022-23 financial year. Ticketed shows consistently attracted 8% of out-of-town visitors to the Opera House, contributing to the local economy through retail, accommodation, hospitality, and employment to service providers.

### Community events

The Ōamaru Opera House provided a venue for 152 community events throughout 2022-23, which were collectively attended by more than 6,700 individuals. Community groups such as Waitaki Newcomers Network, Grey Power North Otago, Blind Low Vision NZ, and Waitaki Multicultural Council made use of the free-of-charge meeting space in the Green Room, and Waitaki District Libraries' 'Wriggle & Rhyme' programme continued to be held onsite. The café on the ground floor of the Opera House continued to provide a safe environment for Mothers' groups to meet and is a registered BURP (Breastfeeding Ultimate Refuel Place) venue.

### Commercial events

The Ōamaru Opera House provided a venue for 115 commercial events in 2022-23, with a total of 8,165 participants. This included three conferences.

## How did Ōamaru Opera House do in 2022-23?

| Community outcomes   | Performance measures   | Service targets  | Achievements   |  |
|--|--|--|--|--|
|  |  |  | 2021-22 (Year 1)   | 2022-23 (Year 2)                       |
| <b>Strong communities</b><br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of.                         | Residents who have visited the opera house who are satisfied or very satisfied with the opera house. | 90% of residents are satisfied or very satisfied with the opera house.     | <b>Achieved</b><br>93  | <b>Not achieved<sup>1</sup></b><br>86% |
| <b>Strong communities</b><br>Connected, inclusive communities.   | Number of community meetings and events held at the opera house.                                     | Maintain or grow the number of community meetings and events year-on-year. | <b>Achieved</b><br>114   | <b>Achieved</b><br>153                 |
| <b>Strong communities</b><br>Celebration of our community identity.<br><b>Quality services</b><br>Community facilities and services we are proud of.                         | Number of tickets sold for performances.   | Baseline set at Year 1, increasing by 2.5% per annum.                      | <b>Not achieved</b><br>593   | <b>Achieved</b><br>7,092               |
| <b>Quality services</b><br>Community facilities and services we are proud of.<br><b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | Growth in use of the opera house for commercial meetings, events, functions, and conferences.        | Average 2.5% increase in contracted hires over the previous year.          | <b>Not achieved</b><br>107 (down 21% on previous year). (Not Achieved) | <b>Achieved</b><br>115                 |

### Note on service target versus actual achievement

- The Ōamaru Opera House has been unable to provide a diverse range of events over the past three years due to COVID restrictions, therefore not attracting a wider sector of our community. This has impacted on our satisfaction rating, as our profile has been reduced.

# Funding Impact Statement for 30 June 2023 for Arts, Culture & Community

|  | 2021-22<br>LTP<br>\$000 | 2022-23<br>LTP<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|-------------------------|-------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                         |                         |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 326                     | 337                     | 383                        |
| Targeted Rates   | 3,238                   | 3,655                   | 3,786                      |
| <b>Rates Revenue</b>   | <b>3,564</b>            | <b>3,992</b>            | <b>4,169</b>               |
| Subsidies and Grants for Operating Purposes                              | 391                     | 196                     | 175                        |
| Fees and Charges   | 284                     | 310                     | 282                        |
| Interest and Dividends from Investments                                  | -                       | -                       | -                          |
| Internal Charges and Overheads Recovered                                 | -                       | -                       | -                          |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 67                      | 78                      | 88                         |
| <b>Operating Revenue</b>   | <b>742</b>              | <b>584</b>              | <b>545</b>                 |
| <b>Total Sources of Operating Funding</b>                                | <b>4,306</b>            | <b>4,577</b>            | <b>4,714</b>               |
| <b>Applications of Operating Funding</b>                                 |                         |                         |                            |
| Payments to Staff and Suppliers  | 2,859                   | 2,986                   | 3,024                      |
| Finance Costs  | -                       | -                       | -                          |
| Internal Charges and Overheads Applied                                   | 1,216                   | 1,351                   | 1,282                      |
| Other Operating Funding Applications                                     | -                       | -                       | -                          |
| <b>Total Applications of Operating Funding</b>                           | <b>4,075</b>            | <b>4,337</b>            | <b>4,306</b>               |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | <b>231</b>              | <b>239</b>              | <b>408</b>                 |
| <b>Sources of Capital funding</b>  |                         |                         |                            |
| Subsidies and Grants for Capital Expenditure                             | 9                       | 9                       | 14                         |
| Development and Financial Contributions                                  | -                       | -                       | -                          |
| Increase / (Decrease) in Debt  | -                       | -                       | -                          |
| Gross Proceeds from Sale of Assets                                       | -                       | -                       | 2                          |
| <b>Total Sources of Capital Funding</b>                                  | <b>9</b>                | <b>9</b>                | <b>16</b>                  |
| <b>Applications of Capital funding</b>                                   |                         |                         |                            |
| Capital Expenditure  |                         |                         |                            |
| to meet Additional Demand  | -                       | -                       | -                          |
| to improve Levels of Service   | 32                      | 32                      | 26                         |
| to replace Existing Assets   | 165                     | 168                     | 279                        |
| Increase / (Decrease) in Reserves  | 43                      | 48                      | 119                        |
| Increase / (Decrease) of investments                                     | -                       | -                       | -                          |
| <b>Total Applications for Capital Funding</b>                            | <b>240</b>              | <b>248</b>              | <b>424</b>                 |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | <b>(231)</b>            | <b>(239)</b>            | <b>(408)</b>               |
| <b>Funding Balance</b>   | <b>-</b>                | <b>-</b>                | <b>-</b>                   |

## Notes on variances

This activity operated generally as planned in the 2021-31 LTP.



**Section three**

# **Council- controlled organisations**



## About this section

Council currently has three wholly owned Council-controlled organisations (CCOs) operating within the Waitaki District. These are Tourism Waitaki Ltd, Waitaki District Health Services Ltd Group, and Whitestone Contracting Ltd Group. The Waitaki Whitestone Geopark Trust is also an important part of Council's consolidated Group, as Council was instrumental in its establishment, and Council's financial support is critical to the Trust's continued operations. The Ōmārama Airfield Ltd is 50% owned by Council and for reporting purposes is treated as a Joint Venture.

CCOs give Council the opportunity to engage people with the right skills and experience to focus on operating a business or other undertaking on its behalf. CCOs must meet the expectations of their shareholders and the community. They operate in a political environment and are accountable to the community for their use of community assets or ratepayer funds. Council must carry out statutory functions well to provide the foundations for an effective relationship.

Council must:

- Be clear about the purpose of its CCOs and other related entities.
- Appoint the right people to govern each entity.
- Meet the requirements for monitoring and accountability.
- Publish 6-monthly reports received from CCOs on its website within one month of receipt and retain the report on the website for no less than seven years.

CCOs must:

- Prepare and adopt an annual Statement of Intent (SOI).
- Submit six-monthly reports on their financial and operational affairs within two months of the end of the first half of each financial year.
- Provide annual reports and audited financial statements within three months of the end of each financial year.

Each business must report its achievements against the service targets set out in its individual SOI. Full detail of these achievements, and full financial statements, may be obtained directly from the companies concerned.

# Tourism Waitaki Ltd

Tourism Waitaki works to enable operators and communities to deliver original and engaging experiences within the Waitaki District. Council is associated with and supports the Waitaki Whitestone Geopark Trust, which has been awarded the distinction of being New Zealand's first and only UNESCO Geopark, and Tourism Waitaki Ltd works closely with the Trust in the development of tourism and other opportunities in the area. The vision of Tourism Waitaki Ltd is that visitors are drawn to explore the people and places of Waitaki, as defined by its rich natural heritage, unique geology, biodiversity, and geo-gastronomy. Council's primary objective for continued ownership and control of Tourism Waitaki Ltd is to advance tourism within the district by fostering a positive, diverse, and sustainable tourism sector.

## Tourism Waitaki Ltd contributes to the following community outcomes:

| Community outcomes   | Community wellbeings | How does Tourism Waitaki Ltd contribute to these?  |
|--|----------------------|--|
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.<br>Foster a diverse and resilient economy. | Economic             | <ul style="list-style-type: none"><li>• By creating a domestic campaign to draw visitors to the district.</li><li>• By being a resource for local operators and aspiring tourism businesses to obtain knowledge, data, and insights.</li></ul> |
| <b>Strong communities</b><br>Connected, inclusive communities.<br>Promoting a greater voice for Waitaki.                               | Social<br>Cultural   | <ul style="list-style-type: none"><li>• By welcoming diverse viewpoints, cultures, stories, and experiences, and incorporating these into the tourist offering in the Waitaki District.</li></ul>  |

## How did Tourism Waitaki Ltd do in 2022-23?

### Focus: Strengthen the Waitaki District's brand awareness

| Community outcomes   | Performance measures    | Service targets (Year 2)   | Achievements                                      |   |
|--|-------------------------|--|---|---|
|  |                         |  | 2021-22 (Year 1)                                  | 2022-23 (Year 2)  |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.<br>Foster a diverse and resilient economy. | Marketing and promotion | Marketing plan incorporates MBIE-funded deliverables.              | <b>Achieved</b>                                   | <b>Achieved</b>   |
|  |                         | Destination Management Development Plan.                           | <b>Achieved</b>                                   | <b>Achieved</b><br>DMP signed off August 2022.                      |
|  |                         | Increase visitor numbers to the Ōamaru Blue Penguin Colony (ŌBPC). | <b>Not achieved</b><br>Visitor numbers decreased. | <b>Achieved</b><br>Visitor numbers increased from 11,292 to 34,430. |
|  | Digital media           | Use digital technology to promote the district.                    | <b>Partially achieved</b>                         | <b>Partially achieved</b>   |
|  | Operator surveys        | Annual survey of local operators for insights and feedback.        | <i>New measure in 2022-23.</i>                    | <b>Not achieved</b>   |
|  | Visitor surveys         | Complete visitor surveys, grow Net Promoter Score (NPS).           | <b>Achieved</b><br>NPS increased.                 | <b>Achieved</b><br>NPS 82.3.  |

### Focus: Be a trusted leader in tourism

| Community outcomes  | Performance measures   | Service targets (Year 2)   | Achievements                   |   |
|---|--|--|--------------------------------|---|
|   |  |  | 2021-22 (Year 1)               | 2022-23 (Year 2)  |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses. | Manage the business in a financially sustainable manner.   | Business has a budget and operates within budget.                | <b>Achieved</b>                | <b>Achieved</b><br>Operating surplus better than budget.    |
|   | Collaborate with Otago RTOs.   | Support new regional developments, attend meetings as necessary. | <b>Achieved</b>                | <b>Achieved</b>   |
|   | Partner with Te Manahuna DM projects.  | Support joint initiatives with Mackenzie DMP.                    | <i>New measure in 2022-23.</i> | <b>Not achieved</b>   |
| <b>Prosperous district</b><br>Support local businesses.                                     | Be a resource for local operators and aspiring tourism businesses to obtain knowledge, data, and insights. | Hold operator workshops twice a year.                            | <b>Partially achieved</b>      | <b>Partially achieved</b><br>One event held in August 2022. |
|   | Share industry updates.  | Issue quarterly updates.   | <i>New measure in 2022-23.</i> | <b>Achieved</b>   |
|   | Promote district activities.   | Install displays at ŌBPC.  | <i>New measure in 2022-23.</i> | <b>Achieved</b>   |

## Focus: Tourism elevates community pride

| Community outcomes   | Performance measures  | Service targets (Year 2)   | Achievements                   |   |
|--|---|--|--------------------------------|---|
|  |   |  | 2021-22 (Year 1)               | 2022-23 (Year 2)                              |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.  | Create robust and trusted relationships with operators and communities. | Engage with Waitaki Tourism Association, attend meetings.                  | <b>Achieved</b>                | <b>Achieved</b>                               |
|  | Meet with iwi, tourism operators, and businesses.                       | Regular meetings to emphasise DMP and support local opportunities.         | <i>New measure in 2022-23.</i> | <b>Not achieved</b>                           |
| <b>Prosperous district</b><br>Attractive to new opportunities.<br>Support local businesses.<br>Foster a diverse and resilient economy. | Develop a Destination Management Strategy for the Waitaki District.     | Incorporate this Strategy in a Destination Management Plan during 2022-23. | <b>Achieved</b>                | <b>Achieved</b><br>Signed off in August 2022. |

### General notes

The Company received an unqualified audit report for the year ended 30 June 2023 on 18 October 2023. A full copy of the Company's Annual Report is available at the Company's offices.

# Waitaki District Health Services Ltd Group

The principal objective of Waitaki District Health Services Ltd Group is to operate a successful healthcare business by providing services to meet the healthcare needs of the Waitaki District community. The Company was instrumental in the establishment of, and has supported, the Observatory Village Charitable Trust Group, which has developed and operates a significant retirement village complex in Ōamaru and includes that entity's operations as part of its consolidated group. Waitaki District Health Services Ltd Group also works to ensure services are clinically excellent, financially sustainable, and delivered by staff working in safe working environments.

Council's primary objective for continued ownership and control of Waitaki District Health Services Ltd Group is to ensure the healthcare needs and interests of the district are met through the provision of quality, locally based healthcare services. The Group comprises Waitaki District Health Services Ltd, Waitaki District Health Services Trust, and Observatory Village Charitable Trust Group (including the Trust, Observatory Village Lifecare Ltd, and Observatory Village Care Ltd).

## Waitaki District Health Services Ltd Group contributes to the following community outcomes:

| Community outcomes  | Community wellbeings | How does Waitaki District Health Services Ltd Group contribute to these?  |
|---|----------------------|---|
| <b>Quality services</b><br>Community facilities and services we are proud of. | Social               | <ul style="list-style-type: none"><li>By maintaining and improving the range and quality of healthcare services in the district.</li></ul>  |
| <b>Strong communities</b><br>Enable safe and healthy communities.             | Social               | <ul style="list-style-type: none"><li>By providing adequate standards of care and services to patients.</li><li>By providing services within budget.</li><li>By employing qualified health professionals.</li></ul> |

## How did Waitaki District Health Services Ltd Group do in 2022-23?

### Focus: Our hospital provides a high standard of service

| Community outcomes   | Performance measures   | Service targets  | Achievements     |                  |
|--|--|--|------------------|------------------|
|  |  |  | 2021-22 (Year 1) | 2022-23 (Year 2) |
| <b>Strong communities</b><br>Enable safe and healthy communities.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Fulfilment of all professional and technical standards.                                  | All employed regulated health professionals hold current Annual Practicing Certificates. | <b>Achieved</b>  | <b>Achieved</b>  |
| <b>Strong communities</b><br>Enable safe and healthy communities.  | Ensure adequate standards of care and services are maintained to the Company's patients. | Maintain a Quality Assurance Programme.  | <b>Achieved</b>  | <b>Achieved</b>  |
| <b>Strong communities</b><br>Enable safe and healthy communities.  | Compliance with performance targets and service standards under Te Whatu Ora contract.   | Meet all service standards.  | <b>Achieved</b>  | <b>Achieved</b>  |

### Focus: Our local hospital works with stakeholders

| Community outcomes   | Performance measures  | Service targets   | Achievements     |  |
|--|---|---|------------------|--|
|  |   |   | 2021-22 (Year 1) | 2022-23 (Year 2)                                   |
| <b>Strong communities</b><br>Enable safe and healthy communities.  | Communicate to staff and the wider community as and when necessary.                 | A minimum of two health forums annually.  | <b>Achieved</b>  | <b>Not achieved</b><br>No health forums were held. |
| <b>Strong communities</b><br>Enable safe and healthy communities.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Maintain and improve the range and quality of health care services in the district. | Work with Stronger Waitaki and other groups to improve the health and wellbeing of our community.             | <b>Achieved</b>  | <b>Achieved</b>                                    |
|  | Active engagement with health reforms.  | Actively engage with upcoming health reform processes to maximise opportunities for improved health services. | <b>Achieved</b>  | <b>Achieved</b>                                    |

## Focus: Our local hospital is well managed

| Community outcomes   | Performance measures                                   | Service targets  | Achievements        |  |
|--|--|--|---------------------|--|
|  |  |  | 2021-22 (Year 1)    | 2022-23 (Year 2)   |
| <b>Strong communities</b><br>Enable safe and healthy communities.<br><b>Quality services</b><br>Community facilities and services we are proud of. | Percentage of planned services provided within budget. | Operate within budgeted income from Te Whatu Ora and other contracted sources. | <b>Not achieved</b> | <b>Achieved</b>  |
|  |  | Achieve a breakeven or better result after provision for depreciation.         | <b>Not achieved</b> | <b>Not achieved</b><br>Operating deficit was greatly improved on prior year. |
|  |  | Update the business plan.  | <b>Achieved</b>     | <b>Achieved</b>  |

## Waitaki District Health Services Trust

| Community outcomes  | Performance measures  | Service targets                           | Achievements     |                     |
|---|---|---|------------------|---------------------|
|   |   |   | 2021-22 (Year 1) | 2022-23 (Year 2)    |
| <b>Strong communities</b><br>Enable safe and healthy communities.             | Fund purchases of property and equipment for health services in Ōamaru. | Provide financial assistance as required. | <b>Achieved</b>  | <b>Not achieved</b> |
| <b>Quality services</b><br>Community facilities and services we are proud of. | Fund the provision of health services within the district.              | Provide financial assistance as required. | <b>Achieved</b>  | <b>Achieved</b>     |



## Observatory Village Charitable Trust Group

### Observatory Village Charitable Trust

| Performance measures  | Service targets  | Achievements        |   |
|---|--|---------------------|---|
|   |  | 2021-22 (Year 1)    | 2022-23 (Year 2)  |
| Use the Trust fund to further the charitable purposes of providing housing and care services for the aged and infirm. | Assist groups providing or promoting such services within the Waitaki District.            | <b>Achieved</b>     | <b>Achieved</b><br>Continued development and expansion of the Observatory Village facilities. |
| Make grants / gifts towards the advancement of education related to the provision of health and disability services.  | Identify and work with groups to achieve benefit for those groups and the wider community. | <b>Not achieved</b> | <b>Not achieved</b><br>No grants were provided during the year.                               |

### Observatory Village Lifecare Ltd

| Performance measures  | Service targets  | Achievements  |   |
|---|--|---|---|
|   |  | 2021-22 (Year 1)  | 2022-23 (Year 2)  |
| Oversee and manage the successful development of the village complex.                                       | Progress construction towards completion as per tender documents and contractual arrangements. | <b>Achieved</b>   | <b>Achieved</b><br>14 villas completed, five under construction.  |
| Ensure the retirement village operates on budget.   | The retirement village meets operating budgets.  | <b>Achieved</b>   | <b>Achieved</b><br>Budget met despite increased insurance costs.  |
| Adequate and appropriate funding is available to complete the project within agreed timeframes and budgets. | Cashflow and projections are continually monitored.  | <b>Achieved</b><br>New loan agreement, principal repayments deferred for two years. | <b>Achieved</b><br>Despite delayed settlement on some sales.  |
| Report regularly to the Trust in terms of annual plan, performance targets, and insurances.                 | Arrange four meetings annually to obtain sign-off from Trustees.                               | <b>Achieved</b>   | <b>Achieved</b>   |
| Support initiatives for housing and the care of the elderly.  | Consider design options, meet regularly with residents.  | <b>Achieved</b>   | <b>Achieved</b><br>Created new designs for a lower-priced villa, new apartment block to be built. Bimonthly meetings are held with residents. |
| Promote and market the retirement village to secure high occupancy levels.                                  | Maintain the village interest list.  | <b>Achieved</b>   | <b>Achieved</b><br>New apartment block will reduce pressure from the waiting list.  |

## Observatory Village Care Ltd

### Performance measures

### Service targets

### Achievements

#### 2021-22 (Year 1)

#### 2022-23 (Year 2)

Develop, monitor, and achieve a suite of KPIs.

A range of KPI measures have been developed.

#### Partially achieved

All achieved except for staff turnover which was still within industry standards of 29% per the NZ Aged Care Association.

#### Partially achieved

All achieved except for staff turnover which was still within industry standards of 29% per the NZ Aged Care Association.

Delivery of care to rest home and hospital level residents maintained at the highest of industry standards.

Achieve / maintain certification with Ngā Paerewa Health and Disability Services Standard.

#### Achieved

#### Achieved

Audited against newly adopted Ngā Paerewa Health and Disability Services Standard. Occupancy of the facility was 98.4% (industry average: 86.1%).

Chattels and assets maintained to highest standards.

Undertake regular reviews and maintenance programmes.

#### Achieved

All required maintenance completed.

#### Achieved

All maintenance is completed in a timely manner using quality goods and services from reputable companies.

Report regularly to the Trust in terms of annual plan, performance targets, and insurances.

Arrange four meetings annually to obtain sign-off from Trustees.

#### Achieved

#### Achieved

### General notes

The Waitaki District Health Services Ltd group received an unqualified audit report for the year ended 30 June 2023 on 5 October 2023. A full copy of the Company's Annual Report is available at the Company's offices.

# Whitestone Contracting Ltd

The purpose of Whitestone Contracting Ltd is to be a reputable and trusted contractor, supporting local employment, the environment, and the community, while maximising profit and performance. Council's objectives for continued ownership and control of Whitestone Contracting Ltd include:

- Stimulating a competitive contracting sector in our district.
- Supporting local opportunities for a diverse labour market.
- Obtaining a good return on investment, commensurate with the business risks of Whitestone Contracting Ltd and the risk appetite of Council.

## Whitestone Contracting Ltd contributes to the following community outcomes:

| Community outcomes   | Community wellbeings | How does Whitestone Contracting Ltd contribute to these?  |
|--|----------------------|---|
| <b>Quality services</b><br>Robust core infrastructure and services.<br>Community facilities and services we are proud of.                | Social               | <ul style="list-style-type: none"> <li>• By operating the business efficiently and effectively providing a financial benefit to Council.</li> <li>• By maintaining a high standard of health and safety.</li> </ul> |
| <b>Strong communities</b><br>Enabling safe, healthy communities.   | Social               | <ul style="list-style-type: none"> <li>• By supporting community initiatives.</li> </ul>  |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.<br>Meeting environmental and climate change challenges. | Environmental        | <ul style="list-style-type: none"> <li>• By complying with the Resource Management Act 1991.</li> <li>• By maintaining the ISO 14001 standard.</li> </ul>   |

## How did Whitestone Contracting Ltd do in 2022-23?

| Community outcomes  | Performance measures  | Service targets  | Achievements   |   |
|---|---|--|--|---|
|   |   |  | 2021-22 (Year 1)                                       | 2022-23 (Year 2)  |
| <b>Quality services</b><br>Robust core infrastructure and services.<br>Community facilities and services we are proud of. | Before income tax return on opening shareholders' funds.  | A pre-tax return (prior to donations, sponsorships, and subvention payments) that exceeds 8% on opening shareholders' funds. | <b>Not achieved</b><br>3.88% (due to COVID).           | <b>Not achieved</b><br>3.72% (trading environment, holding costs prior to starting new contracts, tight labour market). |
| <b>Strong communities</b><br>Connected, inclusive communities.  | Support community initiatives.  | Over \$50,000 of sponsorship per annum.  | <b>Achieved</b>  | <b>Achieved</b>   |
| <b>Quality services</b><br>Robust core infrastructure and services. Community facilities and services we are proud of.    | Maintenance of the relevant quality standards.  | Maintain ISO 9001 registration and related quality assurance programmes.   | <b>Achieved</b><br>Maintained.                         | <b>Achieved</b><br>Maintained.  |
|   |   | Maintain ISO 14001 standard to meet environmental, legislative, and regulatory requirements.                                 | <b>Achieved</b><br>Maintained.                         | <b>Achieved</b><br>Maintained.  |
| <b>Quality services</b><br>Robust core infrastructure and services. Community facilities and services we are proud of.    | Compliance with the Resource Management Act 1991.   | Full compliance with the Resource Management Act 1991 (no breaches).   | <b>Achieved</b>  | <b>Achieved</b>   |
| <b>Valued environment</b><br>Protecting our diverse landscapes and water bodies.  | Toitū Envirocare accreditation scheme.  | Achieve and maintain certification.  | <b>Achieved</b>  | <b>Achieved</b>   |
| <b>Quality services</b><br>Robust core infrastructure and services. Community facilities and services we are proud of.    | Maintain a high standard of health and safety in relation to WCL's employees, customers, suppliers, subcontractors, and the public. | Maintain ISO 45001 safety management systems accreditation.  | <b>Achieved</b><br>Maintained.                         | <b>Achieved</b><br>Maintained.  |
|   |   | Maintain injury frequency rate no greater than 2 per 200,000 / 10 per million hours worked.                                  | <b>Not achieved</b><br>Injury frequency rate was 5.94. | <b>Achieved</b><br>No injuries recorded.  |
| <b>Quality services</b><br>Robust core infrastructure and services. Community facilities and services we are proud of.    | Rate of shareholders' funds to total assets.  | Rate of shareholders' funds to total assets >40%.  | <b>Achieved</b>  | <b>Achieved</b>   |

### General notes

The Company received an unqualified audit report for the year ended 30 June 2023 on 29 August 2023. A full copy of the Company's Annual Report is available at the Company's offices.

# Ōmārama Airfield Ltd

The purpose of Ōmārama Airfield Ltd is to provide airfield facilities to support flying and gliding opportunities in the Ōmārama area, including public access to airfield facilities, recreational flying activities, commercial operations, and conducting competitions and sporting events. Council's primary objective for continued involvement in the ownership and operation of the company is to advance and promote tourism and provide economic benefits and opportunity in the district. Council accounts for its 50% ownership of Ōmārama Airfield Ltd as a joint venture, recording changes in the value of its investment within its own operating results rather than consolidating the business within the Group.

## Ōmārama Airfield Limited contributes to the following community outcomes:

| Community outcomes  | Community wellbeings | How does Ōmārama Airfield Ltd contribute to these?   |
|---|----------------------|--|
| <b>Quality services</b><br>Community facilities and services we are proud of. | Social<br>Economic   | <ul style="list-style-type: none"> <li>By maintaining, operating, and providing planned services within budgeted income.</li> <li>By enhancing the economic benefits of the Ōmārama and Ahuriri communities from the operation and development of the airfield.</li> </ul> |

## How did Ōmārama Airfield Ltd do in 2022-23?

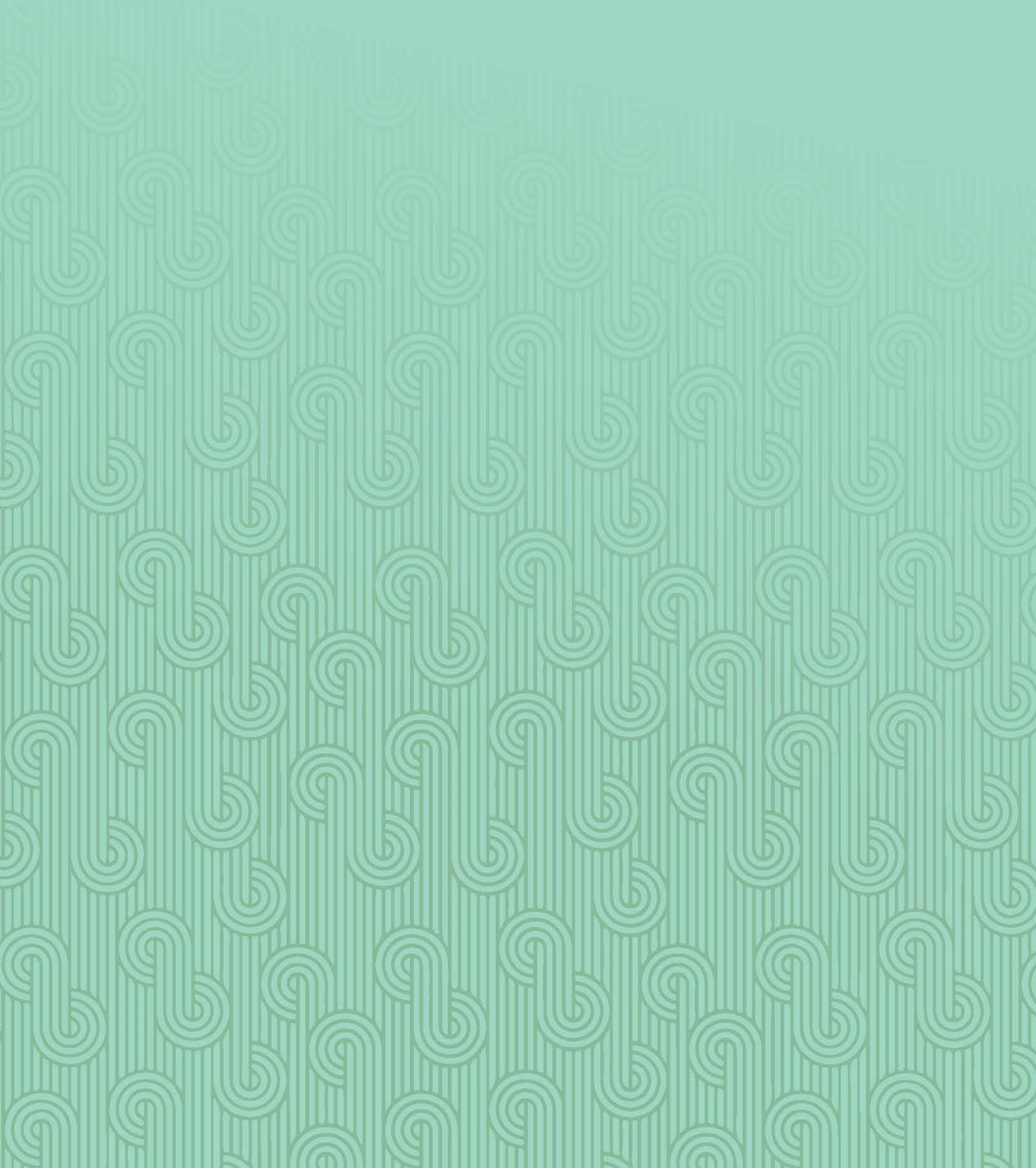
| Performance measures   | Service targets  | Achievements                   |   |
|--|--|--------------------------------|---|
|  |  | 2021-22 (Year 1)               | 2022-23 (Year 2)  |
| Maintain, operate, and provide planned services within budgeted income.  | Operate and provide planned services within budgeted income.   | <b>Not achieved</b>            | <b>Not achieved</b>   |
|  | Achieve a break-even or better result after prudent provision for depreciation and asset replacement expenditure, and future trading requirements. | <b>Not achieved</b>            | <b>Not achieved</b><br>Actual loss exceeded budgeted deficit by \$12,948 despite increased revenue. |
|  | Update the business plan annually.   | <b>Achieved</b>                | <b>Achieved</b>   |
| Measure the economic benefits of operation and development of the airfield to the Ōmārama and Ahuriri communities. | Maintain or improve economic benefits to the community.  | <b>Achieved</b>                | <b>Achieved</b><br>Supports tourism in the district, employment opportunities.                      |
|  | Undertake subdivision activity to provide a cash reserve to secure the airfield's future operations.   | <i>New measure in 2022-23.</i> | <b>Achieved</b><br>Consents obtained, sales will start when works are finished November 2023.       |

### General notes

The Company received an unqualified audit report for the year ended 30 June 2023 on 30 September 2023. A full copy of the Company's Annual Report is available at the Company's offices, and a summary of the company's financial statements appears as part of Note 14 – *Interest in Joint Venture*.

## **Section four**

# **Our finances**





# Financial statements

## Statement of comprehensive revenue and expense

For the year ended 30 June 2023

|  |       | Council Only            |                         |                         | Consolidated            |                         |
|--|-------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | Notes | 2023<br>Actual<br>\$000 | 2023<br>Budget<br>\$000 | 2022<br>Actual<br>\$000 | 2023<br>Actual<br>\$000 | 2022<br>Actual<br>\$000 |
| <b>Revenue</b>                                       |       |                         |                         |                         |                         |                         |
| Rates Revenue  | 1     | 38,157                  | 38,109                  | 35,516                  | 37,982                  | 35,352                  |
| User Charges   |       | 3,299                   | 3,099                   | 3,116                   | 7,967                   | 6,537                   |
| Property Rental                                      |       | 2,376                   | 2,676                   | 2,344                   | 2,328                   | 2,051                   |
| Regulatory Charges                                   |       | 2,030                   | 2,290                   | 2,128                   | 2,030                   | 2,128                   |
| Development and RMA Contributions                    |       | 1,474                   | 1,586                   | 1,972                   | 1,474                   | 1,972                   |
| Government Grants and Subsidies                      | 2     | 13,438                  | 11,211                  | 12,790                  | 13,643                  | 13,727                  |
| Other Grants and Donations                           | 3     | 1,360                   | 8,781                   | 913                     | 2,075                   | 1,042                   |
| Finance Revenue                                      | 4     | 1,662                   | 1,311                   | 911                     | 875                     | 623                     |
| Petrol Tax   |       | 198                     | 226                     | 194                     | 198                     | 194                     |
| Infringements and Fines                              |       | 74                      | 64                      | 53                      | 74                      | 53                      |
| Contracting Revenue                                  |       | -                       | -                       | -                       | 18,616                  | 19,060                  |
| Te Whatu Ora   |       | -                       | -                       | -                       | 14,709                  | 11,357                  |
| Residents' Fees and Contributions                    |       | -                       | -                       | -                       | 7,437                   | 7,349                   |
| Dividends  |       | 226                     | 350                     | 32                      | -                       | -                       |
| Assets vested in Council                             |       | 659                     | -                       | 1,594                   | 659                     | 1,594                   |
| <b>Total Revenue</b>                                 |       | <b>64,953</b>           | <b>69,703</b>           | <b>61,563</b>           | <b>110,067</b>          | <b>103,039</b>          |
| <b>Expenses</b>                                      |       |                         |                         |                         |                         |                         |
| Personnel costs                                      | 5     | 15,676                  | 15,067                  | 13,657                  | 42,352                  | 38,811                  |
| Depreciation and amortisation                        | 10,12 | 18,802                  | 17,715                  | 17,318                  | 21,918                  | 19,995                  |
| Finance Costs  | 4     | 1,330                   | 810                     | 299                     | 1,598                   | 513                     |
| Other expenses                                       | 6     | 39,139                  | 30,770                  | 27,482                  | 53,547                  | 42,748                  |
| Non-trading Losses / (Gains)                         | 7     | 1,221                   | -                       | 1,726                   | (822)                   | 690                     |
| <b>Total Expenses</b>                                |       | <b>76,168</b>           | <b>64,362</b>           | <b>60,482</b>           | <b>118,593</b>          | <b>102,757</b>          |
| Share of joint venture's surplus / (deficit)         | 14    | (36)                    | -                       | 121                     | (36)                    | 121                     |
| Interest on LGFA Borrower Notes                      |       | 23                      | 17                      | 5                       | 23                      | 5                       |
| <b>Surplus / (Deficit) before Tax</b>                |       | <b>(11,228)</b>         | <b>5,358</b>            | <b>1,207</b>            | <b>(8,539)</b>          | <b>408</b>              |
| Income Tax Expense / (Refund)                        | 8     | -                       | -                       | -                       | 202                     | 38                      |
| <b>Surplus / (Deficit) after tax</b>                 |       | <b>(11,228)</b>         | <b>5,358</b>            | <b>1,207</b>            | <b>(8,741)</b>          | <b>370</b>              |
| <b>Other Comprehensive Revenue and Expense</b>       |       |                         |                         |                         |                         |                         |
| Gain/(Loss) on revaluation                           |       |                         |                         |                         |                         |                         |
| - Infrastructural Assets                             | 9,10  | 97,409                  | 44,750                  | -                       | 97,409                  | -                       |
| - Property, Plant and Equipment                      | 9,10  | -                       | -                       | 42,222                  | -                       | 49,896                  |
| <b>Total Other Comprehensive Revenue and Expense</b> |       | <b>97,409</b>           | <b>44,750</b>           | <b>42,222</b>           | <b>97,409</b>           | <b>49,896</b>           |
| <b>Total Comprehensive Revenue and Expense</b>       |       | <b>\$86,181</b>         | <b>\$50,108</b>         | <b>\$43,429</b>         | <b>\$88,668</b>         | <b>\$50,266</b>         |

## Statement of Changes in Equity

For the year ended 30 June 2023

|   | Council Only            |                         |                         | Consolidated            |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | 2023<br>Actual<br>\$000 | 2023<br>Budget<br>\$000 | 2022<br>Actual<br>\$000 | 2023<br>Actual<br>\$000 | 2022<br>Actual<br>\$000 |
| <b>Public Equity at 1 July</b>          | 1,063,254               | 1,040,000               | 1,019,825               | 1,100,760               | 1,050,494               |
| Total Comprehensive Revenue and Expense | 86,181                  | 50,108                  | 43,429                  | 88,668                  | 50,266                  |
| <b>Public Equity at 30 June</b>         | <b>\$1,149,435</b>      | <b>\$1,090,108</b>      | <b>\$1,063,254</b>      | <b>\$1,189,428</b>      | <b>\$1,100,760</b>      |

The accompanying Statement of Accounting Policies and Notes form part of these financial statements.



# Statement of financial position

As at 30 June 2023

|   |       | 2023<br>Actual<br>\$000 | Council Only<br>2023<br>Budget<br>\$000 | 2022<br>Actual<br>\$000 | Consolidated<br>2023<br>Actual<br>\$000 | 2022<br>Actual<br>\$000 |
|---|-------|-------------------------|---|-------------------------|---|-------------------------|
|   | Notes |                         |   |                         |   |                         |
| <b>Public Equity</b>                              |       |                         |   |                         |   |                         |
| Ratepayers' Equity                                | 9     | 310,208                 | 310,208                                 | 310,208                 | 310,208                                 | 310,208                 |
| Revaluation Reserves                              | 9     | 810,315                 | 737,944                                 | 714,415                 | 831,880                                 | 736,214                 |
| Operating Reserves                                | 9     | 10,784                  | 24,069                                  | 20,888                  | 29,212                                  | 36,595                  |
| Other Reserves                                    | 9     | 18,128                  | 17,887                                  | 17,743                  | 18,128                                  | 17,743                  |
| <b>Total Public Equity</b>                        |       | <b>\$1,149,435</b>      | <b>\$1,090,108</b>                      | <b>\$1,063,254</b>      | <b>\$1,189,428</b>                      | <b>\$1,100,760</b>      |
| <b>Non-Current Assets</b>                         |       |                         |   |                         |   |                         |
| Property, Plant and Equipment                     | 10    | 1,144,691               | 1,088,885                               | 1,043,617               | 1,186,550                               | 1,084,958               |
| Investment Property                               | 11    | -                       | -                                       | -                       | 46,805                                  | 37,040                  |
| Intangible Assets                                 | 12    | 1,829                   | 2,528                                   | 1,980                   | 1,950                                   | 2,072                   |
| Forestry  | 13    | 762                     | 400                                     | 338                     | 762                                     | 338                     |
| Assets held for Sale                              | 19    | 1,150                   | 1,150                                   | 1,150                   | 1,150                                   | 1,150                   |
| Financial Assets                                  |       |                         |   |                         |   |                         |
| - Investments in Council Controlled Organisations | 14    | 4,703                   | 4,703                                   | 4,703                   | -                                       | -                       |
| - Investment in Joint Venture                     | 14    | 1,729                   | 1,644                                   | 1,765                   | 1,729                                   | 1,765                   |
| - Investments in other entities                   | 14    | 853                     | 910                                     | 612                     | 853                                     | 612                     |
| - Loans to other entities                         | 14    | 34,840                  | 33,075                                  | 33,053                  | 17,291                                  | 17,454                  |
|   |       | 1,190,557               | 1,133,295                               | 1,087,218               | 1,257,090                               | 1,145,389               |
| <b>Current Assets</b>                             |       |                         |   |                         |   |                         |
| Cash and Cash Equivalents                         | 15    | 3,811                   | 1,185                                   | 2,060                   | 6,806                                   | 6,649                   |
| Receivables                                       | 16    | 5,151                   | 6,678                                   | 4,974                   | 9,687                                   | 8,928                   |
| Prepayments                                       |       | 1,110                   | 840                                     | 1,008                   | 1,305                                   | 1,289                   |
| Inventory   | 17    | 136                     | 174                                     | 112                     | 807                                     | 704                     |
| Work in Progress                                  | 18    | -                       | -                                       | -                       | 636                                     | 401                     |
| Financial Assets                                  |       |                         |   |                         |   |                         |
| - Term deposits                                   | 14    | 1,004                   | -                                       | 2,003                   | 2,366                                   | 2,816                   |
| - Investments in other entities                   | 14    | 142                     | 89                                      | 51                      | 142                                     | 51                      |
| - Loans to other entities                         | 14    | 347                     | 687                                     | 401                     | 325                                     | 401                     |
| Assets held for Sale                              | 19    | -                       | 180                                     | -                       | 312                                     | 465                     |
|   |       | 11,701                  | 9,833                                   | 10,609                  | 22,386                                  | 21,704                  |
| <b>Total Assets</b>                               |       | <b>1,202,258</b>        | <b>1,143,128</b>                        | <b>1,097,827</b>        | <b>1,279,476</b>                        | <b>1,167,093</b>        |
| <b>Non-Current Liabilities</b>                    |       |                         |   |                         |   |                         |
| Borrowings  | 20    | 27,500                  | 30,000                                  | 18,500                  | 28,379                                  | 19,896                  |
| Provisions  | 21    | 140                     | 377                                     | 281                     | 140                                     | 281                     |
| Employee Entitlement Liabilities                  | 22    | 90                      | 107                                     | 103                     | 195                                     | 172                     |
| Finance Leases                                    | 23    | -                       | -                                       | -                       | 485                                     | 616                     |
| Deferred Tax Liability                            | 8     | -                       | -                                       | -                       | 555                                     | 537                     |
|   |       | 27,730                  | 30,484                                  | 18,884                  | 29,754                                  | 21,502                  |
| <b>Current Liabilities</b>                        |       |                         |   |                         |   |                         |
| Trade and Other Payables                          | 24    | 8,356                   | 12,532                                  | 7,446                   | 13,214                                  | 13,388                  |
| Employee Entitlement Liabilities                  | 22    | 1,837                   | 1,669                                   | 1,661                   | 5,648                                   | 4,905                   |
| Borrowings  | 20    | 14,757                  | 8,072                                   | 6,574                   | 14,826                                  | 6,640                   |
| Provisions  | 21    | 143                     | 263                                     | 8                       | 239                                     | 113                     |
| Finance Leases                                    | 23    | -                       | -                                       | -                       | 138                                     | 153                     |
| Occupational Right Agreements                     | 25    | -                       | -                                       | -                       | 26,185                                  | 19,621                  |
| Provision for Taxation                            | 8     | -                       | -                                       | -                       | 44                                      | 11                      |
|   |       | 25,093                  | 22,536                                  | 15,689                  | 60,294                                  | 44,831                  |
| <b>Total Liabilities</b>                          |       | <b>52,823</b>           | <b>53,020</b>                           | <b>34,573</b>           | <b>90,048</b>                           | <b>66,333</b>           |
| <b>Net Assets</b>                                 |       | <b>\$1,149,435</b>      | <b>\$1,090,108</b>                      | <b>\$1,063,254</b>      | <b>\$1,189,428</b>                      | <b>\$1,100,760</b>      |

The accompanying Statement of Accounting Policies and Notes form part of these financial statements.

## Statement of cash flows

For the year ended 30 June 2023

|   |           | Council Only            |                         |                         | Consolidated            |                         |
|---|-----------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Notes     | 2023<br>Actual<br>\$000 | 2023<br>Budget<br>\$000 | 2022<br>Actual<br>\$000 | 2023<br>Actual<br>\$000 | 2022<br>Actual<br>\$000 |
| <b>Cash Flows from Operating Activities</b>       |           |                         |                         |                         |                         |                         |
| Receipts from Rates Revenue                       |           | 38,406                  | 37,665                  | 35,429                  | 38,243                  | 35,265                  |
| Interest received                                 |           | 1,685                   | 1,272                   | 899                     | 892                     | 611                     |
| Dividends received                                |           | 226                     | 350                     | 32                      | -                       | -                       |
| Receipts from Other Revenues                      |           | 24,213                  | 30,437                  | 22,665                  | 77,653                  | 67,432                  |
| Payments to Suppliers & Employees                 |           | (54,273)                | (44,326)                | (41,890)                | (97,723)                | (84,088)                |
| Interest paid                                     |           | (1,330)                 | (788)                   | (247)                   | (1,575)                 | (497)                   |
| Income tax Refund received / (Paid)               |           | -                       | -                       | -                       | (151)                   | -                       |
| Net GST   |           | (27)                    | (380)                   | 88                      | (95)                    | 110                     |
| <b>Net Cash from Operating Activities</b>         |           | <b>8,900</b>            | <b>24,230</b>           | <b>16,976</b>           | <b>17,244</b>           | <b>18,833</b>           |
| <b>Cash Flows from Investing Activities</b>       |           |                         |                         |                         |                         |                         |
| Proceeds from sale of Property, Plant & Equipment |           | 31                      | 144                     | 318                     | 782                     | 755                     |
| Proceeds from sale of Investments                 |           | 2,613                   | 32,226                  | 5,082                   | 2,713                   | 6,791                   |
| Purchase of Property, Plant & Equipment           |           | (23,484)                | (60,269)                | (20,846)                | (34,837)                | (26,385)                |
| Acquisition of Investments                        |           | (3,492)                 | (12,015)                | (10,650)                | (2,181)                 | (6,312)                 |
| <b>Net Cash from Investing Activities</b>         |           | <b>(24,332)</b>         | <b>(39,914)</b>         | <b>(26,096)</b>         | <b>(33,523)</b>         | <b>(25,151)</b>         |
| <b>Cash Flows from Financing Activities</b>       |           |                         |                         |                         |                         |                         |
| Proceeds from Borrowing                           |           | 19,183                  | 24,000                  | 14,250                  | 19,183                  | 14,698                  |
| Repayment of Borrowing                            |           | (2,000)                 | (11,021)                | (5,250)                 | (2,747)                 | (5,313)                 |
| <b>Net Cash from Financing Activities</b>         |           | <b>17,183</b>           | <b>12,979</b>           | <b>9,000</b>            | <b>16,436</b>           | <b>9,385</b>            |
| Net Increase / (Decrease) in Cash                 |           | 1,751                   | (2,705)                 | (120)                   | 157                     | 3,067                   |
| Cash and Cash Equivalents at 1 July               |           | 2,060                   | 3,890                   | 2,180                   | 6,649                   | 3,582                   |
| <b>Total Cash and Cash Equivalents at 30 June</b> | <b>15</b> | <b>\$3,811</b>          | <b>\$1,185</b>          | <b>\$2,060</b>          | <b>\$6,806</b>          | <b>\$6,649</b>          |

The accompanying Statement of Accounting Policies and Notes form part of these financial statements

# Reconciliation of net operating surplus to cash flows from operating activities

For the year ended 30 June 2023

|  | Council Only            |                         |                         | Consolidated            |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | 2023<br>Actual<br>\$000 | 2023<br>Budget<br>\$000 | 2022<br>Actual<br>\$000 | 2023<br>Actual<br>\$000 | 2022<br>Actual<br>\$000 |
| Net Operating Surplus / (Deficit)                            | (11,228)                | 5,358                   | 1,207                   | (8,741)                 | 370                     |
| <b>Add/(Less) non-cash items</b>                             |                         |                         |                         |                         |                         |
| Depreciation & Amortisation                                  | 18,802                  | 17,715                  | 17,318                  | 21,918                  | 20,050                  |
| Interest compounded  | 46                      | (39)                    | 36                      | 46                      | 36                      |
| Increase/(Decrease) in Provision for Doubtful Debts          | 85                      | -                       | 44                      | 69                      | 39                      |
| Increase/(Decrease) in Provision for Closed Landfills        | 6                       | (33)                    | (332)                   | 6                       | (332)                   |
| Increase/(Decrease) in Expected Credit Losses on Investments | -                       | -                       | (119)                   | -                       | (119)                   |
| Net Loss / (Profit) on sale of Assets                        | 1,645                   | -                       | 1,707                   | 1,334                   | 1,364                   |
| Loss / (Gain) on Forestry revaluation                        | (424)                   | -                       | 19                      | (424)                   | 19                      |
| Vested Assets  | (659)                   | -                       | (1,594)                 | (659)                   | (1,594)                 |
| Share of Associate's surplus / (Deficit)                     | 36                      | -                       | (122)                   | 36                      | (122)                   |
| Revaluation of Investment Properties                         | -                       | -                       | -                       | (1,732)                 | (713)                   |
| Amortisation of Occupational Right Agreements                | -                       | -                       | -                       | (681)                   | 1,592                   |
| Interest on leases included in lease repayments              | -                       | -                       | -                       | 1                       | 39                      |
| Increase / (Decrease in Deferred Tax position)               | -                       | -                       | -                       | 18                      | 22                      |
|  | 19,537                  | 17,643                  | 16,957                  | 19,932                  | 20,281                  |
| <b>Add/(Less) in other Working Capital items</b>             |                         |                         |                         |                         |                         |
| Decrease / (Increase) in Trade & Other Receivables           | (262)                   | (403)                   | 785                     | (759)                   | 1,967                   |
| Decrease / (Increase) in Prepayments                         | (102)                   | (30)                    | (273)                   | (16)                    | (298)                   |
| Decrease / (Increase) in Inventories                         | (24)                    | (3)                     | 42                      | (103)                   | 150                     |
| Decrease / (Increase) in Work in Progress                    | -                       | -                       | -                       | (235)                   | (185)                   |
| Increase / (Decrease) in Trade & Other Payables              | 803                     | 1,714                   | (1,965)                 | (174)                   | (2,902)                 |
| Increase / (Decrease) in Employee Entitlements               | 176                     | (49)                    | 223                     | 743                     | 368                     |
| Increase / (Decrease) in Occupational Right Agreements       | -                       | -                       | -                       | 6,564                   | (699)                   |
| Increase / (Decrease) in Provision for Taxation              | -                       | -                       | -                       | 33                      | (219)                   |
|  | 591                     | 1,229                   | (1,188)                 | 6,053                   | (1,818)                 |
| <b>Net Cash Flow from Operating Activities</b>               | <b>\$8,900</b>          | <b>\$24,230</b>         | <b>\$16,976</b>         | <b>\$17,244</b>         | <b>\$18,833</b>         |

The accompanying Statement of Accounting Policies and Notes form part of these financial statements

## Waitaki District Council funding impact statement for 30 June 2023 (Whole of Council)

|  | 2021-22<br>Annual Plan<br>\$000 | 2021-22<br>Actual<br>\$000 | 2022-23<br>Annual Plan<br>\$000 | 2022-23<br>Actual<br>\$000 |
|--|---------------------------------|----------------------------|---------------------------------|----------------------------|
| <b>Sources of Operating Funding</b>                                      |                                 |                            |                                 |                            |
| General Rates, Uniform Annual General Charge, Rates Penalties            | 7,846                           | 7,840                      | 8,554                           | 8,719                      |
| Targeted Rates   | 26,886                          | 27,676                     | 28,794                          | 29,438                     |
| Subsidies and Grants for Operating Purposes                              | 4,187                           | 4,553                      | 4,907                           | 10,268                     |
| Fees and Charges   | 7,042                           | 6,511                      | 7,807                           | 6,138                      |
| Interest and dividends from investments                                  | 1,205                           | 942                        | 1,678                           | 1,911                      |
| Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts | 1,758                           | 1,335                      | 1,461                           | 1,533                      |
| <b>Total Operating Funding</b>   | <b>48,923</b>                   | <b>48,857</b>              | <b>53,201</b>                   | <b>58,007</b>              |
| <b>Applications of Operating Funding</b>                                 |                                 |                            |                                 |                            |
| Payments to Staff and Suppliers  | 40,920                          | 41,139                     | 46,162                          | 54,815                     |
| Finance Costs  | 182                             | 299                        | 810                             | 1,330                      |
| Other Operating Funding Applications                                     | -                               | -                          | -                               | -                          |
| <b>Total Applications of Operating Funding</b>                           | <b>41,102</b>                   | <b>41,438</b>              | <b>46,972</b>                   | <b>56,145</b>              |
| <b>Surplus / (Deficit) of Operating Funding</b>                          | <b>7,821</b>                    | <b>7,419</b>               | <b>6,229</b>                    | <b>1,862</b>               |
| <b>Sources of Capital funding</b>  |                                 |                            |                                 |                            |
| Subsidies and Grants for Capital Expenditure                             | 12,103                          | 9,141                      | 15,258                          | 5,495                      |
| Development and Financial Contributions                                  | 1,044                           | 1,972                      | 1,586                           | 1,474                      |
| Increase / (Decrease) in Debt  | 17,032                          | 9,053                      | 13,054                          | 17,183                     |
| Gross Proceeds from Sale of Assets                                       | 179                             | 962                        | 144                             | 179                        |
| <b>Total Sources of Capital Funding</b>                                  | <b>30,358</b>                   | <b>21,128</b>              | <b>30,042</b>                   | <b>24,331</b>              |
| <b>Applications of Capital funding</b>                                   |                                 |                            |                                 |                            |
| Capital Expenditure  |                                 |                            |                                 |                            |
| to meet Additional Demand  | -                               | -                          | -                               | -                          |
| to improve Levels of Service   | 11,978                          | 7,907                      | 17,093                          | 6,445                      |
| to replace Existing Assets   | 12,867                          | 12,185                     | 44,176                          | 17,077                     |
| Increase / (Decrease) in Reserves  | 1,400                           | 3,250                      | (23,094)                        | 1,605                      |
| Increase / (Decrease) of investments                                     | 11,934                          | 5,205                      | (1,904)                         | 1,066                      |
| <b>Total Applications for Capital Funding</b>                            | <b>38,179</b>                   | <b>28,547</b>              | <b>36,271</b>                   | <b>26,193</b>              |
| <b>Surplus / (Deficit) of Capital Funding</b>                            | <b>(7,821)</b>                  | <b>(7,419)</b>             | <b>(6,229)</b>                  | <b>(1,862)</b>             |
| <b>Funding Balance</b>   | <b>-</b>                        | <b>-</b>                   | <b>-</b>                        | <b>-</b>                   |

## Reconciliation of funding impact statements by group of activity

|   | 2022<br>Annual Plan<br>\$000 | 2022<br>Actual<br>\$000 | 2023<br>Annual Plan<br>\$000 | 2023<br>Actual<br>\$000 |
|---|------------------------------|-------------------------|------------------------------|-------------------------|
| <b>Operating Revenue</b>  |                              |                         |                              |                         |
| Roads and Footpaths   | 3,610                        | 3,667                   | 4,301                        | 8,764                   |
| Wastewater  | 594                          | 564                     | 554                          | 663                     |
| Stormwater  | -                            | -                       | -                            | -                       |
| Water Supply  | 755                          | (129)                   | 550                          | (324)                   |
| Waste Management and Minimisation                                     | 202                          | 253                     | 640                          | 531                     |
| Arts, Culture and Community   | 742                          | 729                     | 606                          | 545                     |
| Parks and Recreation  | 983                          | 645                     | 1,324                        | 1,209                   |
| Democracy and Accountability  | 26,253                       | 26,798                  | 29,133                       | 25,970                  |
| Economic Development and Property                                     | 2,507                        | 3,177                   | 2,650                        | 2,845                   |
| Heritage, Environment and Regulation                                  | 3,278                        | 3,090                   | 3,244                        | 4,049                   |
| <b>Operational Revenue per Activity FIS</b>                           | <b>38,923</b>                | <b>38,794</b>           | <b>43,001</b>                | <b>44,252</b>           |
| <b>Total Sources of Capital Funding</b>                               |                              |                         |                              |                         |
| Roads and Footpaths   | 3,979                        | 3,000                   | 4,829                        | 3,829                   |
| Wastewater  | 168                          | 1,411                   | 307                          | 269                     |
| Stormwater  | -                            | -                       | -                            | -                       |
| Water Supply  | 4,513                        | 4,884                   | 13,857                       | 18,020                  |
| Waste Management and Minimisation                                     | -                            | -                       | -                            | -                       |
| Arts, Culture and Community   | 9                            | 49                      | 12                           | 16                      |
| Parks and Recreation  | 2,534                        | 165                     | 9,397                        | 167                     |
| Democracy and Accountability  | 18,829                       | 9,993                   | 90                           | 683                     |
| Economic Development and Property                                     | 117                          | 1,108                   | 1,071                        | 834                     |
| Heritage, Environment and Regulation                                  | 210                          | 518                     | 480                          | 513                     |
| <b>Capital Revenue per Activity FIS</b>                               | <b>30,358</b>                | <b>21,128</b>           | <b>30,042</b>                | <b>24,331</b>           |
| Less Internal Charges and Overheads Recovered                         | (24,698)                     | (25,453)                | (27,148)                     | (24,402)                |
| Add total Rates   | 34,732                       | 35,516                  | 37,348                       | 38,157                  |
| <b>Revenue per Total Activities FIS</b>                               | <b>79,315</b>                | <b>69,985</b>           | <b>83,243</b>                | <b>82,338</b>           |
| Remove proceeds from sale of assets                                   | (179)                        | (318)                   | (144)                        | (179)                   |
| Remove (Increased) decreased borrowings                               | (17,032)                     | (9,053)                 | (13,054)                     | (17,183)                |
| Rate remissions offset against expenditure                            | (255)                        | -                       | (325)                        | -                       |
| Interest on LGFA Borrower Notes                                       | -                            | -                       | (17)                         | (23)                    |
| <b>Revenue per Statement of Comprehensive Revenue and Expenditure</b> | <b>61,849</b>                | <b>60,614</b>           | <b>69,703</b>                | <b>64,953</b>           |

## Reconciliation of funding impact statements by group of activity

|   | 2022<br>Annual Plan<br>\$000 | 2022<br>Actual<br>\$000 | 2023<br>Annual Plan<br>\$000 | 2023<br>Actual<br>\$000 |
|---|------------------------------|-------------------------|------------------------------|-------------------------|
| <b>Total Applications of Operating Funding</b>                            |                              |                         |                              |                         |
| Roads and Footpaths   | 6,963                        | 7,150                   | 8,736                        | 12,915                  |
| Wastewater  | 2,683                        | 3,090                   | 2,284                        | 3,629                   |
| Stormwater  | 219                          | 338                     | 454                          | 263                     |
| Water Supply  | 5,479                        | 6,163                   | 5,590                        | 7,464                   |
| Waste Management and Minimisation   | 1,502                        | 1,326                   | 4,543                        | 2,242                   |
| Arts, Culture and Community   | 4,076                        | 3,864                   | 4,518                        | 4,306                   |
| Parks and Recreation  | 5,272                        | 5,155                   | 5,377                        | 5,645                   |
| Democracy and Accountability  | 29,517                       | 27,000                  | 31,772                       | 31,989                  |
| Economic Development and Property   | 3,299                        | 5,323                   | 3,307                        | 4,130                   |
| Heritage, Environment and Regulation                                      | 6,826                        | 7,483                   | 7,537                        | 7,964                   |
| <b>Total Operational expenditure per FIS</b>                              | 65,835                       | 66,892                  | 74,120                       | 80,547                  |
| Less Internal Charges and Overheads Applied                               | (22,961)                     | (23,733)                | (24,436)                     | (22,664)                |
| Less internal charges included in capital                                 | (1,771)                      | (1,721)                 | (2,712)                      | (1,738)                 |
| Rate remissions offset against revenue                                    | (255)                        | -                       | (325)                        | -                       |
| Non-trading losses / (gains)  | -                            | 1,726                   | -                            | 1,221                   |
| Add Depreciation and Amortisation   | 16,413                       | 17,318                  | 17,715                       | 18,802                  |
| <b>Expenditure per Statement of Comprehensive Revenue and Expenditure</b> | 57,260                       | 60,482                  | 64,362                       | 76,168                  |
| <b>Depreciation and Amortisation</b>                                      |                              |                         |                              |                         |
| Roads and Footpaths   | 7,449                        | 7,454                   | 7,503                        | 7,484                   |
| Wastewater  | 1,370                        | 1,698                   | 1,785                        | 1,789                   |
| Stormwater  | 286                          | 328                     | 344                          | 330                     |
| Water Supply  | 2,300                        | 2,697                   | 2,811                        | 2,858                   |
| Waste Management and Minimisation   | 59                           | 62                      | 58                           | 70                      |
| Arts, Culture and Community   | 182                          | 245                     | 248                          | 280                     |
| Parks and Recreation  | 2,002                        | 1,900                   | 1,059                        | 1,187                   |
| Democracy and Accountability  | 773                          | 971                     | 1,920                        | 2,369                   |
| Economic Development and Property   | 1,930                        | 1,908                   | 1,930                        | 2,381                   |
| Heritage, Environment and Regulation                                      | 62                           | 55                      | 57                           | 54                      |
| <b>Total Depreciation and Amortisation charges</b>                        | 16,413                       | 17,318                  | 17,715                       | 18,802                  |

# Statement of accounting policies

## Reporting Entity

The Waitaki District Council (Council) is a Territorial Local Authority established under the Local Government Act 2002 (the LGA, the Act), domiciled and operating exclusively within New Zealand. Relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Group consists of the ultimate parent, Waitaki District Council, and its subsidiaries:

- Whitestone Contracting Ltd (100% owned) (*Note: Three non-trading subsidiaries have been deregistered*).
- Waitaki District Health Services Ltd (100% owned) and Group, comprising:
  - Waitaki District Health Services Trust
  - Observatory Village Charitable Trust and Group
    - Observatory Village Lifecare Ltd
    - Observatory Village Care Ltd
- Tourism Waitaki Ltd (100% owned)
- Waitaki Whitestone Geopark Trust

Council's 50% investment in Ōmārama Airfield Ltd is regarded as a joint venture and equity accounted into the Group financial statements.

All entities are incorporated and domiciled in New Zealand.

The primary objective of Council and the Group is to provide local infrastructure and public services, and to perform regulatory functions in the community for social benefit rather than making a financial return. Accordingly, Council has designated itself and the Group as Public Benefit Entities (PBEs) for the purposes of complying with Generally Accepted Accounting Practice (GAAP).

The financial statements of the Waitaki District Council and consolidated Group are for the year ended 30 June 2023 and were authorised for issue by Council on 19 December 2023.

## Basis of preparation

The financial statements have been prepared on the going concern basis and all 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 LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). The financial statements and service performance information have been prepared in accordance with Tier 1 PBE accounting standards and are fully compliant with those accounting standards.

## Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values, unless otherwise stated, are rounded to the nearest thousand dollars (\$000) other than certain remuneration and severance payment disclosures in Notes 5 and 6, and Councillor interests detailed in Note 29. The functional currency of Council and the Group is New Zealand Dollars.



## Summary of significant accounting policies

Significant accounting policies affecting the measurement of operating results, cash flows, and financial position may be found in the relevant notes to the financial statements.

### Basis of consolidation

The consolidated Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the Group on a line-by-line basis. Intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Consolidation of an entity begins from the date Council obtains control of the entity and ceases when control of the entity is lost.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and can affect the nature or amount of those benefits through its power over the entity. Council considers all relevant facts and circumstances in assessing whether it has power over another entity such as: the ability to appoint or remove a majority of the entity's governance and management; binding arrangements the Council enters into; group voting rights; and pre-determination mechanisms. Council reassesses whether it controls an entity if facts and circumstances change.

Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in surplus or deficit.

Council's investment in its subsidiaries is carried at cost, less any impairment, in the parent financial statements, and all subsidiaries have balance dates of 30 June.

### Joint venture

A joint venture is a binding agreement whereby two or more parties commit to undertaking an activity that is subject to joint control (being the agreed sharing of control over the activity). Council adjusts the value of its investment to reflect its share of the entity's net assets (equity).

Ōmārama Airfield Limited is a joint venture with the Ōmārama Soaring Centre Inc and has a balance date of 30 June. Council holds 50% of the shares.

### Goods and Services Tax (GST)

These accounts are prepared on a GST-exclusive basis, except for receivables and payables which are presented on a GST-inclusive basis. Net GST due or owing at balance date is included as part of receivables or payables in the statement of financial position as appropriate. GST that is not recoverable as an input tax is recognised as part of the related asset or expense.

The net GST paid to, or received from IRD, including GST related to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are stated exclusive of GST.

### Budget figures

Budget figures are those approved by Council in the 2022-23 Annual Plan (Year 2 of the 2021-31 Long Term Plan), which were prepared in accordance with NZ GAAP, using accounting policies consistent with those used by Council for the preparation of these financial statements. LTP refers to budgets set as part of the audited 2021-31 Long Term Plan.

## Groups of activities

Groups of activities, as provided in the 2021-31 Long Term Plan, report the net cost of services for each significant activity of Council, and are represented by the costs of providing the service less revenue that can be allocated to these activities. Net cost of service for each significant activity is derived using the cost allocation system outlined below:

- Direct costs are directly attributable to a significant activity and are charged accordingly.
- Indirect costs cannot be attributed in an economically feasible manner to specific activities and are allocated as overheads using appropriate drivers such as actual usage, staffing, floor area.

## Changes in accounting policies

### PBE FRS 48 Service Performance Reporting

PBE FRS 48 has replaced the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023. The main impact of the new standard is that additional information has been disclosed on those judgements that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information. Council has adopted this standard in this annual report and made the appropriate disclosure changes to ensure compliance.

## Service performance reporting (PBE FRS 48)

The statement of service performance appears from page 27 to page 98 of this annual report. The legislation governing the requirement to report Council's service performance is Part 3 of Schedule 10 of the Local Government Act 2002. The statement of service performance has been prepared in accordance with PBE standards for the year ended 30 June 2023, and was authorised for issue by Council on 19 December 2023.

In preparing the statement of service performance Council has made judgements on the application of reporting standards and made estimates and assumptions concerning the measurement of certain service performance targets. The main judgements, estimates, and assumptions are outlined below.

### Measure selection & level of aggregation

Service performance measures reported in this annual report are intended to compare actual results of activities delivered by Council against forecast levels of service. Service performance measures were originally adopted in the 2021-31 Long-Term Plan and continued in the 2022-23 Annual Plan.

Service performance measures are reported to Council through the Performance, Audit and Risk Committee during each relevant annual period, and reported in the relevant annual report. Service performance measures were selected to cover quantitative measurement of progress towards the Long Term and Annual Plans. The final measures included in this annual report appear under each of the relevant activities and provide a holistic set giving a rounded picture of the non-financial performance of Council. Each activity has a set of metrics that were identified through the 2021-31 Long Term Plan, including Council and management. This process ensured the selected measures best reflect Council performance and are available in a timely and accurate manner.

Certain measures are mandatory performance measures set under s 261B of the Local Government Act 2002 in terms of the Non-Financial Performance Measures Rules 2013 to ensure the public can assess a reasonable comparison across all councils.

### Surveys

Resident surveys are managed externally to measure Council's performance across the services provided. The surveys are undertaken in four waves, with an annual sample size of n=400, to ensure a representative sample across Waitaki.

The methodology used during the 2022-23 survey period was postal-to-online. In 2021-22, the postal-to-online method was run concurrently with the telephone methodology to trial the postal-to-online, to ensure comparable results using the same methodology.

### Customer requests

These are referred to in several measures, and are requests received by email, telephone, or through other means by Council staff, either during or after normal working hours. These are entered into Council's systems and tracked through to completion. The assumption is that all such requests are managed through this process rather than staff receiving and responding to requests independently.

## Critical accounting estimates & assumptions

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

- Fair value of land, buildings, and infrastructural assets – See Note 10 for estimates and assumptions used to determine fair value of these assets, including donated and vested assets.
- Classification of property, and of unoccupied land – See Note 10 for Council's approach to the classification of unoccupied land and property which is not regarded as investment property.
- Fair value of investment property – See Note 11 for methodologies used in determining the fair value of investment property held as part of the retirement village operations.
- Fair value of forestry holdings – See Note 13 for information about estimates and assumptions used to determine the fair value of Council's forestry plantations.
- Fair value of landfill and quarry aftercare provisions – See Note 21 for assumptions made to derive a fair value for Council's, and the Group's, future obligations in relation to closed landfills and quarries.
- Fair value of liabilities under Occupational Right Agreements – See Note 25 for methods used to determine the fair value of liabilities owing to retirement village residents.

## Critical judgements in applying accounting policies

- Fair value of Long Service entitlement – See Note 22 for methods used and judgements employed to determine fair values for this provision.
- Recognition of care revenue relies on management's estimate of the period of occupancy for villas, apartments, and care suites.

## General revenue recognition

Revenue is measured at fair value. Specific accounting policies for significant revenue items, not otherwise outlined in Notes 1 to 4 that follow, are detailed below:

### User and regulatory charges, sales of goods, and revenue from commercial activities

Fees and charges, and proceeds from sales of goods, are recognised when invoiced or when an item is sold, or a service is provided to a customer. Gross revenue from other commercial operations undertaken in the normal course of business is recognised when earned.

### Rental income

Rental income is recognised as revenue over the course of individual lease terms.

### Contract revenue

Contract revenue is recognised when earned.

### **Residents' fees & contributions**

Revenue from fees is recognised when services are rendered and revenue from village contributions is recognised on a straight-line basis over the expected period of occupancy. This requires management to estimate the period of occupancy for the villas, apartments, and care suites.

### **Petrol tax**

Petrol tax is recognised when earned.

### **Development & Financial Contributions**

Revenue is recognised at the later of invoicing or the event that will give rise to a requirement for a Development or Financial Contribution under the relevant legislation.

### **Infringements & fines**

Revenue is recognised when an infringement notice is issued. The degree to which income is recognised accounts for the likelihood that the fee or fine will be collected.

### **Dividends**

Dividends from subsidiaries are recognised when the right to receive payment is established.

### **Vested or donated physical assets**

Assets received for no or nominal consideration are recognised at fair value when Council obtains control of the asset. Fair value is determined by reference to the cost of constructing the asset, which may be based on information from the property developer, or on certified engineers' certificates.

## Notes to the financial statements

|  | Council only |                 |       | Consolidated |       |
|--|--------------|-----------------|-------|--------------|-------|
|  | 2023         | 2023            | 2022  | 2023         | 2022  |
|  | \$000        | Budget<br>\$000 | \$000 | \$000        | \$000 |

## Note 1: Operating revenue – Rates

### Policy

Income from General Rates, Targeted Rates (excluding Water-by-Meter), and Uniform Annual General Charges is recognised at the start of the financial year to which the rates resolution relates at the full amount due. Revenue from Water-by-Meter Rates is recognised on an accrual basis based on usage. Unbilled usage at year-end is accrued based on actual meter readings invoiced the following month.

Rates arising from late payment penalties are recognised as revenue when rates become overdue. Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its Rates Remissions Policy.

Ratepayers may make payments towards their future rates liability in advance of those rates becoming due for payment. Rates paid in advance are included as part of Revenue Charged or Received in Advance – Refer to Note 24: Trade and other payables.

### Analysis of revenue from rates

|  |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Rates                                    | 8,562           | 8,554           | 7,900           | 8,387           | 7,736           |
| Rates Penalties charged                          | 521             | 455             | 425             | 521             | 425             |
| <i>Targeted rates attributable to activities</i> |                 |                 |                 |                 |                 |
| Roading  | 8,101           | 8,088           | 7,117           | 8,101           | 7,117           |
| Metered Water Supply                             | 607             | 631             | 572             | 607             | 572             |
| Other Water Rates                                | 8,259           | 8,234           | 7,868           | 8,259           | 7,868           |
| Sewerage   | 3,059           | 3,049           | 2,957           | 3,059           | 2,957           |
| Stormwater                                       | 339             | 368             | 540             | 339             | 540             |
| Arts, Culture and Community                      | 3,786           | 3,779           | 3,263           | 3,786           | 3,263           |
| Parks and Recreation                             | 2,545           | 2,544           | 2,683           | 2,545           | 2,683           |
| Democracy and Accountability                     | 1,920           | 1,924           | 1,929           | 1,920           | 1,929           |
| Economic Development                             | 897             | 883             | 799             | 897             | 799             |
| Heritage, Environment and Regulation             | (75)            | (75)            | (52)            | (75)            | (52)            |
| <b>Total Rates Revenue</b>                       | <b>38,521</b>   | <b>38,434</b>   | <b>36,001</b>   | <b>38,346</b>   | <b>35,837</b>   |
| Less Rates remitted                              | (364)           | (325)           | (485)           | (364)           | (485)           |
| <b>Rates Revenue net of remissions</b>           | <b>\$38,157</b> | <b>\$38,109</b> | <b>\$35,516</b> | <b>\$37,982</b> | <b>\$35,352</b> |

### LGFA Guarantee and Indemnity Deed

The LGFA Guarantee and Indemnity Deed requires Council to disclose in its financial statements (or notes to the financial statements) its annual rates income. The Multi-Issuer Deed defines annual rates income 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 from other local authorities for services provided by the Council for which those other local authorities rate.

The annual rates revenue for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is the total 'Rates revenue net of remissions' as detailed above.

|  | Council only |                 |       | Consolidated |       |
|--|--------------|-----------------|-------|--------------|-------|
|  | 2023         | 2023            | 2022  | 2023         | 2022  |
|  | \$000        | Budget<br>\$000 | \$000 | \$000        | \$000 |

## Note 2: Operating revenue (government grants & subsidies)

### Policy

Revenue from Government agencies is generally recognised when eligibility is established, unless there is an obligation in substance to return the funds if conditions of the grant cannot be fulfilled. Such grants are initially recorded as revenue charged or received in advance and subsequently recognised as revenue when all conditions are satisfied.

- Waka Kotahi New Zealand Transport Agency provides funding for roading maintenance and capital projects which is recognised as revenue when conditions pertaining to eligibility have been met.
- Ministry of Business, Innovation, and Employment (MBIE) administers the NZ Cycle Trails Fund, and Tourism Infrastructure and Provincial Growth Funds, supporting tourism and related initiatives.
- Department of Internal Affairs (DIA) funded waters projects as part of the Water Sustainability Programme and has supported changes that will be made as a consequence of the implementation of the Affordable Waters reforms through Transition and "Better Off" funding. DIA support for the Libraries Partners Programme ended on 30 June 2022.
- New Zealand Lotteries Grants Board supported the cultural facilities development project in 2022.
- Government provided wages subsidies to eligible entities in the form of the COVID absence subsidy in both 2022 and 2023.
- Because the Sports and Events Centre project did not progress as planned during the year, none of the revenue budgeted for the project was received.

### Analysis of revenue from government grants & subsidies

|  |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Waka Kotahi NZ Transport Agency Rooding Subsidy        | 9,669           | 8,487           | 5,977           | 9,669           | 5,977           |
| Waka Kotahi NZ Transport Agency emergency works        | 2,103           | -               | -               | 2,103           | -               |
| Ministry of Business, Innovation & Employment          | 724             | 150             | 470             | 912             | 840             |
| Department of Internal Affairs - Affordable Waters     | 123             | -               | 4,817           | 123             | 4,817           |
| Department of Internal Affairs - other funding support | 422             | 50              | 288             | 422             | 288             |
| Ministry for the Environment                           | 246             | 299             | 145             | 246             | 145             |
| Ministry of Social Development                         | 52              | 70              | 106             | 52              | 106             |
| Oranga Tamariki Ministry for Children                  | -               | 31              | -               | -               | -               |
| Sports and Events Centre - grants and donations        | -               | 1,530           | -               | -               | -               |
| Cultural Facilities development - grants and donations | -               | 510             | 885             | -               | 885             |
| Strategic Tourism Asset Protection Grants              | -               | -               | -               | -               | 356             |
| Covid-19 Wages and other subsidies                     | 31              | -               | 24              | 48              | 202             |
| Other Government grants and subsidies                  | 68              | 84              | 78              | 68              | 111             |
| <b>Total Government Grants</b>                         | <b>\$13,438</b> | <b>\$11,211</b> | <b>\$12,790</b> | <b>\$13,643</b> | <b>\$13,727</b> |



|  | Council only |                 |       | Consolidated |       |
|--|--------------|-----------------|-------|--------------|-------|
|  | 2023         | 2023            | 2022  | 2023         | 2022  |
|  | \$000        | Budget<br>\$000 | \$000 | \$000        | \$000 |

## Note 3: Operating revenue (other grants & donations)

### Policy

Revenue is recognised when eligibility has been established unless there is an obligation in substance to return the funds if conditions of the grant cannot be fulfilled. Such grants are initially recorded as revenue charged or received in advance and subsequently recognised as revenue when all conditions are satisfied.

### Analysis of revenue from other grants & donations

|  |                |                |              |                |                |
|--|----------------|----------------|--------------|----------------|----------------|
| Mayors' Taskforce for Jobs                             | 530            | 250            | 462          | 530            | 462            |
| Otago Community Trust                                  | 635            | -              | 177          | 635            | 194            |
| North Otago Rugby sponsorship                          | 35             | 34             | 38           | 35             | 38             |
| Cultural Facilities development - grants and donations | -              | 510            | 25           | -              | 25             |
| Sports and Events Centre - grants and donations        | -              | 7,718          | -            | -              | -              |
| Lion Foundation  | -              | -              | 30           | -              | 30             |
| Other grants and donations                             | 160            | 269            | 181          | 875            | 293            |
| <b>Total Grants and Donations</b>                      | <b>\$1,360</b> | <b>\$8,781</b> | <b>\$913</b> | <b>\$2,075</b> | <b>\$1,042</b> |

The Otago Community Trust provided funding for numerous projects during the 2023 financial year, the largest donation being \$600,000 for Stage 2 of the Waitaki Museum & Archive redevelopment. Projected funding for the Sports and Events Centre was not received, as the project was deferred.

## Note 4: Finance revenue & finance expense

### Policy

Interest revenue is recognised when earned, and revenue accrued at year end is added to the principal of the relevant loan for reporting purposes. Borrowing costs are recognised as an expense in the year in which they are incurred. Borrowing costs unpaid at year end are added to the principal of the relevant loan for reporting purposes.

### Analysis of Finance Income

|                                  |              |              |            |            |            |
|----------------------------------|--------------|--------------|------------|------------|------------|
| Bank deposits                    | 95           | 49           | 27         | 202        | 55         |
| North Otago Irrigation Co Ltd    | 459          | 458          | 472        | 459        | 472        |
| Observatory Village Group        | 810          | 594          | 302        | -          | -          |
| Kurow-Duntroon Irrigation Co Ltd | 176          | 174          | 74         | 176        | 74         |
| Advances to other entities       | 113          | 36           | 32         | 29         | 18         |
| Sundry interest                  | 9            | -            | 4          | 9          | 4          |
| <b>Total Finance income</b>      | <b>1,662</b> | <b>1,311</b> | <b>911</b> | <b>875</b> | <b>623</b> |

### Analysis of Finance Expense

|                                      |              |              |              |                |              |
|--------------------------------------|--------------|--------------|--------------|----------------|--------------|
| LGFA borrowings                      | 1,326        | 810          | 297          | 1,326          | 297          |
| Bank borrowings                      | 4            | -            | 2            | 94             | 40           |
| Other external borrowings            | -            | -            | -            | 178            | 176          |
| <b>Total Finance expense</b>         | <b>1,330</b> | <b>810</b>   | <b>299</b>   | <b>1,598</b>   | <b>513</b>   |
| <b>Net Finance revenue/(expense)</b> | <b>\$332</b> | <b>\$501</b> | <b>\$612</b> | <b>(\$723)</b> | <b>\$110</b> |

|  | Council only |              |       | Consolidated |       |
|--|--------------|--------------|-------|--------------|-------|
|  | 2023         | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | Budget \$000 | \$000 | \$000        | \$000 |

## Note 5: Personnel costs

### Policy

Salaries and wages are recognised as an expense as employees provide services. Obligations for contributions to defined contribution superannuation schemes, including both KiwiSaver contributions and those made to the Lump Sum National Scheme managed by the Board of Trustees of the National Provident Fund, are recognised as an expense in the surplus or deficit as incurred.

### Analysis of personnel costs

|  |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Salaries and wages                               | 16,822          | 17,216          | 14,903          | 43,540          | 39,193          |
| Severance payments                               | 60              | -               | 12              | 78              | 62              |
| Defined contribution plan employer contributions | 470             | 510             | 411             | 1,208           | 1,098           |
| Fringe Benefit Taxes                             | 62              | 53              | 52              | 214             | 179             |
|  | 17,414          | 17,779          | 15,378          | 45,040          | 40,532          |
| Less recoveries from capital works               | (1,738)         | (2,712)         | (1,721)         | (2,688)         | (1,721)         |
| <b>Total personnel costs</b>                     | <b>\$15,676</b> | <b>\$15,067</b> | <b>\$13,657</b> | <b>\$42,352</b> | <b>\$38,811</b> |

### Key management personnel

The Mayor and Councillors, the Chief Executive and the seven (2022: four) members of the Senior Management Team are key management personnel. Other Group members include Directors, Trustees, and senior staff in this category. Total remuneration of key management personnel is as follows:

|                                       | Council only   |                | Consolidated   |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
|                                       | 2023           | 2022           | 2023           | 2022           |
|                                       | \$000          | \$000          | \$000          | \$000          |
| Senior management team, including CEO | 1,622          | 1,102          | 4,147          | 3,660          |
| Councillors / Directors / Trustees    | 581            | 445            | 1,133          | 957            |
| <b>Total remuneration</b>             | <b>\$2,203</b> | <b>\$1,547</b> | <b>\$5,280</b> | <b>\$4,617</b> |

|  | Number    | Number    | Number    | Number    |
|--|-----------|-----------|-----------|-----------|
| Senior management team, including CEO (number) | 8         | 5         | 25        | 22        |
| Councillors / Directors / Trustees (number)    | 11        | 11        | 33        | 38        |
| <b>Total Full-time equivalent members</b>      | <b>19</b> | <b>16</b> | <b>58</b> | <b>60</b> |

### Remuneration of the Chief Executive Officer

|  | Council only     |                  |
|--|------------------|------------------|
|  | 2023             | 2022             |
|  | \$               | \$               |
| Alex Parmley (from 19 July 2021)                   | 341,065          | 293,366          |
| Paul Hope (acting from 4 June 2021 – 19 July 2021) | -                | 18,271           |
| <b>Total remuneration</b>                          | <b>\$341,065</b> | <b>\$311,637</b> |

## Employee staffing levels & remuneration

At 30 June 2023, Council had 157 full-time employees (2022: 161), and casual and part-time employees equating to 43.17 full-time equivalent (FTE) staff (2022: 34.19 FTE). These figures include approximately 21.7 FTE positions on a fixed-term basis (2022: 16.53 FTE). These figures are disclosed based on 40 hours per week being full time employment.

107 employees received annual remuneration of less than \$60,000 (2022: 119) and 159 staff (2022: 133) received annual remuneration greater than \$60,000. In the table below, these are expressed in bands of \$20,000 or in bands adjusted as appropriate to ensure compliance with the Act:

| <b>Council Employees<br/>Remuneration band</b> | <b>2023<br/>Number</b> |
|--|------------------------|
| \$180,000 – \$359,999                          | 4                      |
| \$140,000 – \$179,999                          | 8                      |
| \$120,000 – \$139,999                          | 14                     |
| \$100,000 – \$119,999                          | 20                     |
| \$80,000 – \$99,999                            | 39                     |
| \$60,000 – \$79,999                            | 74                     |
| < \$60,000                                     | 107                    |
| <b>Total staff</b>                             | <b>266</b>             |

| <b>Council Employees<br/>Remuneration band</b> | <b>2022<br/>Number</b> |
|--|------------------------|
| \$180,000 – \$319,999                          | 4                      |
| \$140,000 – \$179,999                          | 5                      |
| \$120,000 – \$139,999                          | 9                      |
| \$100,000 – \$119,999                          | 18                     |
| \$80,000 – \$99,999                            | 47                     |
| \$60,000 – \$79,999                            | 50                     |
| < \$60,000                                     | 119                    |
| <b>Total staff</b>                             | <b>252</b>             |

## Severance payments (Clause 33)

Council made two severance payments (\$53,450, \$6,646) during the 2023 financial year (2022: 1 payment, \$12,220).

|  | Council only |                 |       | Consolidated |       |
|--|--------------|-----------------|-------|--------------|-------|
|  | 2023         | 2023            | 2022  | 2023         | 2022  |
|  | \$000        | Budget<br>\$000 | \$000 | \$000        | \$000 |

## Note 6: Other operating costs

### Policy

#### Community grants & donations

- Non-discretionary grants are awarded when grant applications meet specified criteria and are recognised as expenditure when such applications are approved, and payment is made.
- Discretionary grants are those which Council is not obliged to award and are recognised as expenditure when approved by Council and payment is made.
- In all cases, grants, or portions of grants, which are not applied to the purpose for which they were provided, must be returned, thus reducing grants expense for the period in which the returned funds are received.

#### Leases

- Operating Leases are leases that do not transfer substantially all the risks and rewards of ownership of an asset. These are charged on a straight-line basis over the term of the lease.

### Analysis of other operating costs

|  |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| <i>Audit Fees - Audit New Zealand</i>                |                 |                 |                 |                 |                 |
| Audit Current Year Annual Report                     | 229             | 209             | 179             | 229             | 288             |
| Audit Prior Year Annual Report                       | -               | -               | 34              | -               | 68              |
| Audit Debenture Trust Deed                           | 7               | -               | 7               | 7               | 7               |
| <i>Audit Fees - Other audit providers</i>            |                 |                 |                 |                 |                 |
| Audit Current Year Annual Report                     | -               | -               | -               | 230             | 68              |
| Other Services provided                              | -               | -               | -               | -               | -               |
| Community grants and donations                       | 968             | 1,006           | 994             | 1,019           | 1,032           |
| Consultants - general                                | 2,447           | 1,664           | 2,156           | 3,284           | 3,291           |
| Consultants - Transformation project                 | 820             | -               | -               | 820             | -               |
| Contractors - general                                | 19,348          | 17,458          | 14,599          | 19,167          | 16,969          |
| Contractors - emergency works Roding                 | 3,223           | -               | -               | 3,223           | -               |
| Contractors - emergency works Alps2Ocean             | 232             | -               | -               | 232             | -               |
| Contractors - Mayors Taskforce for Jobs              | 228             | 135             | 128             | 228             | 128             |
| Contractors - Palmerston community housing unit fire | 81              | -               | -               | 81              | -               |
| Directors' Fees                                      | -               | -               | -               | 552             | 513             |
| Elected Members' Remuneration                        | 581             | 628             | 509             | 581             | 509             |
| Electricity supply                                   | 2,537           | 2,250           | 1,904           | 3,022           | 2,331           |
| Expected Credit Losses on Investments                | -               | -               | (119)           | -               | (119)           |
| Impairment of Receivables                            | 269             | 150             | 54              | 290             | 56              |
| Insurance premiums                                   | 984             | 833             | 779             | 1,515           | 1,240           |
| Legal Fees   | 246             | 177             | 271             | 350             | 476             |
| Operating lease expense                              | 236             | 247             | 228             | 355             | 485             |
| Provision for closed landfill                        | (6)             | (33)            | (333)           | (6)             | (333)           |
| Valuation Expenses                                   | 218             | 226             | 337             | 239             | 355             |
| Other Expenditure                                    | 6,491           | 5,820           | 5,755           | 18,129          | 15,384          |
| <b>Total Other Operating Expenses</b>                | <b>\$39,139</b> | <b>\$30,770</b> | <b>\$27,482</b> | <b>\$53,547</b> | <b>\$42,748</b> |

## Elected Members' Remuneration

|  | Council only     |                  |
|--|------------------|------------------|
|  | 2023             | 2022             |
|  | \$               | \$               |
| <b>Waitaki District Council</b>  |                  |                  |
| <b>Mayor:</b>  |                  |                  |
| Gary Kircher   | 120,828          | 110,331          |
| <b>Elected Members:</b>  |                  |                  |
| Hana Halalele (Deputy Mayor from 14 October 2022)                                  | 35,082           | -                |
| Hana Halalele (until 14 October 2022, then Deputy Mayor)                           | 10,912           | 33,266           |
| Jeremy Holding   | 39,147           | 33,266           |
| James Hopkins  | 37,531           | 33,266           |
| Guy Percival   | 39,147           | 33,266           |
| James Thomson (from 19 April 2021)   | 39,147           | 33,266           |
| Timothy Blackler (from 14 October 2022)  | 28,235           | -                |
| Brent Cowles (from 14 October 2022)  | 28,235           | -                |
| Courtney Linwood (from 14 October 2022)  | 28,235           | -                |
| John McCone (from 14 October 2022)   | 28,235           | -                |
| Rebecca Ryan (from 14 October 2022)  | 28,235           | -                |
| William Kingan (until 14 October 2022)   | 12,471           | 38,302           |
| Melanie Tavendale (Deputy Mayor until 14 October 2022))                            | 14,584           | 45,129           |
| Kelli Williams (until 14 October 2022)   | 10,912           | 33,266           |
| Colin Wollstein (until 14 October 2022)  | 12,470           | 38,302           |
| Ross McRobie (deceased 29 November 2021)   | -                | 13,428           |
| <b>Total Remuneration – Mayor and Elected Members</b>                              | <b>\$513,406</b> | <b>\$445,088</b> |
| <b>Ahuriri Community Board</b>   |                  |                  |
| <b>Chair:</b>  |                  |                  |
| Calum Reid (from 14 October 2022)  | 8,040            | -                |
| Vicky Munro (until 14 October 2022)  | 3,683            | 11,812           |
| <b>Elected Members:</b>  |                  |                  |
| Stephen Dalley   | 5,987            | 5,906            |
| Michael King (from 14 October 2022)  | 2,992            | -                |
| Alan Pont (from 14 October 2022)   | 2,992            | -                |
| Karen Turner (from 14 October 2022)  | 2,992            | -                |
| Brent Cowles (until 14 October 2022, then a Councillor – see above)                | 1,842            | 5,906            |
| Ross Menzies (until 14 October 2022)   | 1,842            | 5,906            |
| Calum Reid (from 28 March 2022 until 14 October 2022, then Chair)                  | 1,842            | 1,476            |
| <b>Total Remuneration – Ahuriri Community Board</b>                                | <b>\$32,212</b>  | <b>\$31,006</b>  |
| <b>Waihemo Community Board</b>   |                  |                  |
| <b>Chair:</b>  |                  |                  |
| Heather McGregor   | 12,078           | 12,266           |
| <b>Elected Members:</b>  |                  |                  |
| Paul Roy   | 6,219            | 6,133            |
| Carol Watson   | 6,219            | 6,133            |
| Tanya Bell (from 14 October 2022)  | 4,306            | -                |
| Kerry Stevens (from 14 October 2022)   | 4,306            | -                |
| Katrina Dodd (until 14 October 2022)   | 1,913            | 6,133            |
| Casey Linklater (leave of absence 1 Oct 2021 – 1 April 2022, resigned 3 June 2022) | -                | 2,712            |
| <b>Total Remuneration – Waihemo Community Board</b>                                | <b>\$35,041</b>  | <b>\$33,377</b>  |
| <b>Total Elected Member Remuneration</b>   | <b>\$580,659</b> | <b>\$509,471</b> |

| Council only |       |        | Consolidated |       |
|--------------|-------|--------|--------------|-------|
|              | 2023  | 2023   |              |       |
|              | 2023  | Budget | 2022         | 2023  |
|              | \$000 | \$000  | \$000        | \$000 |

## Note 7: Non-trading losses / (Gains)

### Policy

- Gains or losses realised on the disposal of Property, Plant and Equipment, including depreciation recovered, are recognised as non-trading gains or losses upon completion of the sale transaction.
- Changes in value arising from the annual valuation of Council's forestry holdings are recognised upon completion of the valuation process.
- The annual valuation of investment property held by Observatory Village Charitable Trust Group is recognised as a non-trading gain or loss upon completion of the valuation process.
- Impairment of investments or other assets arising from abnormal or other non-operational reduction or loss of service potential is recognised as a non-trading loss when this loss of service potential becomes apparent.

### Analysis of non-trading losses / (gains)

|   |                |             |                |                |              |
|---|----------------|-------------|----------------|----------------|--------------|
| Loss / (Gain) on Property Plant & Equipment           | 1,804          | -           | 1,711          | 1,816          | 1,669        |
| Depreciation recovered on disposal                    | (159)          | -           | (4)            | (482)          | (285)        |
| Loss / (Gain) on revaluation of Forestry Assets       | (424)          | -           | 19             | (424)          | 19           |
| Loss / (Gain) on revaluation of Investment Properties | -              | -           | -              | (1,732)        | (713)        |
| <b>Total Non-trading Losses / (Gains)</b>             | <b>\$1,221</b> | <b>\$ -</b> | <b>\$1,726</b> | <b>(\$822)</b> | <b>\$690</b> |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 8: Taxation

### Policy

Income tax expense includes components relating to both current and deferred tax and is calculated using rates that have been enacted or substantively enacted by balance date. Current tax is Income tax based on the taxable profit, plus any adjustments related to prior years.

#### Relationship between tax expense and accounting profit

|  |             |             |              |             |
|--|-------------|-------------|--------------|-------------|
| Net surplus / (deficit) before taxation    | (11,228)    | 1,207       | (8,539)      | 408         |
| Prima facie taxation at 28%                | (3,144)     | 338         | (2,391)      | 114         |
| Plus/(Less) Taxation Effect of Differences |             |             |              |             |
| - Revenue not liable for taxation          | 3,144       | (338)       | 2,644        | (76)        |
| - Tax effect of other differences          | -           | -           | (51)         | -           |
| Income Tax Expense                         | <u>\$ -</u> | <u>\$ -</u> | <u>\$202</u> | <u>\$38</u> |
| <i>This is represented by:</i>             |             |             |              |             |
| Current taxation                           | -           | -           | 184          | (150)       |
| Prior year adjustment                      | -           | -           | -            | -           |
| Deferred taxation provision                | -           | -           | 18           | 188         |
| Income Tax Expense                         | <u>\$ -</u> | <u>\$ -</u> | <u>\$202</u> | <u>\$38</u> |

As Council has formed a consolidated tax group with its subsidiaries, any tax losses in Council are used to offset taxable profits reported by other group members. Council usually receives payment from those subsidiaries for the tax effect of losses transferred.



|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

### Deferred tax

Deferred tax is income tax payable or recoverable in future periods that arises from temporary differences and unused tax losses in the current or earlier periods. Deferred tax is calculated at tax rates that are expected to apply when the liability is settled, or the asset is realised.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computing taxable profit.

A deferred tax liability is generally recognised for all taxable temporary differences, but a deferred tax asset is recognised only to the extent that taxable profits are likely to be available against which deductible temporary differences or tax losses can be utilised.

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

|                                     |      |      |       |       |
|-------------------------------------|------|------|-------|-------|
| Opening balance                     |      |      |       |       |
| - Property Plant and Equipment      | -    | -    | 640   | 393   |
| - Employee entitlements             | -    | -    | (211) | (228) |
| - Provisions                        | -    | -    | 108   | 184   |
| Balance at 1 July                   | -    | -    | 537   | 349   |
| Movements during the year           |      |      |       |       |
| - Property Plant and Equipment      | -    | -    | (20)  | 247   |
| - Employee entitlements             | -    | -    | (70)  | 17    |
| - Provisions                        | -    | -    | 108   | (76)  |
| Total change                        | -    | -    | 18    | 188   |
| Closing balance                     |      |      |       |       |
| - Property Plant and Equipment      | -    | -    | 620   | 640   |
| - Employee entitlements             | -    | -    | (281) | (211) |
| - Provisions                        | -    | -    | 216   | 108   |
| Total Deferred Tax                  | \$ - | \$ - | \$555 | \$537 |
| <i>Deferred taxation comprises:</i> |      |      |       |       |
| Short term temporary differences    | -    | -    | 555   | 537   |
|                                     | \$ - | \$ - | \$555 | \$537 |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 9: Equity

Equity is the community's interest in Council, measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into components that better distinguish the specific uses that Council makes of its accumulated surpluses. The components of equity are:

- Ratepayers' equity
- Restricted Reserves (Special Funds)
- Operating Reserves
- Asset Revaluation Reserves

## Capital management

Council's capital is its equity (or ratepayers' funds), comprising retained earnings and reserves. Net equity is represented by net assets. The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a byproduct 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 LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets but does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Council has also established 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 full costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long Term Plan (LTP) and Annual Plan (AP), where applicable, to meet expenditure needs identified in those plans, and sets out factors to be considered when determining appropriate sources of funding for each activity. The sources and levels of funding are outlined in funding and financial policies in Council's LTP.

## Ratepayers' equity

Ratepayers' equity represents uncommitted accumulated operating surpluses. Operating surpluses that represent funds that are not committed to specific projects or purposes are transferred irregularly to this fund from Operating Reserves.

|                                  |                  |                  |                  |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
| Balance at 1 July                | 310,208          | 310,208          | 310,208          | 310,208          |
| Transfer from Operating Reserves | -                | -                | -                | -                |
| Balance at 30 June               | <u>\$310,208</u> | <u>\$310,208</u> | <u>\$310,208</u> | <u>\$310,208</u> |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Reserves

Reserves are a component of equity generally representing a particular purpose to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

### Revaluation Reserves

Asset revaluation reserves represent unrealised gains on assets owned by Council and the group, being the difference between revalued assets and the value of those assets originally incorporated in Council's or other entities' financial statements. The gains are held in the reserve until such time as the gain is realised and a transfer can be made to operating reserves.

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| <b>Balance at 1 July</b>                     | 714,415          | 674,235          | 736,214          | 688,271          |
| Water, Wastewater and Stormwater revaluation | -                | -                | -                | -                |
| Roading revaluation                          | 97,409           | -                | 97,409           | -                |
| Property revaluation                         | -                | 42,222           | -                | 49,896           |
| Transfers to Operating Reserve               | (1,509)          | (2,042)          | (1,743)          | (1,953)          |
| <b>Balance at 30 June</b>                    | <b>\$810,315</b> | <b>\$714,415</b> | <b>\$831,880</b> | <b>\$736,214</b> |

### Represented by

|                                      |                  |                  |                  |                  |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Infrastructural Assets               | 675,674          | 579,769          | 675,674          | 579,769          |
| Land                                 | 70,123           | 70,123           | 70,123           | 70,123           |
| Buildings and Improvements           | 64,393           | 64,398           | 64,393           | 64,398           |
| Council Other (Museum)               | 125              | 125              | 125              | 125              |
| Waitaki District Health Services Ltd | -                | -                | 15,631           | 15,637           |
| Whitestone Contracting Ltd           | -                | -                | 5,934            | 6,162            |
| <b>Balance at 30 June</b>            | <b>\$810,315</b> | <b>\$714,415</b> | <b>\$831,880</b> | <b>\$736,214</b> |

### Operating Reserves

Operating reserves are established by Council decision and may be altered by Council without reference to third parties or the Courts. Transfers to and from these reserves are made at Council discretion.

|                                    |                 |                 |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Balance at 1 July</b>           | 20,888          | 19,177          | 36,595          | 35,810          |
| Net surplus/(deficit) after tax    | (11,228)        | 1,207           | (8,741)         | 370             |
| Transfer from Revaluation Reserves | 1,509           | 2,042           | 1,743           | 1,953           |
| Transfer from Other Reserves       | 2,231           | 1,413           | 2,231           | 1,413           |
| Transfer to Other Reserves         | (2,616)         | (2,951)         | (2,616)         | (2,951)         |
| <b>Balance at 30 June</b>          | <b>\$10,784</b> | <b>\$20,888</b> | <b>\$29,212</b> | <b>\$36,595</b> |

Operating Reserves are un-appropriated surpluses of group entities and are paper transactions and not fully represented by cash funds.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Other Reserves

Reserves and Trust Funds created or received by Council are held under terms that may restrict their use. All such funds are available only for the purpose specified. These reserves are, in many cases, subject to specific conditions accepted as binding by Council and which Council may not revise without reference to the Courts or third parties. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

### Balance at 1 July

|                                      |          |          |          |          |
|--------------------------------------|----------|----------|----------|----------|
| Special Funds                        | 14,687   | 13,718   | 14,687   | 13,718   |
| Trust Funds                          | 3,041    | 2,482    | 3,041    | 2,482    |
| Loan Funds                           | 1        | 1        | 1        | 1        |
| SPARC and Creative Communities funds | 14       | 4        | 14       | 4        |
| Total Balance at 1 July              | \$17,743 | \$16,205 | \$17,743 | \$16,205 |

### Movements in Other Reserves

|                                   |         |         |         |         |
|-----------------------------------|---------|---------|---------|---------|
| Transfers from Operating Reserves | 2,616   | 2,951   | 2,616   | 2,951   |
| Transfers to Operating Reserves   | (2,231) | (1,413) | (2,231) | (1,413) |
| Net movement                      | 385     | 1,538   | 385     | 1,538   |

### Balance at 30 June

|                                      |          |          |          |          |
|--------------------------------------|----------|----------|----------|----------|
| Special Funds                        | 14,498   | 14,687   | 14,498   | 14,687   |
| Trust Funds                          | 3,623    | 3,041    | 3,623    | 3,041    |
| Loan Funds                           | 1        | 1        | 1        | 1        |
| SPARC and Creative Communities funds | 6        | 14       | 6        | 14       |
| Balance at 30 June                   | \$18,128 | \$17,743 | \$18,128 | \$17,743 |

## Special Funds

Reserves established to hold funds provided by external parties for specific purposes.

## Trust Funds

Reserves established by Council for specific purposes.

## Loan Funds

Repayments of Heritage loans, currently unallocated.

## SPARC & Creative Communities funds

Funds provided for distribution to local community and sporting groups by SPARC and Creative Communities nationally. Depending on the number and quality of funding applications received, Council may not distribute all funds provided and may carry any undistributed balance forward for future periods.

Specifics of the purposes of significant types of Other Reserves are below:

- A. Development Contributions fund infrastructure projects that provide expanded service capacity to meet needs resulting from, or in anticipation of, growth.
- B. Council-created reserves may only be accessed by Council resolution. Disaster and Insurance Reserves are for use in an emergency.
- C. Endowment funds provide extra operational funding for specific Council activities.
- D. Funds from sale of community housing units are held for other housing initiatives.
- E. Proceeds from Forestry activities fund future re-planting and cultivation requirements.
- F. Financial Contributions received from developers under the Resource Management Act provide or upgrade parks and green spaces to service new subdivisions.

Additional analysis of the movements in Other Reserves is provided in tables appearing below and on the following page.

### Other Reserves – Movements for the year ended 30 June 2023

| Type of Reserve                    |   | Balance at<br>1 July 2022<br>\$000 | Transfers to<br>Reserves<br>\$000 | Transfers from<br>Reserves<br>\$000 | Balance at<br>30 June 2023<br>\$000 |
|------------------------------------|---|------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| <b>Special Reserves</b>            |   |                                    |                                   |                                     |                                     |
| <u>Development Funds</u>           |   |                                    |                                   |                                     |                                     |
| Roading                            |   | 452                                | 221                               | (342)                               | 331                                 |
| Water                              |   | 1,289                              | 587                               | (331)                               | 1,545                               |
| Sewer                              |   | 2,890                              | 336                               | (8)                                 | 3,218                               |
| Total Development Funds            | A | 4,631                              | 1,144                             | (681)                               | 5,094                               |
| <u>Other Council-created Funds</u> |   |                                    |                                   |                                     |                                     |
| Disaster & Insurance Excess Funds  | B | 2,929                              | 120                               | (941)                               | 2,108                               |
| Land Endowment Fund                | C | 1,021                              | 38                                | (50)                                | 1,009                               |
| Community Housing Fund             | D | 799                                | 24                                | (5)                                 | 818                                 |
| Forestry Planting Fund             | E | 1,512                              | 57                                | (85)                                | 1,484                               |
| Other Council-created funds        |   | 3,794                              | 461                               | (270)                               | 3,985                               |
| <b>Total Special Reserves</b>      |   | <b>14,686</b>                      | <b>1,844</b>                      | <b>(2,032)</b>                      | <b>14,498</b>                       |
| <b>Trust Funds</b>                 |   |                                    |                                   |                                     |                                     |
| Waitaki Heritage Fund              |   | 148                                | 83                                | (24)                                | 207                                 |
| RMA Reserve                        | F | 2,191                              | 601                               | (100)                               | 2,692                               |
| Oamaru Public Gardens              |   | 159                                | 6                                 | -                                   | 165                                 |
| North Otago Museum                 |   | 90                                 | 4                                 | -                                   | 94                                  |
| Other community purposes           |   | 454                                | 26                                | (15)                                | 465                                 |
| <b>Total Trust Funds</b>           |   | <b>3,042</b>                       | <b>720</b>                        | <b>(139)</b>                        | <b>3,623</b>                        |
| <b>Reserved Funds</b>              |   |                                    |                                   |                                     |                                     |
| SPARC and Creative NZ Funds        |   | 14                                 | 52                                | (60)                                | 6                                   |
| Loan Funds                         |   | 1                                  | -                                 | -                                   | 1                                   |
| <b>Total Reserve Funds</b>         |   | <b>15</b>                          | <b>52</b>                         | <b>(60)</b>                         | <b>7</b>                            |
| <b>Total Restricted Reserves</b>   |   | <b>\$ 17,743</b>                   | <b>\$ 2,616</b>                   | <b>(\$ 2,231)</b>                   | <b>\$ 18,128</b>                    |

## Other Reserves – Movements for the year ended 30 June 2022

| Type of Reserve                    |   | Balance at<br>1 July 2021<br>\$000 | Transfers to<br>Reserves<br>\$000 | Transfers from<br>Reserves<br>\$000 | Balance at<br>30 June 2022<br>\$000 |
|------------------------------------|---|------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| <b>Special Reserves</b>            |   |                                    |                                   |                                     |                                     |
| <u>Development Funds</u>           |   |                                    |                                   |                                     |                                     |
| Roading                            |   | 391                                | 238                               | (177)                               | 452                                 |
| Water                              |   | 959                                | 961                               | (631)                               | 1,289                               |
| Sewer                              |   | 2,559                              | 359                               | (28)                                | 2,890                               |
| Total Development Funds            | A | 3,909                              | 1,558                             | (836)                               | 4,631                               |
| <u>Other Council-created Funds</u> |   |                                    |                                   |                                     |                                     |
| Disaster & Insurance Excess Funds  | B | 2,930                              | 120                               | (121)                               | 2,929                               |
| Land Endowment Fund                | C | 1,095                              | 27                                | (101)                               | 1,021                               |
| Community Housing Fund             | D | 813                                | 16                                | (30)                                | 799                                 |
| Forestry Planting Fund             | E | 1,474                              | 38                                | -                                   | 1,512                               |
| Other Council-created funds        |   | 3,497                              | 483                               | (186)                               | 3,794                               |
| <b>Total Special Reserves</b>      |   | <b>13,718</b>                      | <b>2,242</b>                      | <b>(1,274)</b>                      | <b>14,686</b>                       |
| <b>Trust Funds</b>                 |   |                                    |                                   |                                     |                                     |
| Waitaki Heritage Fund              |   | 163                                | 76                                | (91)                                | 148                                 |
| RMA Reserve                        | F | 1,643                              | 564                               | (16)                                | 2,191                               |
| Oamaru Public Gardens              |   | 166                                | 4                                 | (11)                                | 159                                 |
| North Otago Museum                 |   | 86                                 | 4                                 | -                                   | 90                                  |
| Other community purposes           |   | 424                                | 39                                | (9)                                 | 454                                 |
| <b>Total Trust Funds</b>           |   | <b>2,482</b>                       | <b>687</b>                        | <b>(127)</b>                        | <b>3,042</b>                        |
| <b>Reserved Funds</b>              |   |                                    |                                   |                                     |                                     |
| SPARC and Creative NZ Funds        |   | 4                                  | 46                                | (36)                                | 14                                  |
| Loan Funds                         |   | 1                                  | -                                 | -                                   | 1                                   |
| <b>Total Reserve Funds</b>         |   | <b>5</b>                           | <b>46</b>                         | <b>(36)</b>                         | <b>15</b>                           |
| <b>Total Restricted Reserves</b>   |   | <b>\$ 16,205</b>                   | <b>\$ 2,975</b>                   | <b>(\$ 1,437)</b>                   | <b>\$ 17,743</b>                    |

## **Note 10: Property, plant, and equipment**

### **Property, plant, and equipment consists of:**

#### **Infrastructure assets**

Fixed utility systems owned by Council and the Group. Asset classes include all items required for the network to function, e.g., sewer reticulation includes reticulation piping and pump stations.

#### **Operational assets**

Including land, buildings, landfill (post closure), library books, plant and equipment, furniture and fittings, and motor vehicles.

#### **Restricted assets**

Parks, reserves, and other property held by Council and the group for the benefit of, or service to, the community which cannot be disposed of due to legal or other restrictions.

Land (both operational and restricted), buildings and improvements (operational and restricted), library books, land (except land under roads), bridges, water supply, sewerage schemes, drainage schemes, and solid waste facilities are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

### **Accounting for revaluations**

Operational and restricted land and buildings (except for land under roads), library books, roads and bridges, water, waste and drainage assets, property, parks, and the Ōamaru Airport, are revalued with sufficient regularity to ensure that their carrying value does not differ materially from their fair value, and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis. The results of revaluations of property, plant and equipment are credited or debited to other comprehensive revenue and expense and accumulated in an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is instead recognised directly in the surplus or deficit. Any subsequent increase on revaluation that off-sets 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 Council and the Group, and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### **Work in progress**

Capital projects that are incomplete at year end are regarded as Work in Progress and included in Property, Plant and Equipment. Such assets are not depreciated until they are complete and commissioned and are recognised at cost less any impairment. Movements into Work in Progress represent the value of work done on incomplete capital projects, while movements out represent the final capitalisation of the completed project.



## **Subsequent costs**

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

## **Disposals**

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

## **Depreciation**

Other than land and certain elements of cultural and heritage collections, and unless otherwise stated in the table below, fixed assets are depreciated on a straight-line basis at rates that will write off the cost, or valuation, of the assets to their estimated residual values over their useful lives or, for certain members of the group, on a diminishing value basis. Useful lives and related depreciation rates of major classes of assets have been estimated as follows:

## Straight-line depreciation

| Asset category / type                        | Useful life     | Depreciation   |
|--|-----------------|----------------|
| Buildings                                    | 3 – 100 years   | 1% - 33%       |
| Improvements                                 | 4 – 100 years   | 1% - 25%       |
| Infrastructure Assets                        |                 |                |
| Roading                                      |                 |                |
| Formation, sub-base course                   | Not depreciated | N/A            |
| Pavement structure                           | 3 – 100 years   | 1% - 33.3%     |
| Surfacing                                    | 10 – 100 years  | 1% - 10%       |
| Drainage, Footpaths                          | 10 – 100 years  | 1% - 10%       |
| Bridges, retaining structures                | 21 – 165 years  | 0.6% - 4.8%    |
| Streetlights, railings and markers           | 4 – 100 years   | 1% - 25%       |
| Signage and parking meters                   | 10 – 100 years  | 1% - 10%       |
| Water Schemes                                |                 |                |
| Earth Dam Reservoir                          | Not depreciated | N/A            |
| Headworks                                    | 5 – 140 years   | 0.71% - 20%    |
| Reservoirs                                   | 10 – 80 years   | 1.25% - 10%    |
| Pumping stations                             | 15 – 100 years  | 1% - 6.67%     |
| Reticulation                                 | 15 – 150 years  | 0.67% - 6.67%  |
| Sewerage Schemes                             |                 |                |
| Oxidation/Detention Ponds & Rock Armour      | Not depreciated | N/A            |
| Reticulation                                 | 15 – 150 years  | 0.67% - 6.67%  |
| Pumping stations                             | 15 – 100 years  | 1% - 6.67%     |
| Treatment works                              | 2 – 100 years   | 1% - 50%       |
| Stormwater - reticulation                    | 45 – 150 years  | 0.67% - 2.22%  |
| Transfer stations, landfill development      | 3 – 60 years    | 1.67% - 33.33% |
| Harbour – wharves and breakwater             | 8 – 100 years   | 1% - 12.5%     |
| Alps2Ocean Cycle Trail                       |                 |                |
| Track formation, sub-base course             | Not depreciated | N/A            |
| Track surface                                | 10 years        | 10%            |
| Bridges, retaining structures                | 50 – 60 years   | 1.67% - 2%     |
| Facilities – signage                         | 12 years        | 8.33%          |
| Facilities – livestock proofing              | 35 years        | 2.85%          |
| Motor vehicles                               | 3 – 10 years    | 10% - 33.33%   |
| Other Plant                                  | 2 – 40 years    | 2.5% - 50%     |
| Office equipment                             | 2 – 20 years    | 5% - 50%       |
| Office furniture & fittings                  | 2 – 30 years    | 3.33% - 50%    |
| Cultural and heritage assets – library books | 5 – 7 years     | 14.29% - 20%   |

## Diminishing value depreciation

| Asset category / type  | Depreciation |
|------------------------|--------------|
| Buildings              | 2% - 100%    |
| Plant and Equipment    | 2% - 80.4%   |
| Office Equipment       | 8% - 80.4%   |
| Furniture and Fittings | 3% - 80.4%   |
| Computer hardware      | 30% - 67%    |
| Motor Vehicles         | 20% - 30%    |

Residual values and useful lives of assets are reviewed and, if necessary, adjusted at each year end. Property, plant, and equipment with a finite useful life is reviewed for impairment every balance date, and when events or changes in circumstances indicate that carrying values may not be recoverable an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's fair value less costs to sell and its value in use.

## Fair values

Council and the Group believe that carrying values for fixed assets accurately reflect fair value overall. Property and infrastructural assets are revalued regularly in line with Council and Group policy.

## Revaluations

Certain classes of assets, as detailed below, are revalued on a three-yearly cycle, and fair value assessments are undertaken annually in the intervening years to ensure that Council and the group's assets reflect the most current and up to date valuations.

### Land & buildings

Property holdings, including Parks, the Aquatic Centre, and the Ōamaru Airport, were valued at 30 June 2022 by Jonathon Dix of Aon Valuation Services and the values established were recognised by Council at that date.

Property held by other group members was revalued in line with Council at 30 June 2022 by professional external valuers as follows:

- Land and Buildings owned by the Observatory Village Group were valued by CVAS (CHC) Ltd (trading as Colliers).
- Land and Buildings owned by Waitaki District Health Services Ltd were valued by Quotable Value.
- Land and Buildings owned by Whitestone Contracting Ltd were valued by Telfer Young.

### Roading network

Council's roading network was valued at 30 June 2023 by Shahaanan Arulgnanapragasam, Engineer – Asset & Information Manager, and reviewed by Aaron Hartland, Service Line Leader, Asset and Information Management, both of WSP New Zealand Ltd. Bridges were valued separately at the same date by David Charters of DCL Consulting Ltd. The results of both valuations are included in this Annual Report.

### Three waters assets

The valuation of water, waste, and drainage assets as at 30 June 2021 was prepared by Council's external engineers, and peer reviewed by Rachel Wells and Kerry Mayes of WSP New Zealand Ltd.

### Valuation methodology & uncertainty

The valuation methodology used in the valuation of Property, Plant, and Equipment is based on fair value of the asset. Where this can be determined by reference to price in an active market for the same or a similar asset, the fair value can be determined using this information.

Where fair value cannot be reliably determined using market-based evidence (apart from land which uses market value) optimised depreciated replacement cost is considered the most appropriate basis for determining fair value. Infrastructure assets, and many assets within the Land and Buildings category, are considered to be specialised – in these cases, land is valued at market value while buildings and other items use optimised depreciated replacement cost.

### Land under roads

Land under roads was initially recognised by Council at fair value. On transition to New Zealand equivalents of International Financial Reporting Standards on 1 July 2006, Council elected to use the fair value of land under roads at 30 June 2005 as deemed cost. Land under roads is not revalued.

### Harbour assets

Deemed cost of harbour wharves and other structures, and of the Ōamaru Harbour breakwater, was established by Royds Garden Ltd, Consulting Engineers, at June 1992, with subsequent additions recorded at cost. These assets are not revalued.

### Library collection

Library collections are carried at depreciated replacement cost. Valuations are performed annually by the Library Manager and are not subject to independent review because they are based on readily available market prices.

### Cultural & heritage assets

These assets provide a cultural or heritage service to the community, and include artefacts held in the Waitaki Museum & Archive Te Whare Taoka o Waitaki, the Forrester Gallery art collection and Library resources. They are recorded at valuation, based on net current value, with subsequent additions at cost.

### Assets disposed of & held for sale at year end

Council and the group may dispose of assets at any time during the financial year. Gains or losses recorded on disposal are reflected in the Statement of Comprehensive Revenue and Expense as part of Non-trading Losses or Gains and are summarised in Note 7 to these financial statements.

Non-current assets held for sale at year end are recognised as a current asset when the sale is highly probable, there is commitment to a plan to sell, and that sale is expected to occur within one year and are detailed in Note 19. Those assets are valued at the lower of the carrying value and fair value less disposal costs, and any impairment losses for write-downs are recognised in surplus or deficit, as are any increases in fair value (less costs to sell), up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated while they are classified as held for sale.

## Property, Plant, and Equipment (Council Only)

2023  
Council Only

|                                 | Cost/<br>Valuation<br>01-Jul-22 | Current<br>Year<br>Assets<br>Constructed<br>by WDC | Current<br>Year<br>Assets<br>Transferred<br>to WDC | Current<br>Year<br>Disposals | Revaluation | Cost/<br>Valuation<br>30-Jun-23 | Accum Depn &<br>Impairment<br>Charges<br>01-Jul-22 | Current<br>Year<br>Depreciation | Current<br>Year<br>Disposals | Revaluation | Current Year<br>Impairment<br>Charges | Accum Depn &<br>Impairment<br>Charges<br>30-Jun-23 | Book<br>Value<br>30-Jun-22 | Book<br>Value<br>30-Jun-23 |
|---------------------------------|---------------------------------|--|--|------------------------------|-------------|---------------------------------|--|---------------------------------|------------------------------|-------------|---------------------------------------|--|----------------------------|----------------------------|
|                                 | \$000                           | \$000  | \$000  | \$000                        | \$000       | \$000                           | \$000  | \$000                           | \$000                        | \$000       | \$000                                 | \$000  | \$000                      | \$000                      |
| Land                            | 81,085                          | 27   |  | (11)                         |             | 81,101                          |  |                                 |                              |             |                                       |  | 81,085                     | 81,101                     |
| Buildings and Improvements      | 79,471                          | 2,563  | 266  | (47)                         |             | 82,253                          | 403  | 4,226                           | (2)                          |             |                                       | 4,627  | 79,068                     | 77,626                     |
| Infrastructural Assets          |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Roading Land (held at cost)   | 5,201                           |  | 14   |                              |             | 5,215                           |  |                                 |                              |             |                                       |  | 5,201                      | 5,215                      |
| - Roading Other                 | 562,943                         | 9,020  | 360  |                              | 72,978      | 645,301                         | 14,018   | 6,878                           |                              | (20,274)    |                                       | 622  | 548,925                    | 644,679                    |
| - Bridges                       | 22,151                          | 134  |  |                              | 2,276       | 24,561                          | 1,250  | 631                             |                              | (1,881)     |                                       |  | 20,901                     | 24,561                     |
| - Water Supply Schemes:         |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 30,861                          | 840  |  | (72)                         |             | 31,629                          | 859  | 1,057                           | (10)                         |             |                                       | 1,906  | 30,002                     | 29,723                     |
| Other Assets (ie Reticulation)  | 81,989                          | 6,495  | 17   | (1,139)                      |             | 87,362                          | 1,685  | 1,799                           | (51)                         |             |                                       | 3,433  | 80,304                     | 83,929                     |
| - Sewerage Schemes:             |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 77,358                          | 2,037  |  | (141)                        |             | 79,254                          | 528  | 605                             | (16)                         |             |                                       | 1,117  | 76,830                     | 78,137                     |
| Other Assets (ie Reticulation)  | 52,912                          | 1,255  |  | (171)                        |             | 53,996                          | 1,147  | 1,169                           | (23)                         |             |                                       | 2,293  | 51,765                     | 51,703                     |
| - Drainage Schemes              | 20,960                          | 182  |  | (88)                         |             | 21,054                          | 326  | 330                             | (3)                          |             |                                       | 653  | 20,634                     | 20,401                     |
| - Solid Waste Facilities        | 1,294                           |  |  |                              |             | 1,294                           | 1,209  | 18                              |                              |             |                                       | 1,227  | 85                         | 67                         |
| - Oamaru Harbour                | 33,569                          | 1,056  |  |                              |             | 34,625                          | 7,107  | 370                             |                              |             |                                       | 7,477  | 26,462                     | 27,148                     |
| - Alps to Ocean                 | 6,810                           | 39   |  |                              |             | 6,849                           | 1,344  | 242                             |                              |             |                                       | 1,586  | 5,466                      | 5,263                      |
| Total Infrastructural Assets    | 896,048                         | 21,058   | 391  | (1,611)                      | 75,254      | 991,140                         | 29,473   | 13,099                          | (103)                        | (22,155)    |                                       | 20,314   | 866,575                    | 970,826                    |
| Operational Assets              |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Plant, Equipment and Vehicles | 2,796                           | 419  |  | (109)                        |             | 3,106                           | 1,337  | 212                             | (63)                         |             |                                       | 1,486  | 1,459                      | 1,620                      |
| - Office Equipment and Fittings | 6,481                           | 1,299  |  | (257)                        |             | 7,523                           | 4,746  | 625                             | (252)                        |             |                                       | 5,119  | 1,735                      | 2,404                      |
| Total Operational Assets        | 9,277                           | 1,718  |  | (366)                        |             | 10,629                          | 6,083  | 837                             | (315)                        |             |                                       | 6,605  | 3,194                      | 4,024                      |
| Collections                     | 2,182                           | 160  | 2  | (88)                         |             | 2,256                           | 656  | 139                             | (77)                         |             |                                       | 718  | 1,526                      | 1,538                      |
| Capital Works in Progress       | 12,169                          | 5,891  |  | (8,484)                      |             | 9,576                           |  |                                 |                              |             |                                       |  | 12,169                     | 9,576                      |
|                                 | 1,080,232                       | 31,417   | 659  | (10,607)                     | 75,254      | 1,176,955                       | 36,615   | 18,301                          | (497)                        | (22,155)    |                                       | 32,264   | 1,043,617                  | 1,144,691                  |

## Property, Plant, and Equipment (Consolidated)

| 2023<br>Consolidated            | Cost/<br>Valuation<br>01-Jul-22 | Current<br>Year<br>Assets<br>Constructed<br>by WDC | Current<br>Year<br>Assets<br>Transferred<br>to WDC | Current<br>Year<br>Disposals | Revaluation | Cost/<br>Valuation<br>30-Jun-23 | Accum Depn &<br>Impairment<br>Charges<br>01-Jul-22 | Current<br>Year<br>Depreciation | Current<br>Year<br>Disposals | Revaluation | Current Year<br>Impairment<br>Charges | Accum Depn &<br>Impairment<br>Charges<br>30-Jun-23 | Book<br>Value<br>30-Jun-22 | Book<br>Value<br>30-Jun-23 |
|---------------------------------|---------------------------------|--|--|------------------------------|-------------|---------------------------------|--|---------------------------------|------------------------------|-------------|---------------------------------------|--|----------------------------|----------------------------|
|                                 | \$000                           | \$000  | \$000  | \$000                        | \$000       | \$000                           | \$000  | \$000                           | \$000                        | \$000       | \$000                                 | \$000  | \$000                      | \$000                      |
| Land                            | 88,274                          | 27   |  | (11)                         |             | 88,290                          |  |                                 |                              |             |                                       |  | 88,274                     | 88,290                     |
| Buildings and Improvements      | 102,908                         | 2,668  | 266  | (47)                         |             | 105,795                         | 447  | 5,095                           | (2)                          |             |                                       | 5,540  | 102,461                    | 100,255                    |
| Infrastructural Assets          |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Roading Land (held at cost)   | 5,201                           |  | 14   |                              |             | 5,215                           |  |                                 |                              |             |                                       |  | 5,201                      | 5,215                      |
| - Roading Other                 | 562,839                         | 8,978  | 360  |                              | 72,978      | 645,155                         | 14,018   | 6,878                           |                              | (20,274)    |                                       | 622  | 548,821                    | 644,533                    |
| - Bridges                       | 22,151                          | 134  |  |                              | 2,276       | 24,561                          | 1,250  | 631                             |                              | (1,881)     |                                       |  | 20,901                     | 24,561                     |
| - Water Supply Schemes          |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 30,861                          | 840  |  | (72)                         |             | 31,629                          | 859  | 1,057                           | (10)                         |             |                                       | 1,906  | 30,002                     | 29,723                     |
| Other Assets (ie Reticulation)  | 82,047                          | 6,490  | 17   | (1,139)                      |             | 87,415                          | 1,685  | 1,799                           | (51)                         |             |                                       | 3,433  | 80,362                     | 83,982                     |
| - Sewerage Schemes              |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 77,358                          | 2,037  |  | (141)                        |             | 79,254                          | 528  | 605                             | (16)                         |             |                                       | 1,117  | 76,830                     | 78,137                     |
| Other Assets (ie Reticulation)  | 52,912                          | 1,255  |  | (171)                        |             | 53,996                          | 1,147  | 1,169                           | (23)                         |             |                                       | 2,293  | 51,765                     | 51,703                     |
| - Drainage Schemes              | 20,960                          | 182  |  | (88)                         |             | 21,054                          | 326  | 330                             | (3)                          |             |                                       | 653  | 20,634                     | 20,401                     |
| - Solid Waste                   | 1,294                           |  |  |                              |             | 1,294                           | 1,209  | 18                              |                              |             |                                       | 1,227  | 85                         | 67                         |
| - Oamaru Harbour                | 33,568                          | 1,056  |  |                              |             | 34,624                          | 7,107  | 370                             |                              |             |                                       | 7,477  | 26,461                     | 27,147                     |
| - Alps to Ocean                 | 6,810                           | 39   |  |                              |             | 6,849                           | 1,344  | 242                             |                              |             |                                       | 1,586  | 5,466                      | 5,263                      |
| Total Infrastructural Assets    | 896,001                         | 21,011   | 391  | (1,611)                      | 75,254      | 991,046                         | 29,473   | 13,099                          | (103)                        | (22,155)    |                                       | 20,314   | 866,528                    | 970,732                    |
| Operational Assets              |                                 |  |  |                              |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Plant, Equipment and Vehicles | 31,645                          | 3,812  |  | (4,943)                      |             | 30,514                          | 20,675   | 2,188                           | (4,682)                      |             |                                       | 18,181   | 10,970                     | 12,333                     |
| - Office Equipment and Fittings | 9,537                           | 1,702  |  | (694)                        |             | 10,545                          | 6,524  | 868                             | (673)                        |             |                                       | 6,719  | 3,013                      | 3,826                      |
| Total Operational Assets        | 41,182                          | 5,514  |  | (5,637)                      |             | 41,059                          | 27,199   | 3,056                           | (5,355)                      |             |                                       | 24,900   | 13,983                     | 16,159                     |
| Collections                     | 2,182                           | 160  | 2  | (88)                         |             | 2,256                           | 656  | 139                             | (77)                         |             |                                       | 718  | 1,526                      | 1,538                      |
| Capital Works in Progress       | 12,186                          | 5,891  |  | (8,501)                      |             | 9,576                           |  |                                 |                              |             |                                       |  | 12,186                     | 9,576                      |
|                                 | 1,142,733                       | 35,271   | 659  | (15,895)                     | 75,254      | 1,238,022                       | 57,775   | 21,389                          | (5,537)                      | (22,155)    |                                       | 51,472   | 1,084,958                  | 1,186,550                  |

## Property, Plant, and Equipment (Council Only)

2022  
Council Only

|                                 | Cost/<br>Valuation<br>01-Jul-21 | Current<br>Year<br>Assets<br>Constructed<br>by WDC | Current<br>Year<br>Assets<br>Transferred<br>to WDC | Current<br>Year<br>Disposals<br>and<br>Transfers | Revaluation | Cost/<br>Valuation<br>30-Jun-22 | Accum Depn &<br>Impairment<br>Charges<br>01-Jul-21 | Current<br>Year<br>Depreciation | Current<br>Year<br>Disposals | Revaluation | Current Year<br>Impairment<br>Charges | Accum Depn &<br>Impairment<br>Charges<br>30-Jun-22 | Book<br>Value<br>30-Jun-21 | Book<br>Value<br>30-Jun-22 |
|---------------------------------|---------------------------------|--|--|--|-------------|---------------------------------|--|---------------------------------|------------------------------|-------------|---------------------------------------|--|----------------------------|----------------------------|
|                                 | \$000                           | \$000  | \$000  | \$000  | \$000       | \$000                           | \$000  | \$000                           | \$000                        | \$000       | \$000                                 | \$000  | \$000                      | \$000                      |
| Land                            | 61,736                          | 16   |  |  | 19,333      | 81,085                          |  |                                 |                              |             |                                       |  | 61,736                     | 81,085                     |
| Buildings and Improvements      | 65,970                          | 290  | 26   | (52)   | 13,237      | 79,471                          | 6,809  | 3,253                           | (7)                          | (9,652)     |                                       | 403  | 59,161                     | 79,068                     |
| Infrastructural Assets          |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Roading Land (held at cost)   | 5,189                           |  | 12   |  |             | 5,201                           |  |                                 |                              |             |                                       |  | 5,189                      | 5,201                      |
| - Roading Other                 | 557,951                         | 4,510  | 482  |  |             | 562,943                         | 7,174  | 6,844                           |                              |             |                                       | 14,018   | 550,777                    | 548,925                    |
| - Bridges                       | 22,161                          | (10)   |  |  |             | 22,151                          | 619  | 631                             |                              |             |                                       | 1,250  | 21,542                     | 20,901                     |
| - Water Supply Schemes:         |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 25,117                          | 5,890  |  | (146)  |             | 30,861                          |  | 972                             | (113)                        |             |                                       | 859  | 25,117                     | 30,002                     |
| Other Assets (ie Reticulation)  | 78,949                          | 3,999  | 364  | (1,323)  |             | 81,989                          |  | 1,723                           | (38)                         |             |                                       | 1,685  | 78,949                     | 80,304                     |
| - Sewerage Schemes:             |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 76,959                          | 401  |  | (2)  |             | 77,358                          |  | 529                             | (1)                          |             |                                       | 528  | 76,959                     | 76,830                     |
| Other Assets (ie Reticulation)  | 52,383                          | 270  | 305  | (46)   |             | 52,912                          |  | 1,157                           | (10)                         |             |                                       | 1,147  | 52,383                     | 51,765                     |
| - Drainage Schemes              | 20,720                          |  | 404  | (164)  |             | 20,960                          |  | 328                             | (2)                          |             |                                       | 326  | 20,720                     | 20,634                     |
| - Solid Waste Facilities        | 1,306                           | (12)   |  |  |             | 1,294                           | 1,196  | 22                              | (9)                          |             |                                       | 1,209  | 110                        | 85                         |
| - Oamaru Harbour                | 32,830                          | 739  |  |  |             | 33,569                          | 6,748  | 359                             |                              |             |                                       | 7,107  | 26,082                     | 26,462                     |
| - Alps to Ocean                 | 6,697                           | 113  |  |  |             | 6,810                           | 1,105  | 239                             |                              |             |                                       | 1,344  | 5,592                      | 5,466                      |
| Total Infrastructural Assets    | 880,262                         | 15,900   | 1,567  | (1,681)  |             | 896,048                         | 16,842   | 12,804                          | (173)                        |             |                                       | 29,473   | 863,420                    | 866,575                    |
| Operational Assets              |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Plant, Equipment and Vehicles | 2,358                           | 450  |  | (12)   |             | 2,796                           | 1,158  | 191                             | (12)                         |             |                                       | 1,337  | 1,200                      | 1,459                      |
| - Office Equipment and Fittings | 5,865                           | 635  |  | (19)   |             | 6,481                           | 4,216  | 546                             | (16)                         |             |                                       | 4,746  | 1,649                      | 1,735                      |
| Total Operational Assets        | 8,223                           | 1,085  |  | (31)   |             | 9,277                           | 5,374  | 737                             | (28)                         |             |                                       | 6,083  | 2,849                      | 3,194                      |
| Collections                     | 2,098                           | 175  | 1  | (92)   |             | 2,182                           | 591  | 125                             | (60)                         |             |                                       | 656  | 1,507                      | 1,526                      |
| Capital Works in Progress       | 10,517                          | 8,941  |  | (7,289)  |             | 12,169                          |  |                                 |                              |             |                                       |  | 10,517                     | 12,169                     |
|                                 | 1,028,806                       | 26,407   | 1,594  | (9,145)  | 32,570      | 1,080,232                       | 29,616   | 16,919                          | (268)                        | (9,652)     |                                       | 36,615   | 999,190                    | 1,043,617                  |

## Property, Plant, and Equipment (Consolidated)

| 2022<br>Consolidated            | Cost/<br>Valuation<br>01-Jul-21 | Current<br>Year<br>Assets<br>Constructed<br>by WDC | Current<br>Year<br>Assets<br>Transferred<br>to WDC | Current<br>Year<br>Disposals<br>and<br>Transfers | Revaluation | Cost/<br>Valuation<br>30-Jun-22 | Accum Depn &<br>Impairment<br>Charges<br>01-Jul-21 | Current<br>Year<br>Depreciation | Current<br>Year<br>Disposals | Revaluation | Current Year<br>Impairment<br>Charges | Accum Depn &<br>Impairment<br>Charges<br>30-Jun-22 | Book<br>Value<br>30-Jun-21 | Book<br>Value<br>30-Jun-22 |
|---------------------------------|---------------------------------|--|--|--|-------------|---------------------------------|--|---------------------------------|------------------------------|-------------|---------------------------------------|--|----------------------------|----------------------------|
|                                 | \$000                           | \$000  | \$000  | \$000  | \$000       | \$000                           | \$000  | \$000                           | \$000                        | \$000       | \$000                                 | \$000  | \$000                      | \$000                      |
| Land                            | 67,721                          | 16   |  | (290)  | 20,827      | 88,274                          |  |                                 |                              |             |                                       |  | 67,721                     | 88,274                     |
| Buildings and Improvements      | 84,446                          | 302  | 26   | (227)  | 18,361      | 102,908                         | 7,525  | 3,815                           | (7)                          | (10,886)    |                                       | 447  | 76,921                     | 102,461                    |
| Infrastructural Assets          |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Roading Land (held at cost)   | 5,189                           |  | 12   |  |             | 5,201                           |  |                                 |                              |             |                                       |  | 5,189                      | 5,201                      |
| - Roading Other                 | 557,806                         | 4,551  | 482  |  |             | 562,839                         | 7,174  | 6,844                           |                              |             |                                       | 14,018   | 550,632                    | 548,821                    |
| - Bridges                       | 22,161                          | (10)   |  |  |             | 22,151                          | 619  | 631                             |                              |             |                                       | 1,250  | 21,542                     | 20,901                     |
| - Water Supply Schemes          |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 25,117                          | 5,890  |  | (146)  |             | 30,861                          |  | 972                             | (113)                        |             |                                       | 859  | 25,117                     | 30,002                     |
| Other Assets (ie Reticulation)  | 78,949                          | 4,057  | 364  | (1,323)  |             | 82,047                          |  | 1,723                           | (38)                         |             |                                       | 1,685  | 78,949                     | 80,362                     |
| - Sewerage Schemes              |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| Treatment Plants and Facilities | 76,959                          | 401  |  | (2)  |             | 77,358                          |  | 529                             | (1)                          |             |                                       | 528  | 76,959                     | 76,830                     |
| Other Assets (ie Reticulation)  | 52,383                          | 270  | 305  | (46)   |             | 52,912                          |  | 1,157                           | (10)                         |             |                                       | 1,147  | 52,383                     | 51,765                     |
| - Drainage Schemes              | 20,720                          |  | 404  | (164)  |             | 20,960                          |  | 328                             | (2)                          |             |                                       | 326  | 20,720                     | 20,634                     |
| - Solid Waste                   | 1,306                           | (12)   |  |  |             | 1,294                           | 1,196  | 22                              | (9)                          |             |                                       | 1,209  | 110                        | 85                         |
| - Oamaru Harbour                | 32,829                          | 739  |  |  |             | 33,568                          | 6,748  | 359                             |                              |             |                                       | 7,107  | 26,081                     | 26,461                     |
| - Alps to Ocean                 | 6,697                           | 113  |  |  |             | 6,810                           | 1,105  | 239                             |                              |             |                                       | 1,344  | 5,592                      | 5,466                      |
| Total Infrastructural Assets    | 880,116                         | 15,999   | 1,567  | (1,681)  |             | 896,001                         | 16,842   | 12,804                          | (173)                        |             |                                       | 29,473   | 863,274                    | 866,528                    |
| Operational Assets              |                                 |  |  |  |             |                                 |  |                                 |                              |             |                                       |  |                            |                            |
| - Plant, Equipment and Vehicles | 31,684                          | 1,541  |  | (1,681)  | 101         | 31,645                          | 20,108   | 2,041                           | (1,590)                      | 101         | 15                                    | 20,675   | 11,576                     | 10,970                     |
| - Office Equipment and Fittings | 8,484                           | 836  |  | (26)   | 243         | 9,537                           | 5,537  | 765                             | (21)                         | 243         |                                       | 6,524  | 2,947                      | 3,013                      |
| Total Operational Assets        | 40,168                          | 2,377  |  | (1,707)  | 344         | 41,182                          | 25,645   | 2,806                           | (1,611)                      | 344         | 15                                    | 27,199   | 14,523                     | 13,983                     |
| Collections                     | 2,098                           | 175  | 1  | (92)   |             | 2,182                           | 591  | 125                             | (60)                         |             |                                       | 656  | 1,507                      | 1,526                      |
| Capital Works in Progress       | 10,542                          | 8,941  |  | (7,297)  |             | 12,186                          |  |                                 |                              |             |                                       |  | 10,542                     | 12,186                     |
|                                 | 1,085,091                       | 27,810   | 1,594  | (11,294)   | 39,532      | 1,142,733                       | 50,603   | 19,550                          | (1,851)                      | (10,542)    | 15                                    | 57,775   | 1,034,488                  | 1,084,958                  |



## Capital Work in Progress

Capital Work in Progress for Council consists of the following asset categories:

|   | Council       |               |
|---|---------------|---------------|
|   | 2023<br>\$000 | 2022<br>\$000 |
| Infrastructural Assets – roading and bridges  | 190           | 772           |
| Infrastructural Assets – water supply schemes | 6,292         | 6,010         |
| Infrastructural Assets – sewerage schemes     | 728           | 1,986         |
| Property and other assets                     | 2,415         | 3,401         |
| Total   | \$9,625       | \$12,169      |

## Restricted assets

Land, and Buildings and Improvements, include restricted properties. These restrictions affect Council's right to use, or dispose of, the asset, and derive either from legislation (such as the Reserves Act 1977) or from the terms of particular endowments or bequests which determine the purpose for which the assets may be used. These assets have a carrying value of \$17,808,020 (2022: \$18,142,300).

## Insurance (Mandatory Disclosure under Schedule 10, s31A of the LGA 2002)

Risk management, insurance, and risk financing are key considerations in the protection of public assets. Council can provide services in the future only if its infrastructural assets remain available for use and must carefully consider ways of managing risk effectively and making the best use of insurance and other mitigation tools.

### Water, Wastewater & Stormwater Assets

Total carrying value \$263,892,611 (2022: 259,534,247). Individual assets valued in excess of \$1,000,000 are insured – value of these assets for insurance purposes is \$105,411,533 (2022: \$105,411,533). Council mitigates the risk related to the remaining assets through its membership of the Local Authority Protection Programme (LAPP), use of depreciation reserves and the Disaster Fund (refer below).

Estimated cost of full replacement of the assets is \$423,535,826, based on the latest valuation at 30 June 2021, and subsequent additions at cost or valuation, and can be analysed as follows:

|                               |               |
|-------------------------------|---------------|
| Water Supply schemes          | \$191,522,717 |
| Wastewater (sewerage) schemes | \$193,143,962 |
| Stormwater (drainage) schemes | \$38,869,147  |

### Land & buildings

Council's land has a carrying value of \$81,101,236 (2022: \$81,085,300) and cannot be insured. Restoration might be funded by the Earthquake Commission if the loss occurred as a result of earthquake or landslip.

Council's buildings have a carrying value of \$77,626,548 (2022: \$79,068,470), and a value of \$206,708,000 (2022: \$152,407,913) for insurance purposes. Council self-insures buildings which would either not be replaced in the event of loss or would be funded from depreciation reserves and the Disaster Fund (refer below).

### Roading assets, including bridges & footpaths

Total carrying value \$674,456,304 (2022: \$575,027,519). These are not specifically insured. Significant loss or damage would be subsidised by Waka Kotahi New Zealand Transport Agency, which has previously funded costs arising from storm events. Current rates of financial assistance may change in the future. Any un-subsidised cost would be met from depreciation reserves, and the Disaster Fund (refer next page). Estimated cost of full replacement of the assets is \$913,695,560 based on the valuation at 30 June 2023.

### **Solid Waste facilities, Ōamaru Harbour and the Alps2Ocean Cycle Trail**

Total carrying value of \$32,483,697 (2022: \$32,012,108). Not specifically insured. Replacement or reinstatement would be funded from operational budgets or depreciation reserves.

### **Art Works, Museum Collections, Library Books**

Total carrying value \$1,537,807. Valued at \$4,000,550 for insurance purposes (2022: \$4,000,550), being \$3,000,550 for Council's own art works (2022: \$3,000,550), and \$1,000,000 for art works on loan to Council (2022: \$1,000,000). The balance of Council's own art works is uninsured. No provision has been made to self-insure these items, as they are considered unique, and could not be replaced in the event of loss.

Library books are not insured, and their replacement would be met from depreciation reserves.

### **Vehicles, Plant and Equipment, Furniture and Fittings**

Plant, Equipment and Vehicles have a carrying value of \$1,628,502, of which Vehicles have a carrying value of \$808,671, and a value for insurance purposes of \$1,079,025 (2022: \$1,156,811). All vehicles are insured for replacement value. Other items of Plant and Equipment are not insured.

Office Equipment and Fittings with a carrying value of \$2,404,603 are not insured. Individual items are not generally of material value, and depreciation reserves would fund any replacements.

### **Summary of Insurance Cover arranged by Council**

|  |                 |
|--|-----------------|
| Total carrying value of Property Plant and Equipment | \$1,144,690,941 |
| Total value of cover for insurance purposes          | \$317,199,108   |
| Total value of uninsured assets                      | \$827,491,833   |

### **Significant uninsured assets include:**

|  |               |
|--|---------------|
| Roading Network (NZTA subsidies, Council reserves)                   | \$674,456,304 |
| Water, Wastewater and stormwater assets (LAPP assistance)            | \$158,481,078 |
| Land holdings (uninsurable, potential Earthquake Commission funding) | \$81,101,236  |
| Solid Waste, Harbour, Cycle Trail                                    | \$32,483,697  |

In the event of the destruction of or significant damage to uninsured assets because of a natural disaster, financial support might be provided from Waka Kotahi New Zealand Transport Agency subsidies, the LAPP fund, the Earthquake Commission and Council's own reserves, including the Disaster Fund and the Insurance Excess Fund (details below). Furthermore, destroyed assets might not be rebuilt, or, if reconstructed, might not be in the same configuration as the previous asset, to control and reduce cost.

### **Disaster Fund, Insurance Excess Fund (refer also Note 9 – Special Reserves)**

Council has specific reserves to enable it to provide a rapid response to significant and damaging events and to meet uninsured losses that may arise. At 30 June 2023, the Disaster Fund stood at \$1,905,805 (2022: \$2,726,700), and the Insurance Excess Fund \$203,094 (2022: \$203,094). Council maintains committed cash facilities with its bankers to provide additional and immediate funding to meet any shortfall.

## Critical accounting estimates & assumptions

### Estimating the Fair Value of Land, Buildings, and Infrastructure

Land and buildings, including Parks and the Ōamaru Airport, were revalued at 30 June 2022 in accordance with NZ IPSAS 17, PINZ Professional Practice Standards and New Zealand Infrastructure Valuation and Depreciation guidelines.

#### *Land (Operational, Restricted, and Infrastructural)*

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council 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 used in the 30 June 2022 valuation include:

- Replacement costs of specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no such adjustments for the most recent valuations.
- Replacement cost is derived from recent construction contracts of equivalent assets and Property Institute of New Zealand cost information.
- There are no significant asbestos issues associated with the buildings.
- There are no significant earthquake-prone issues associated the buildings.
- Remaining useful lives of assets are 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.
- The valuer has assumed that all properties valued are fully compliant with relevant legislation, including the Buildings Act 2004 and the Resource Management Act 1991.
- For properties where Council is both owner and occupier, the valuation assumed market rental with standard terms, including a 6 year lease term and rent review every 2 years.

The fair value of properties has been determined by an independent valuer who has the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. Given that a range of assumptions are used in determining the fair value of land and buildings associated with the rest home complex, the subjectivity of those assumptions could have significant impact on the profit and fair value.

The directors of Observatory Village Lifecare Limited, in conjunction with the valuer, estimate that the average period of occupancy for apartments is 3 years (2022: 3 years), for care suites is 2 years (2022: 2 years) and for villas 8 years (2022: 8 years). These estimates are based on industry norms due to the relative infancy of the Village and a more accurate estimation will be able to be determined over a longer period of time, once actual re-sale history is evidenced from trading.

## Infrastructural Asset Classes

### Roads & bridges

Roads and bridges were revalued at 30 June 2023 by two independent registered valuers.

### Water, Sewerage and Stormwater infrastructure

The most recent valuation of sewerage, water, and stormwater infrastructural assets was performed by an independent registered valuer at 30 June 2021. A fair value assessment was performed at 30 June 2023 to gain assurance that the fair value was not significantly different from the carrying amount. Although this exercise indicated that Council's infrastructure assets have increased in value, that increase is not considered material. A full revaluation of 3 Waters assets is to be completed 30 June 2024.

Infrastructural assets are valued using the depreciated replacement cost method, which involves a number of estimates and assumptions. These include:

- Replacement costs, where appropriate, reflect optimisation due to over-design or surplus capacity. Council has determined that there is no significant surplus capacity in its sewerage and water assets.
- Estimating the replacement cost of the asset, based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined and then applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, or relevant market price data is not available (i.e. no recent construction contracts) indexation methodology has been used to determine fair value. It is indexed using Waka Kotahi's Construction and Structure adjustment factor. The index has been adjusted using Holt Winter's Exponential Smoothing which allows for estimating price increases for specialised assets to prevent short term fluctuations from unduly affecting long term assets.
- Estimates of the remaining useful life over which the asset will be depreciated. Estimates can be affected by local conditions, such as weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, Council might over- or underestimate the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives are determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, adjusted for local conditions based on experience. Asset inspections, deterioration, and condition-modelling are carried out regularly as part of asset management planning activities, to provide further assurance over useful life estimates.

## Critical judgements in applying Council's Accounting Policies

Management has exercised these critical judgements in applying Council's accounting policies:

### Classification of Property – Community Housing

Council owns and maintains properties to provide community housing. Receipt of market-based rental is incidental to holding these properties, which are held for service delivery objectives as part of Council's social housing policy, and are accounted for as property, plant, and equipment.

### Classification of Property – Unoccupied Land

Council owns unoccupied land which is classified as property, plant and equipment. Due to uncertainty over the future intended use of the land, Council has not classified the land as investment property.

### Reliability of Asset Valuations

In the years between the regular triennial revaluation cycle, Council conducts a fair value assessment to provide assurance that carrying values do not vary significantly from current fair value estimates.

| Council only |       | Consolidated |       |
|--------------|-------|--------------|-------|
| 2023         | 2022  | 2023         | 2022  |
| \$000        | \$000 | \$000        | \$000 |

## Note 11: Investment property

### Policy

Investment property includes land and buildings related to the retirement village which are held long term to earn rental income and for capital appreciation. Investment property is initially recorded at cost and subsequently measured annually at fair value as determined by an independent registered valuer.

Gains or losses arising from changes in fair values are included in the Statement of Comprehensive Revenue and Expense when they arise. Where an investment property is disposed of, the surplus or deficit recognised in the Statement of Comprehensive Revenue and Expense is the difference between the net sales price and the carrying value of the property. Investment properties are not depreciated.

### Investment Property

|                           |     |     |          |          |
|---------------------------|-----|-----|----------|----------|
| Balance at 1 July         | -   | -   | 37,040   | 31,450   |
| Additions and transfers   | -   | -   | 8,032    | 4,877    |
| Revaluation Gain / (Loss) | -   | -   | 1,733    | 713      |
| Balance at 30 June        | \$- | \$- | \$46,805 | \$37,040 |

The valuation was performed by CVAS (CHC) Ltd trading as Colliers at 30 June 2023 in accordance with *PBE IPSAS 16 Investment Properties*. Colliers is appropriately qualified and experienced in valuing retirement village properties in New Zealand. Serviced Apartments and Independent Villas are valued using the discounted cash flow approach. The major assumptions used are a discount rate of 15.00% (2022: 14.75%), growth rates in serviced apartment values ranging from 0% for year 1, 1% for year 2 and then 2.50% from year 3 onwards over the term of the cash flow, with a compounded growth rate at 2.34% (2022: 2.34%). For the independent villas, a market value compounded growth rate at 2.72% has been adopted (2022: 2.80%), reflecting 0% growth in year 1, 2.00% for year 2 and then 3.00% for year 3 onwards. A deduction for expenses such as refurbishment costs, marketing and capital expenditure has also been adopted.

Occupation Right Agreement contracts were reviewed and valuations adjusted for residents' share, if any, of any capital gains when determining the market value to the proprietor. Other assumptions used by the valuer include the average age of entry of residents and average occupancy periods of units. The period of the discounted cash flow is 25 years.

The above inputs calculate the proprietor's interest in Observatory Village Lifecare Limited which is then adjusted to take into account the residents Occupation Right Agreement liability as recorded in the Balance Sheet to determine the overall land and improvement value. There is approximately 19,179 square metres of excess usable land remaining as undeveloped and is shown within the report having been valued at \$60.00 per square meter (2022: \$35.00).

Colliers have reviewed market conditions in relation to the Covid-19 global pandemic impact upon value. With the level of uncertainty and unknown impacts decreasing, and markets becoming more used to operating under Covid-19 conditions, specific adjustments made to discount rates and near term growth rates for Covid-19 in prior year valuations have been critically analysed and adjusted when determining value at 30 June 2023. Their view is that the longer-term economic impact of Covid-19 on the New Zealand aged care sector remains difficult to accurately predict, with only limited comparable transactions and market evidence since the outbreak to give guidance. They advise that because of these factors a higher degree of caution should be exercised when relying on valuations.

## Note 12: Intangible assets

### Policy

Intangible assets are identifiable non-monetary assets without physical substance. The main categories of intangible assets are:

#### Software

Computer software licenses are capitalised based on costs incurred to acquire and bring into service. Costs, including employee costs and related overheads, associated with developing software for internal use are recognised as an intangible asset. Costs related to staff training, maintaining computer software, and developing and maintaining Council's website are expensed when incurred. The useful life of software is 3 to 10 years, and the cost is amortised on a straight-line basis.

#### Carbon credits

Carbon credits are recognised at cost on acquisition and those received from the Crown under the Emissions Trading Scheme were recognised at fair value, being the value on the tradable carbon credit market at the time of receipt. Carbon credits are not amortised, but are tested for impairment annually, and derecognised when surrendered to satisfy carbon emission obligations. Credits are held to meet future obligations related to emissions at the Palmerston landfill facility. These obligations are satisfied by surrendering credits based on volumes of waste at the facility. Remaining units are held firstly to meet ongoing obligations related to the Palmerston landfill, and secondly to meet the potential liability that would arise should Council, in the future, decide against replanting forested areas after harvesting or fire.

#### Other intangible assets include:

##### *Aerial Photographic Images*

Council undertakes aerial photography throughout the Waitaki District. Images arising from this activity are available to view through Council's systems. The value of the images is established as the cost of completing the aerial photography programme and is amortised on a straight-line basis over five years.

##### *Other*

Other intangible assets, including consents held by members of the group, with an identifiable useful life of 5 to 25 years, are amortised on a straight-line basis.

#### Amortisation

Intangible assets are amortised on the following bases:

|                         | <b>Economic life</b>                                      | <b>Amortisation rate</b> |
|-------------------------|---|--------------------------|
| • <b>Software</b>       | 2 – 10 years  | 10% – 50%                |
| • <b>Carbon credits</b> | no amortisation, credits are disposed of when surrendered |                          |
| • <b>Other items</b>    | 5 – 25 years  | 4% – 20%                 |

#### Impairment of Intangible Assets

Intangible assets with finite useful lives are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may no longer be recoverable. If there is an indication of impairment, the asset's recoverable amount is estimated, and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service.

|                                | 2023           |                |              |                | 2022           |                |              |                |
|--------------------------------|----------------|----------------|--------------|----------------|----------------|----------------|--------------|----------------|
|                                | Software       | Carbon Credits | Other        | Total          | Software       | Carbon Credits | Other        | Total          |
|                                | \$000          | \$000          | \$000        | \$000          | \$000          | \$000          | \$000        | \$000          |
| <b><u>Council only</u></b>     |                |                |              |                |                |                |              |                |
| Balance at 1 July              |                |                |              |                |                |                |              |                |
| Cost                           | 4,793          | 14             | 91           | 4,898          | 4,037          | 14             | -            | 4,051          |
| Accumulated Amortisation       | (2,909)        | -              | (9)          | (2,918)        | (2,526)        | -              | -            | (2,526)        |
| Opening Book Value             | 1,884          | 14             | 82           | 1,980          | 1,511          | 14             | -            | 1,525          |
| Movements for the year         |                |                |              |                |                |                |              |                |
| Additions                      | 350            | -              | -            | 350            | 763            | -              | 91           | 854            |
| Disposals - cost               | -              | -              | -            | -              | (7)            | -              | -            | (7)            |
| Amortisation charge            | (483)          | -              | (18)         | (501)          | (390)          | -              | (9)          | (399)          |
| Disposals - accum amortisation | -              | -              | -            | -              | 7              | -              | -            | 7              |
| Net movement for the year      | (133)          | -              | (18)         | (151)          | 373            | -              | 82           | 455            |
| Balance at 30 June             |                |                |              |                |                |                |              |                |
| Cost                           | 5,143          | 14             | 91           | 5,248          | 4,793          | 14             | 91           | 4,898          |
| Accumulated Amortisation       | (3,392)        | -              | (27)         | (3,419)        | (2,909)        | -              | (9)          | (2,918)        |
| Closing Book Value             | <b>\$1,751</b> | <b>\$14</b>    | <b>\$64</b>  | <b>\$1,829</b> | <b>\$1,884</b> | <b>\$14</b>    | <b>\$82</b>  | <b>\$1,980</b> |
| <b><u>Consolidated</u></b>     |                |                |              |                |                |                |              |                |
| Balance at 1 July              |                |                |              |                |                |                |              |                |
| Cost                           | 5,070          | 14             | 714          | 5,798          | 4,314          | 14             | 623          | 4,951          |
| Accumulated Amortisation       | (3,147)        | -              | (579)        | (3,726)        | (2,749)        | -              | (555)        | (3,304)        |
| Opening Book Value             | 1,923          | 14             | 135          | 2,072          | 1,565          | 14             | 68           | 1,647          |
| Movements for the year         |                |                |              |                |                |                |              |                |
| Additions                      | 350            | -              | 57           | 407            | 763            | -              | 91           | 854            |
| Disposals - cost               | (68)           | -              | -            | (68)           | (7)            | -              | -            | (7)            |
| Amortisation charge            | (496)          | -              | (33)         | (529)          | (405)          | -              | (24)         | (429)          |
| Disposals - accum amortisation | 68             | -              | -            | 68             | 7              | -              | -            | 7              |
| Net movement for the year      | (146)          | -              | 24           | (122)          | 358            | -              | 67           | 425            |
| Balance at 30 June             |                |                |              |                |                |                |              |                |
| Cost                           | 5,352          | 14             | 771          | 6,137          | 5,070          | 14             | 714          | 5,798          |
| Accumulated Amortisation       | (3,575)        | -              | (612)        | (4,187)        | (3,147)        | -              | (579)        | (3,726)        |
| Closing Book Value             | <b>\$1,777</b> | <b>\$14</b>    | <b>\$159</b> | <b>\$1,950</b> | <b>\$1,923</b> | <b>\$14</b>    | <b>\$135</b> | <b>\$2,072</b> |



|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 13: Forestry assets

### Policy

Forestry is the estimated worth of maturing tree stocks in Council's forests as at date of valuation. The valuation method adopted is Net Present Value based on the age and condition of the trees. Trees under fifteen years are valued at replacement cost.

The cost of maintaining forestry assets is included in the reported surplus or deficit.

### Analysis of forestry assets

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Balance at 1 July  | 338          | 357          | 338          | 357          |
| Gains / (Losses) arising from changes in fair value less estimated point of sale costs | 424          | (19)         | 424          | (19)         |
| <b>Total</b>   | <b>\$762</b> | <b>\$338</b> | <b>\$762</b> | <b>\$338</b> |

Council has several forest stands covering a net stocked area of 122.4ha (2022: 113.8ha), planted mainly in Pinus Radiata in the Waitaki District. These are at varying stages of maturity, ranging from 10-30 years. Council's forestry holdings are primarily for aesthetic and land protection purposes.

The annual valuation, dated 30 June 2023, was performed by Matthew Cotterell, MNZIF Registered Forestry Consultant, on behalf of Forestry Management Ltd. A pre-tax discount rate of 9.0% (2022: 9.0%) has been used to discount the present value of expected cash flows. All costs and prices used are based on current market information.

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forest owner and has therefore not taken any measures to manage this risk.

### Insurance

Council's forestry assets are subject to the risk of fire and storm damage. In the current financial year Council arranged insurance providing maximum cover of \$450,000 (2022: \$268,816) for the forestry plantations, up to \$348,180 (2022: \$208,209) for fire damage, up to \$50,000 (2022: \$250,000) for fire-fighting costs and up to \$50,000 (2022: \$111,800) for replanting and other re-establishment costs.

### Emissions Trading Scheme (ETS)

Forestry stands are professionally managed, and Council adheres strictly to a replanting plan developed by its advisers to ensure that there is no liability related to the Emissions Trading Scheme. Council holds carbon credits specifically related to its forestry asset (refer Note 12).



## Note 14: Financial assets

### Policy

Financial assets, other than shares in subsidiaries, are initially recognised at fair value plus transaction costs, if any, unless they are carried at fair value through surplus or deficit, in which case transaction costs are expensed when incurred. Classification of financial assets depends on their cash flow characteristics and the Council's management model for managing these. The following categories (as recognised in PBE IPSAS 41 Accounting Standard) are those used for initial classification and subsequent measurement:

#### Amortised cost

Financial assets are classified and subsequently measured at amortised cost if they give rise to cash flows that are solely payments of principal and interest on the principal outstanding, and are held within a management model whose objective is to collect the contractual cash flows of the asset. Such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any expected credit losses (ECL – refer policy below). Where applicable, interest accrued but unpaid at balance date is added to the investment balance. *Includes term deposits, and external loans.*

#### Fair value through other comprehensive revenue and expense (FVTOCRE)

Financial assets are classified and subsequently measured at fair value through other comprehensive revenue and expense if they give rise to cash flows that are solely payments of principal and interest and are held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets. *Council holds no assets in this category.*

#### Fair value through surplus and deficit (FVTSD)

Financial assets that do not meet the criteria to be measured at amortised cost or at FVTOCRE are subsequently measured at fair value through surplus and deficit. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at fair value through other comprehensive revenue and expense. Subsequent to initial recognition, financial assets in this category are measured at fair value with fair value gains or losses recognised in surplus or deficit. Interest revenue recognised from such financial assets are separately presented within revenue. *Includes equity investments and LGFA borrower notes.*

#### Expected Credit Loss Allowance (ECL)

Council recognises an allowance for ECLs for all debt instruments not classified as fair value through surplus and deficit. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL). When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

Council and the group consider a financial asset to be in default when the asset is more than 90 days past due. It may be determined that a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

### Investment in subsidiaries

Council consolidates in the group financial statements all entities where Council can control financing and operating policies to obtain benefits from the activities of the subsidiaries. This right exists through the exercise of majority voting power on the governing body, where such policies have been irreversibly determined by Council, or where the determination of such policies would not materially affect the potential ownership benefits arising from the subsidiary.

Investments in subsidiaries are held at cost in Council's parent entity financial statements.

|   |                |                |          |          |
|---|----------------|----------------|----------|----------|
| Whitestone Contracting Ltd              | 4,600          | 4,600          | -        | -        |
| Tourism Waitaki Ltd                     | 103            | 103            | -        | -        |
| Waitaki District Health Services Ltd    | -              | -              | -        | -        |
| <b>Total investment in subsidiaries</b> | <b>\$4,703</b> | <b>\$4,703</b> | <b>-</b> | <b>-</b> |

### Interest in Joint Venture

Council holds 50% ownership of Ōmārama Airfield Limited for strategic reasons and accounts for its investment using the equity method in accordance with PBE IPSAS36 *Investments in Associates and Joint Ventures*.

|                                       |                |                |                |                |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Opening balance                       | 1,765          | 1,644          | 1,765          | 1,644          |
| Share of reported surplus / (deficit) | (36)           | 121            | (36)           | 121            |
| <b>Closing balance</b>                | <b>\$1,729</b> | <b>\$1,765</b> | <b>\$1,729</b> | <b>\$1,765</b> |

Operating results and financial position for Ōmārama Airfield Limited are summarised below:

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Operating Revenue                             | 109            | 95             | 109            | 95             |
| Operating Expenditure                         | (181)          | (159)          | (181)          | (159)          |
| Revaluation of Properties                     | -              | 310            | -              | 310            |
| <b>Annual Surplus / (Deficit)</b>             | <b>(\$72)</b>  | <b>\$246</b>   | <b>(\$72)</b>  | <b>\$246</b>   |
| <b>Council's share of Surplus / (Deficit)</b> | <b>(\$36)</b>  | <b>\$121</b>   | <b>(\$36)</b>  | <b>\$121</b>   |
| Total Assets                                  | \$3,496        | \$3,546        | \$3,496        | \$3,546        |
| Total Liabilities                             | (\$38)         | (\$16)         | (\$38)         | (\$16)         |
| <b>Net Assets</b>                             | <b>\$3,458</b> | <b>\$3,530</b> | <b>\$3,458</b> | <b>\$3,530</b> |

|  | Council only  |               | Consolidated  |               |
|--|---------------|---------------|---------------|---------------|
|  | 2023<br>\$000 | 2022<br>\$000 | 2023<br>\$000 | 2022<br>\$000 |
| <b>Term Deposits (Amortised Cost)</b>  |               |               |               |               |
| Council and members of its consolidated group may place surplus funds on deposit with trading banks. Deposits with original maturity dates less than or equal to 3 months from the date of the deposit are included as part of Cash and Cash Equivalents and are detailed in Note 15.  |               |               |               |               |
| <b>Current</b>   |               |               |               |               |
| Term Deposits maturing between 3 & 12 months   | 1,004         | 2,003         | 2,366         | 2,816         |
| <b>Listed and Unlisted Shares (Fair Value through Surplus and Deficit)</b>   |               |               |               |               |
| Council may hold listed or unlisted shares for strategic or other reasons. The intention on acquisition is normally to hold long term. Shares are classified as non-current unless disposal is expected within the following year.   |               |               |               |               |
| Investments in shares in the unlisted companies below are valued at cost as there is no market, or any likely market, for the shares, and there have been no recent share sales on which to base a fair value:   |               |               |               |               |
| <b>Civic Financial Services Ltd</b>  |               |               |               |               |
| 120,000 shares (1.07% ownership)   | 114           | 114           | 114           | 114           |
| <b>Lower Waitaki Irrigation Co Ltd</b>   |               |               |               |               |
| 2,909 Shares (11.5% ownership)   | 31            | 31            | 31            | 31            |
| <b>Total Unlisted Shares</b>   | <b>\$145</b>  | <b>\$145</b>  | <b>\$145</b>  | <b>\$145</b>  |
| <b>LGFA Borrower Notes (Fair Value through Surplus and Deficit)</b>  |               |               |               |               |
| As a condition of borrowing from the LGFA, Council is required to hold borrower notes, which represent 2.5% of Council's borrowings secured by Fixed Term Bonds and Floating Rate Notes. Interest is earned on the investment but is only paid on maturity and so may accumulate over many years. The value of LGFA Borrower notes includes interest accrued but unpaid at year end. |               |               |               |               |
| <b>Local Government Funding Agency</b>   |               |               |               |               |
| LGFA Borrower Notes – non-current  | 708           | 467           | 708           | 467           |
| LGFA Borrower Notes – current  | 142           | 51            | 142           | 51            |
| <b>Total LGFA Borrower Notes</b>   | <b>\$850</b>  | <b>\$518</b>  | <b>\$850</b>  | <b>\$518</b>  |
| <b>Total Investments in and with other entities</b>  | <b>\$995</b>  | <b>\$663</b>  | <b>\$995</b>  | <b>\$663</b>  |
| Categorised as Non-current   | 853           | 612           | 853           | 612           |
| Categorised as Current   | 142           | 51            | 142           | 51            |
| <b>Total Investments in and with other entities</b>  | <b>\$995</b>  | <b>\$663</b>  | <b>\$995</b>  | <b>\$663</b>  |

|  | Council only    |                 | Consolidated    |                 |
|--|-----------------|-----------------|-----------------|-----------------|
|  | 2023            | 2022            | 2023            | 2022            |
|  | \$000           | \$000           | \$000           | \$000           |
| <b>Loans to Other Entities (Amortised Cost)</b>  |                 |                 |                 |                 |
| Funds advanced to external entities to promote community wellbeing and economic development within the Waitaki District. |                 |                 |                 |                 |
| North Otago Irrigation Co Ltd  | 13,824          | 14,201          | 13,824          | 14,201          |
| Observatory Village Charitable Trust Group   | 15,621          | 15,599          | -               | -               |
| Kurow-Duntroon Irrigation Co Ltd   | 3,174           | 3,130           | 3,174           | 3,130           |
| Waitaki District Health Services Ltd   | 1,950           | -               | -               | -               |
| Advances to other entities   | 618             | 524             | 618             | 524             |
| <b>Loans</b>   | <b>\$35,187</b> | <b>\$33,454</b> | <b>\$17,616</b> | <b>\$17,855</b> |
| Categorised as Non-current   | 34,840          | 33,053          | 17,291          | 17,454          |
| Categorised as Current   | 347             | 401             | 325             | 401             |
| <b>Total</b>   | <b>\$35,187</b> | <b>\$33,454</b> | <b>\$17,616</b> | <b>\$17,855</b> |

#### **Movements in loans to other entities**

|   |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
| Balance at 1 July                             | 33,454          | 29,958          | 17,855          | 18,299          |
| New or increased loans made during the period | 2,119           | 5,418           | 169             | 18              |
| Interest accrued at balance date              | 22              | -               | -               | -               |
| Payments made in reduction of loans           | (408)           | (2,041)         | (408)           | (581)           |
| ECL allowance reversed (recognised)           | -               | 119             | -               | 119             |
| <b>Total</b>                                  | <b>\$35,187</b> | <b>\$33,454</b> | <b>\$17,616</b> | <b>\$17,855</b> |

#### **Maturity profile of lending**

|                                |                 |                 |                 |                 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Due within one year            | 347             | 401             | 325             | 401             |
| Due between one and two years  | 3,772           | 650             | 322             | 680             |
| Due between two and five years | 5,463           | 8,397           | 963             | 3,902           |
| Due beyond five years          | 25,605          | 24,006          | 16,006          | 12,872          |
| <b>Total</b>                   | <b>\$35,187</b> | <b>\$33,454</b> | <b>\$17,616</b> | <b>\$17,855</b> |

The effective interest rate on secured loans at year end was 4.49% (2022: 2.74%).

Interest due on loans at year end is added to the loan balance for reporting purposes.

Elements of certain loans are provided free of interest having regard particularly to heritage interests and community support. Council has not discounted the value of these loans to reflect a notional income stream because the net result of such action would be immaterial.

Council considers the carrying value of Loans to Other Entities equates to fair value, as adequate security is held for each of the individual loans. Council monitors external loans for indicators of financial stress and hardship and engages with borrowers at the earliest possible stage to resolve any potential issues.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

Significant advances are:

**North Otago Irrigation Co Ltd** - General Security Agreement over assets of the company including Water Supply Contracts and Memoranda of Encumbrances between the company and irrigators. To be fully repaid by January 2031.

**Observatory Village Charitable Trust Group** - General Security Agreement over assets of the company. To be fully repaid by 30 June 2035. A portion of this advance has been made free of interest.

**Kurow-Duntroon Irrigation Co Ltd** - General Security Agreement over assets of the company. To be fully repaid by 9 November 2033.

## Note 15: Cash & cash equivalents

### Policy

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. The carrying value of cash at bank and term deposits maturing within three months approximates fair value. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position – see Note 20.

### Analysis of cash & cash equivalents

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| Cash at bank and in hand                        | 2,808          | 559            | 5,402          | 5,148          |
| Deposits with initial terms of 3 months or less | 1,003          | 1,501          | 1,404          | 1,501          |
| <b>Total</b>                                    | <b>\$3,811</b> | <b>\$2,060</b> | <b>\$6,806</b> | <b>\$6,649</b> |

Council and other Group members have total bank overdraft facilities of \$1,250,000 (2022: \$1,250,000) available and had utilised \$Nil (2022: \$Nil) at balance date.

Council has uncommitted loan facilities of \$1,000,000 (2022: \$1,000,000), and other Group members hold a further \$3,109,696 (2022: \$2,911,736) for the purposes of meeting borrowing needs.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 16: Trade & other receivables

### Policy

Receivables from both Non-exchange and from Exchange Transactions are recorded at the amount due less an allowance for expected credit losses (ECL). The carrying value of trade and other receivables approximates fair value.

Council and group members apply a simplified ECL model for recognising lifetime ECL for receivables. In measuring ECLs, receivables are assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

An allowance for doubtful debts is made for rate and infringement receivables that are past their due date. Rate receivables are "written off":

- When remitted in accordance with Council's rate remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating Act) 2002.

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than a year overdue.

### Receivables comprise

Those arising from non-exchange transactions

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Debt related to rates, external grants, infringements and fees and charges for services that are partly subsidised from rates | 3,474 | 3,073 | 5,458 | 5,459 |
|---|-------|-------|-------|-------|

Those arising from exchange transactions

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Debt related to commercial sales, and fees and charges that are not subsidised from rates | 1,677 | 1,901 | 4,229 | 3,469 |
|---|-------|-------|-------|-------|

|              |                |                |                |                |
|--------------|----------------|----------------|----------------|----------------|
| <b>Total</b> | <b>\$5,151</b> | <b>\$4,974</b> | <b>\$9,687</b> | <b>\$8,928</b> |
|--------------|----------------|----------------|----------------|----------------|

### Analysis of receivables & other information

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Rates  | 2,067          | 1,667          | 2,067          | 1,667          |
| Sundry Debtors   | 1,562          | 2,006          | 5,932          | 6,239          |
| Accrued Revenue  | 1,629          | 1,413          | 2,094          | 1,374          |
| Infringements  | 96             | 81             | 96             | 81             |
| Inter-company  | 273            | 198            | -              | -              |
| <b>Total Receivables</b>                                 | <b>5,627</b>   | <b>5,365</b>   | <b>10,189</b>  | <b>9,361</b>   |
| Less Allowance for doubtful debts: Rates & Infringements | (393)          | (312)          | (393)          | (312)          |
| Less Allowance for ECL: General                          | (83)           | (79)           | (109)          | (121)          |
| <b>Total</b>   | <b>\$5,151</b> | <b>\$4,974</b> | <b>\$9,687</b> | <b>\$8,928</b> |

Significant concentrations of credit risk outside the group are with Waka Kotahi New Zealand Transport Agency and Te Whatu Ora. Given the nature of these organisations and their trading history over many years, the risk is considered very low.

|   | Council only   |                | Consolidated   |                |
|---|----------------|----------------|----------------|----------------|
|   | 2023           | 2022           | 2023           | 2022           |
|   | \$000          | \$000          | \$000          | \$000          |
| <b>Aging Profile of Sundry Debtors (including intercompany)</b> |                |                |                |                |
| Not yet overdue   | 1,332          | 1,597          | 4,723          | 5,042          |
| Overdue 0 – 30 days   | 187            | 116            | 751            | 494            |
| Overdue 30 – 60 days  | 23             | 52             | 60             | 75             |
| Overdue more than 61 days                                       | 293            | 439            | 398            | 628            |
| <b>Total Sundry Debtors</b>                                     | <b>\$1,835</b> | <b>\$2,204</b> | <b>\$5,932</b> | <b>\$6,239</b> |

The carrying amount of receivable that are past due, but not considered impaired, was \$503 (2022: \$607 and for the group \$1,209 (2022: \$1,197).

### Expected Credit Loss Allowance (Provision for Impairment)

#### Rates Receivables

The Local Government (Rating) Act 2002 gives Council powers to enable the recovery of overdue debts including, as the ultimate sanction, the ability to sell the rating unit to which unpaid rates relate. Although overdue rates are a cost on the community, invoking the power to sell property rarely results in a satisfactory outcome and often leaves a balance to be written off. After studying trends in the level of overdue rate debtors, Council has applied ECL for overdue rates and penalties of 18.8% (2022: 18.8%).

#### Infringement Debtors

Infringements remaining unpaid after thirty days are transferred to the Ministry of Justice courts system for further action. Collection of outstanding infringements, even utilising the court's auspices, is a long-drawn out process with no certainty of success. Consequently, Council continues to recognise 50% of unpaid infringements lodged with the courts as doubtful of collection.

#### Other receivables

Council deals with its community without the benefit of being able to refuse credit in most instances. However, experience shows that most debtors deal professionally with Council and make payments as and when required. Accordingly, Council bases its ECL on a review of outstanding receivables at year end and adjusts the provision for impairment as appropriate. Group members can, within certain limitations, exercise greater discretion when extending credit facilities to external parties but undertake the same review processes as those completed by Council to determine the appropriate level of ECLs to apply.

### Analysis of Doubtful Debts provision and Expected Credit Losses:

|                      |              |              |              |              |
|----------------------|--------------|--------------|--------------|--------------|
| Individual provision | 32           | 34           | 58           | 76           |
| Collective provision | 444          | 357          | 444          | 357          |
| <b>Total</b>         | <b>\$476</b> | <b>\$391</b> | <b>\$502</b> | <b>\$433</b> |

General receivables are assessed for impairment and individual provisions are applied. The collective impairment relates to the overall amount of rates outstanding, and to infringements being dealt with through the Courts, at year end.

### Movements in the Doubtful Debts provision and Expected Credit Losses:

|                              |              |              |              |              |
|------------------------------|--------------|--------------|--------------|--------------|
| Opening balance              | 391          | 347          | 433          | 390          |
| Increase / (Decrease)        | 283          | 98           | 306          | 103          |
| Less Receivables written off | (198)        | (54)         | (237)        | (60)         |
| <b>Total</b>                 | <b>\$476</b> | <b>\$391</b> | <b>\$502</b> | <b>\$433</b> |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 17: Inventories

### Policy

Inventories are held for sale, or for the provision of goods and services, and comprise materials on hand at year end, measured at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Any write down from cost to net realisable value is recognised immediately in the surplus or deficit.

### Analysis of inventories

|                       |              |              |              |              |
|-----------------------|--------------|--------------|--------------|--------------|
| Retail Inventories    | 39           | 41           | 72           | 68           |
| Metal and Soil Stocks | 52           | 71           | 201          | 178          |
| Other Supplies        | 45           | -            | 534          | 458          |
| <b>Total</b>          | <b>\$136</b> | <b>\$112</b> | <b>\$807</b> | <b>\$704</b> |

Certain items of inventory held by members of Council's group may be subject to retention of title clauses.

## Note 18: Construction contracts

### Policy

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date measured by the contract costs incurred as a percentage of total estimated costs for each contract. Contract costs include all costs directly related to specific contracts, those that are specifically chargeable to the customer under the terms of the contract and an allocation of overheads incurred in relation to the group's construction activities in general.

An expected loss on a contract is recognised immediately as an expense in the surplus or deficit. Where the outcome of a contract cannot be reliably estimated, contract costs are expensed when incurred, and if it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred plus recognised surpluses less recognised losses and progress billings. If progress billings exceed aggregate costs incurred plus surpluses less losses, the net amount is reported as a liability.

### Analysis of construction work in progress

|                                     |          |          |              |              |
|-------------------------------------|----------|----------|--------------|--------------|
| Contract costs                      | -        | -        | 5,286        | 5,283        |
| Profit recognised to date           | -        | -        | 968          | 1,784        |
| Gross construction work in progress | -        | -        | 6,245        | 7,067        |
| Less progress billings              | -        | -        | (5,690)      | (6,938)      |
| Construction work in progress       | -        | -        | 564          | 129          |
| Add back Income charged in advance  | -        | -        | 20           | 172          |
| Net Construction Work in Progress   | -        | -        | 584          | 301          |
| Other contracts                     | -        | -        | 52           | 100          |
| <b>Total</b>                        | <b>-</b> | <b>-</b> | <b>\$636</b> | <b>\$401</b> |



|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 19: Non-current assets held for sale

### Policy

- Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.
- Such assets are valued at the lower of the carrying value and fair value less disposal costs.
- Impairment losses for write-downs of such assets held for sale are recognised in 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 while they are classified as held for sale.

### Analysis of assets held for sale

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Non-current asset  | 1,150          | 1,150          | 1,150          | 1,150          |
| Three North End Industrial Park sites, sale and purchase agreement, settlement due 26 August 2024. |                |                |                |                |
| Current asset  | -              | -              | 312            | 465            |
| A property in Waimate is subject to a sale and purchase agreement, settlement due November 2023.   |                |                |                |                |
| <b>Total</b>   | <b>\$1,150</b> | <b>\$1,150</b> | <b>\$1,462</b> | <b>\$1,615</b> |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 20: Borrowings

### Policy

Interest bearing borrowings are classified as other non-derivative financial instruments and are initially recognised at the amount borrowed. Interest due but unpaid at balance date is accrued and added to the outstanding balance as a current liability. Borrowings are classified as current liabilities when settlement is contractually due within 12 months after balance date. In all other circumstances, borrowings are classified as term liabilities.

### Analysis of borrowings

#### Reconciliation of movements in liabilities arising from financing activities

|   |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|
| Opening balance                               | 25,074          | 16,021          | 26,536          | 17,686          |
| New advances                                  | 34,500          | 14,250          | 34,500          | 14,698          |
| Advances repaid                               | (17,500)        | (5,250)         | (18,014)        | (5,313)         |
| Bank overdraft repaid                         | -               | -               | -               | (588)           |
| Non-cash changes – change in interest accrued | 183             | 53              | 183             | 53              |
| <b>Total</b>                                  | <b>\$42,257</b> | <b>\$25,074</b> | <b>\$43,205</b> | <b>\$26,536</b> |

#### Repayment terms

The following is a maturity analysis of total debt:

|                                    |                 |                 |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Payable no later than one year     | 14,757          | 6,574           | 14,826          | 6,640           |
| Payable between one and five years | 27,500          | 14,500          | 27,806          | 15,242          |
| Later than five years              | -               | 4,000           | 573             | 4,654           |
| <b>Total</b>                       | <b>\$42,257</b> | <b>\$25,074</b> | <b>\$43,205</b> | <b>\$26,536</b> |

#### Security

Loans reported by Council are secured over current and future rates revenues, while members of Council's consolidated group provide security by way of debentures over assets, first mortgages over property and security interests over plant and equipment.

#### Interest terms for secured loans

LGFA loans are subject to a mix of fixed and floating interest rates which are re-set at defined intervals. Bank Loans are subject to customised loan rates based on floating rates plus a margin, and rates are re-set by the lender quarterly.

#### Financial Guarantee Obligations

The Council is an unrated guarantor for the LGFA. Full details about this contingent liability are set out in Note 27 Contingencies. Council has no other financial guarantees in place.

## Internal Loans (Council Only)

Council's Liability Management and Investment Policy established an internal loan system using surplus cash reserves to fund activities rather than raising external debt. Internal loans are part of ratepayer debt because, when those surplus cash reserves were called upon for the purpose for which they were raised, external loans would be required. Council started accessing external funding during the 2020 financial year. Internal loans are eliminated on consolidation of Council's activities, and are detailed below:

### Movements for the year ended 30 June 2023

|                                       | Interest<br>Expense<br>\$000 | Opening<br>Balance<br>\$000 | Increased<br>Borrowing<br>\$000 | Principal<br>Repaid<br>\$000 | Closing<br>Balance<br>\$000 |
|---------------------------------------|------------------------------|-----------------------------|---------------------------------|------------------------------|-----------------------------|
| Roads and Footpaths                   | 53                           | 690                         | 275                             | (113)                        | 852                         |
| Waste Water                           | 404                          | 5,171                       | 632                             | (44)                         | 5,759                       |
| Stormwater Drainage                   | 8                            | -                           | 182                             | -                            | 182                         |
| Water Supply                          | 1,078                        | 12,670                      | 6,117                           | (941)                        | 17,846                      |
| Waste Management and minimisation     | 17                           | 132                         | 500                             | (59)                         | 573                         |
| Arts, Heritage and Culture            | 4                            | 64                          | 5                               | (11)                         | 58                          |
| Parks and Recreation                  | 62                           | 696                         | 360                             | (47)                         | 1,009                       |
| Community amenities                   | 150                          | 1,907                       | 603                             | (114)                        | 2,396                       |
| Oamaru Harbour and Historic Precinct  | 311                          | 3,962                       | 574                             | (120)                        | 4,416                       |
| Commercial and Development Activities | 599                          | 8,409                       | 691                             | (306)                        | 8,794                       |
| Environment and Regulatory            | 37                           | 295                         | 876                             | (34)                         | 1,137                       |
| Support Services                      | (2,726)                      | -                           | -                               | -                            | -                           |
|                                       | -                            | \$33,996                    | \$10,815                        | (\$1,789)                    | \$43,022                    |

### Movements for the year ended 30 June 2022

|                                       | Interest<br>Expense<br>\$000 | Opening<br>Balance<br>\$000 | Increased<br>Borrowing<br>\$000 | Principal<br>Repaid<br>\$000 | Closing<br>Balance<br>\$000 |
|---------------------------------------|------------------------------|-----------------------------|---------------------------------|------------------------------|-----------------------------|
| Roads and Footpaths                   | 15                           | 323                         | 519                             | (152)                        | 690                         |
| Waste Water                           | 160                          | 4,039                       | 1,278                           | (146)                        | 5,171                       |
| Water Supply                          | 458                          | 12,768                      | 1,580                           | (1,678)                      | 12,670                      |
| Waste Management and minimisation     | 5                            | 142                         | 3                               | (13)                         | 132                         |
| Arts, Heritage and Culture            | 3                            | 78                          | -                               | (14)                         | 64                          |
| Parks and Recreation                  | 25                           | 615                         | 108                             | (27)                         | 696                         |
| Community amenities                   | 55                           | 1,427                       | 551                             | (71)                         | 1,907                       |
| Oamaru Harbour and Historic Precinct  | 137                          | 3,521                       | 620                             | (179)                        | 3,962                       |
| Commercial and Development Activities | 285                          | 8,673                       | 385                             | (649)                        | 8,409                       |
| Environment and Regulatory            | 10                           | 252                         | 43                              | -                            | 295                         |
| Support Services                      | (1,150)                      | -                           | -                               | -                            | -                           |
|                                       | -                            | \$31,838                    | \$5,087                         | (\$2,929)                    | \$33,996                    |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 21: Provisions

### Policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) resulting from past events, and it is probable that an outflow of future economic benefit 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 expenditure expected to be required to settle the obligation using a pre-tax discount rate reflecting the current assessment of the time value of money and of the risks specific to the obligation.

### Landfill aftercare & site restoration

|                                    |              |              |              |              |
|------------------------------------|--------------|--------------|--------------|--------------|
| Opening                            | 289          | 621          | 394          | 631          |
| Provision utilised                 | (32)         | (30)         | (48)         | (30)         |
| Additions/(Reduction) in Provision | 26           | (302)        | 33           | (207)        |
| <b>Total</b>                       | <b>\$283</b> | <b>\$289</b> | <b>\$379</b> | <b>\$394</b> |
| Analysed:                          |              |              |              |              |
| Non-Current                        | 140          | 281          | 140          | 281          |
| Current                            | 143          | 8            | 239          | 113          |
| <b>Total</b>                       | <b>\$283</b> | <b>\$289</b> | <b>\$379</b> | <b>\$394</b> |

### Critical Accounting Estimates and Assumptions – Estimating Aftercare Costs

Council has operated landfills in Ōamaru and Palmerston and, as a condition of its consents, must maintain and monitor those landfills after their closure, including establishing a provision to undertake clean-up work, at these, and other potentially contaminated sites.

Cash outflows for post-closure costs related to the Ōamaru landfill, which closed in April 2017, will be incurred over a twenty year period commencing in 2018, while those related to the Palmerston landfill are expected to occur over a twenty-year period commencing in 2024. The long-term nature of this liability means there are inherent uncertainties in the estimation of the costs that will be incurred. Future cash outflows have been estimated based on existing technology and known or assumed legal requirements.

The provision is based on the expected life of the remaining active landfill site, as determined by current and expected future volumes, and the anticipated costs of cleaning up, capping and on-going monitoring of both sites. Gross projected costs, before being discounted to present value using a discount rate of 5.0% (2022: 5%), amount to \$374,700 (2022: \$454,450).

The provision has been affected by bringing forward the closure date of the Palmerston landfill to 2024 as a consequence of relocating waste previously held at the closed Hampden landfill and unpermitted dump sites on Beach Road, which has impacted both the timing and quantum of work required.

### Site Restoration

Established for the restoration of land used by a Group member for quarrying and other processes.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 22: Employee entitlements

### Policy

#### Short term benefits

Employee benefits that are expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken, at balance date, and long service leave, and other entitlements expected to be settled within 12 months.

Group members recognise a liability and expense for bonuses if contractually obliged or where a past practice has created a constructive obligation.

#### Long term benefits

Entitlements payable beyond 12 months, such as un-vested long service leave, are calculated on an actuarial basis having consideration of:

- Likely future entitlements accruing to staff, based on years of service and years to entitlement; and
- Likelihood of staff reaching the point of entitlement; and
- Contractual entitlements information; and
- Present value of estimated future cash flows, using appropriate discount rates and inflation factors.

### Analysis of employee entitlements

#### Current Liabilities

|                                      |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Accrued Salaries and Wages           | 344            | 228            | 1,129          | 783            |
| Annual Leave                         | 1,430          | 1,372          | 4,270          | 3,878          |
| Long Service Leave                   | 63             | 61             | 125            | 114            |
| Sick Leave                           | -              | -              | 44             | 53             |
| Continuing Medical Education         | -              | -              | 80             | 77             |
| <b>Current Employee Entitlements</b> | <b>\$1,837</b> | <b>\$1,661</b> | <b>\$5,648</b> | <b>\$4,905</b> |

#### Non-current Liabilities

|  |                |                |                |                |
|--|----------------|----------------|----------------|----------------|
| Annual Leave                             | -              | -              | -              | -              |
| Long Service Leave                       | 90             | 103            | 165            | 157            |
| Sick Leave                               | -              | -              | 30             | 15             |
| <b>Non-current Employee Entitlements</b> | <b>90</b>      | <b>103</b>     | <b>195</b>     | <b>172</b>     |
| <b>Total</b>                             | <b>\$1,927</b> | <b>\$1,764</b> | <b>\$5,843</b> | <b>\$5,077</b> |

#### Critical Accounting Estimates and Assumptions – Estimating Long Service Leave Obligations

The present value of long service leave obligations depends on factors that are determined on an actuarial basis. Key assumptions made in estimating the liability are the discount rate (2% - 5%) and salary inflation factor (2% - 4.5%). Changes in these factors can materially affect the amount of the liability. A further important factor is the assessment made for each individual employee of the likelihood that they will reach the thresholds necessary to enable them to access the entitlement.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 23: Leases

### Finance Leases

Finance lease liabilities are secured by the relevant asset, in this instance an item of medical equipment, which is included in Property, Plant, and Equipment, and depreciated. Finance leases can span several years, are recognised as a liability, and are analysed as follows:

|                     |            |            |              |              |
|---------------------|------------|------------|--------------|--------------|
| Current portion     | -          | -          | 138          | 153          |
| Non-current portion | -          | -          | 485          | 616          |
| <b>Total</b>        | <b>\$-</b> | <b>\$-</b> | <b>\$623</b> | <b>\$769</b> |

### Operating leases as a lessor

Council holds properties for cultural, social and economic development purposes and, where possible, leases properties to individuals, businesses and community organisations for an economic return.

Rental income arising offsets costs that might otherwise have been met from rates or, in the case of Endowment properties, is credited to the appropriate reserve.

Council's property holdings are included in Property, Plant, and Equipment, and depreciated accordingly (refer note 10). From time to time, Council may determine that there is benefit in disposing of certain properties. Properties which are being actively marketed at year end, or whose disposal is anticipated within twelve months of balance date, are removed from Property, Plant, and Equipment, and reported as Assets Available for Sale (refer note 17).

Council holds its property portfolio for the benefit of current and future ratepayers and the district as a whole. Total rental income earned in the 2023 financial year amounted to \$2,376k (2022: \$2,344k) and includes income from community and other residential properties, leases for which are generally not fixed term and are cancellable by either party upon receipt of suitable notice as stipulated in the lease agreement. Commercial leases range from 12 months to more than thirty years. Longer term leases are subject to a base term followed by a series of rights of renewal, and regular rent reviews.

Council has the following future revenue profile arising from non-cancellable, generally commercial, property leases (the Group position excludes revenue related to property leased to members of Council's consolidated group). This analysis does not include residential leases, for the reasons outlined above.

|                                   |                 |                 |                 |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Revenue due within 1 year         | 1,363           | 1,344           | 1,207           | 1,163           |
| Revenue due between 1 and 2 years | 1,301           | 1,287           | 1,094           | 1,100           |
| Revenue due between 2 and 5 years | 3,562           | 3,492           | 2,828           | 2,830           |
| Revenue due beyond 5 years        | 14,731          | 15,074          | 11,392          | 11,446          |
| <b>Total</b>                      | <b>\$20,957</b> | <b>\$21,197</b> | <b>\$16,521</b> | <b>\$16,539</b> |

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 24: Trade & other payables

### Policy

Trade and other payables are shown at face value, are non-interest bearing and settled on 30-day terms. The carrying value of trade and other payables approximates fair value.

Revenue Charged or Received in Advance relates to funds that have been received, but not yet earned, by Council, and other group members and is regarded as a liability until conditions related to the stipulated use of the funding have been fulfilled. Such revenue includes Rates paid in advance and Government and other external funding received for which conditions have still to be met.

Deposits held by Council relate to undertakings made by developers and other parties in respect to work that Council has required be completed. Deposits are refunded when Council receives evidence to its satisfaction that the required works have been completed.

### Analysis of trade & other payables

|  |                |                |                 |                 |
|--|----------------|----------------|-----------------|-----------------|
| Sundry Creditors                       | 2,377          | 4,638          | 7,529           | 10,305          |
| Accruals                               | 3,001          | 716            | 3,486           | 1,174           |
| Revenue Charged or Received in Advance | 1,804          | 1,424          | 1,925           | 1,710           |
| Deposits                               | 274            | 199            | 274             | 199             |
| Owing to Subsidiaries                  | 900            | 469            | -               | -               |
| <b>Total</b>                           | <b>\$8,356</b> | <b>\$7,446</b> | <b>\$13,214</b> | <b>\$13,388</b> |

## Note 25: Occupational Right Agreements & obligations to residents

Residents make interest-free advances to the retirement village under Occupational Right Agreements (ORA) in exchange for the right of occupancy of retirement village units. Under the ORA, an encumbrance is recorded over the land title by the statutory supervisor to secure the Group's obligations to the license holders which ranks ahead of any bank or other securities.

### Analysis of Occupational Right Agreements & other obligations to residents

|  |            |            |                 |                 |
|--|------------|------------|-----------------|-----------------|
| Occupation Right Agreements            | -          | -          | 25,222          | 18,877          |
| Revenue Charged or Received in Advance | -          | -          | 963             | 744             |
| <b>Total</b>                           | <b>\$-</b> | <b>\$-</b> | <b>\$26,185</b> | <b>\$19,621</b> |

Covenant Trustee Services Ltd is a first ranking charge holder in its capacity as the statutory supervisor, pursuant to the Retirement Villages Act 2003.

The occupation right agreement is refundable to the resident on vacating the unit or apartment or on termination of the licence (subject to new agreements being issued). Therefore, the fair value is equal to the face value being the amount that can be demanded by the resident.

Obligations to Residents is classified as a current liability as the Group does not have an unconditional right to defer settlement. Settlement occurs when both a terminating event has occurred and there has been a subsequent resale of the licence. In many cases this may be more than 12 months.

## Note 26: Financial instruments

Council and the Group are party to financial instrument arrangements as part of normal operations, including bank overdraft and draw-down facilities, short- and long-term borrowings, short-term deposits, investments, debtors and creditors.

All financial instruments are recognised in the Statement of Financial Position, while related income and expenditure is recognised in the surplus or deficit.

### Market risk

#### Fair value interest rate risk

The risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Council's exposure is limited to any borrowing, short-term bank deposits and short- and longer-term investments in other entities, mainly Whitestone Contracting Ltd, North Otago Irrigation Company Ltd, Observatory Village Charitable Trust Group, and major registered banks with which Council may have dealings.

#### Cash flow interest rate risk

The risk that cash flows from financial instruments will fluctuate due to changes in market interest rates. Borrowing and investments issued at variable interest rates expose Council to cash flow interest rate risk. Council's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements, while Council's liability management policy requires it to maintain at least 70% of its borrowings at fixed rates of interest.

#### Currency risk

The risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council does not enter into foreign currency transactions.

#### Liquidity Risk

The risk that Council will encounter difficulty raising funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Council maintains flexibility in funding by keeping committed credit lines available. In meeting its liquidity requirements, Council endeavours to maintain both a service target level of investments that mature within specified timeframes and borrowing facilities that may be drawn upon to achieve desired outcomes. Council and other Group members have total bank overdraft facilities of \$1,250,000 (2022: \$1,250,000) and had utilised \$Nil (2022: \$Nil) at balance date.

Council has uncommitted loan facilities of \$1,000,000 (2022: \$1,000,000), and other Group members hold a further \$3,109,696 (2022: \$2,911,736) for the purposes of meeting borrowing needs.

Subject to the continuance of satisfactory credit ratings, the facilities may be drawn down at any time.

Council is able to draw down further loan funding from the LGFA in terms of its financing policy in order to meet capital expenditure requirements.



|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

### Credit Risk

The risk that a third party will default on its obligations causing Council and the group to incur a loss.

Due to the timing of cash inflows and outflows, surplus cash is invested with registered banks. Council's investment policy limits the amount of credit exposure to any one institution.

Receivables arise mainly from Council's statutory functions, and there are no procedures in place to monitor or report the credit quality of receivables. Council has no significant concentrations of credit risk in relation to receivables as it has a large number of such customers, mainly ratepayers, and has statutory powers under the Local Government (Rating) Act 2002 which enable it to recover outstanding and overdue rates.

While Council's receivables are primarily concentrated within the Waitaki district, the largest single amount due at balance date relates to roading subsidies and other charges owed by Waka Kotahi New Zealand Transport Agency, \$580,503 (2022: \$481,308), while the largest receivable for Waitaki District Health Services Ltd is outstanding contractual payments due from Te Whatu Ora. Council and the group hold no collateral or credit enhancements for financial instruments that give rise to credit risk.

The maximum credit exposure for each class of financial instrument is the total carrying amount of cash equivalents, trade receivables and loans and receivables as detailed in the table below.

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Community and other loans (Note 14)        | 35,187   | 33,454   | 17,616   | 17,855   |
| Term deposits (Note 14)                    | 1,004    | 2,003    | 2,366    | 2,816    |
| LGFA Notes (Note 14)                       | 850      | 518      | 850      | 518      |
| Cash at bank (Note 15)                     | 3,811    | 2,060    | 6,806    | 6,649    |
| Accounts Receivable (Note 16, excluding *) | 3,522    | 3,561    | 7,593    | 7,554    |
| Total Financial Instruments                | \$44,374 | \$41,596 | \$35,231 | \$35,392 |

*\*In this analysis, Accounts Receivable excludes accrued revenue, as it does not meet the definition of a Financial Instrument under PBE IPSAS 41.*

### Credit Risk exposure by credit risk rating grades, excluding receivables

Credit Quality of financial assets that are neither past due nor impaired can be assessed by reference to credit rating or historic information about default rates.

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Banks rated AA- or better by Standard and Poor's                     | 4,815    | 4,063    | 9,172    | 9,465    |
| Borrower notes with LGFA   | 850      | 518      | 850      | 518      |
| Advances to other entities with no default history                   | 35,187   | 33,454   | 17,616   | 17,855   |
| Total Cash Equivalents, Term Deposits and Advances to other entities | \$40,852 | \$38,035 | \$27,638 | \$27,838 |

### Other Matters

Council has performed a sensitivity analysis and estimated that a change in interest rates of 1% would increase, or decrease, Council's reported operating surplus by approximately \$443,000 (2022: \$360,306).

## Contractual Maturity Analysis

The tables below and on the following page analyse financial assets and liabilities into relevant maturity groupings at balance date based on the remaining term to maturity date. Amounts disclosed represent undiscounted cash flows, including future interest payments, estimated based either on the contracted fixed rate or on the appropriate floating rate at balance date.

|                                    | Carrying<br>Amount<br>\$000 | Contractual<br>Cash flows<br>\$000 | Due within<br>1 Year<br>\$000 | Due between<br>1 & 2 Years<br>\$000 | Due between<br>2 & 5 Years<br>\$000 | Due later<br>than 5 Years<br>\$000 |
|------------------------------------|-----------------------------|------------------------------------|-------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| <b>Council only - 2023</b>         |                             |                                    |                               |                                     |                                     |                                    |
| Other Financial Assets             |                             |                                    |                               |                                     |                                     |                                    |
| - Investments in unlisted shares   | 145                         | -                                  | -                             | -                                   | -                                   | -                                  |
| - Investments in other entities    | 850                         | 946                                | 147                           | 165                                 | 634                                 | -                                  |
| - Loans to other entities          | 35,187                      | 51,272                             | 2,414                         | 5,830                               | 10,892                              | 32,136                             |
| Cash and Cash Equivalents          | 3,811                       | 3,916                              | 3,916                         | -                                   | -                                   | -                                  |
| Trade and Other Receivables        | 3,522                       | 3,522                              | 3,522                         | -                                   | -                                   | -                                  |
| Term Deposits                      | 1,004                       | 1,014                              | 1,014                         | -                                   | -                                   | -                                  |
| <b>Total Financial Assets</b>      | <b>44,519</b>               | <b>60,670</b>                      | <b>11,013</b>                 | <b>5,995</b>                        | <b>11,526</b>                       | <b>32,136</b>                      |
| Trade and Other Payables           | 3,551                       | 3,551                              | 3,551                         | -                                   | -                                   | -                                  |
| Borrowings                         | 42,257                      | 46,198                             | 15,889                        | 7,131                               | 23,178                              | -                                  |
| <b>Total Financial Liabilities</b> | <b>45,808</b>               | <b>49,749</b>                      | <b>19,440</b>                 | <b>7,131</b>                        | <b>23,178</b>                       | <b>-</b>                           |
| <b>Net Liquidity</b>               | <b>(\$ 1,289)</b>           | <b>\$ 10,921</b>                   | <b>(\$ 8,427)</b>             | <b>(\$ 1,136)</b>                   | <b>(\$ 11,652)</b>                  | <b>\$ 32,136</b>                   |

## Council only - 2022

|                                    |                  |                  |                   |                   |               |                  |
|------------------------------------|------------------|------------------|-------------------|-------------------|---------------|------------------|
| Other Financial Assets             |                  |                  |                   |                   |               |                  |
| - Investments in unlisted shares   | 145              | -                | -                 | -                 | -             | -                |
| - Investments in other entities    | 518              | 548              | 51                | 90                | 293           | 114              |
| - Loans to other entities          | 33,454           | 45,245           | 1,867             | 2,104             | 12,406        | 28,868           |
| Cash and Cash Equivalents          | 2,060            | 2,076            | 2,076             | -                 | -             | -                |
| Trade and Other Receivables        | 3,561            | 3,561            | 3,561             | -                 | -             | -                |
| Term Deposits                      | 2,003            | 2,007            | 2,007             | -                 | -             | -                |
| <b>Total Financial Assets</b>      | <b>41,741</b>    | <b>53,437</b>    | <b>9,562</b>      | <b>2,194</b>      | <b>12,699</b> | <b>28,982</b>    |
| Trade and Other Payables           | 5,306            | 5,306            | 5,306             | -                 | -             | -                |
| Borrowings                         | 25,074           | 28,044           | 7,006             | 4,263             | 12,661        | 4,114            |
| <b>Total Financial Liabilities</b> | <b>30,380</b>    | <b>33,350</b>    | <b>12,312</b>     | <b>4,263</b>      | <b>12,661</b> | <b>4,114</b>     |
| <b>Net Liquidity</b>               | <b>\$ 11,361</b> | <b>\$ 20,087</b> | <b>(\$ 2,750)</b> | <b>(\$ 2,069)</b> | <b>\$ 38</b>  | <b>\$ 24,868</b> |

|                                    | Carrying<br>Amount<br>\$000 | Contractual<br>Cash flows<br>\$000 | Due within<br>1 Year<br>\$000 | Due between<br>1 & 2 Years<br>\$000 | Due between<br>2 & 5 Years<br>\$000 | Due later<br>than 5 Years<br>\$000 |
|------------------------------------|-----------------------------|------------------------------------|-------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| <b>Group - 2023</b>                |                             |                                    |                               |                                     |                                     |                                    |
| Other Financial Assets             |                             |                                    |                               |                                     |                                     |                                    |
| - Investments in unlisted shares   | 145                         | -                                  | -                             | -                                   | -                                   | -                                  |
| - Investments in other entities    | 850                         | 946                                | 147                           | 165                                 | 634                                 | -                                  |
| - Loans to other entities          | 17,616                      | 26,639                             | 1,403                         | 1,392                               | 4,087                               | 19,757                             |
| Cash and Cash Equivalents          | 6,806                       | 6,993                              | 6,993                         | -                                   | -                                   | -                                  |
| Trade and Other Receivables        | 7,593                       | 7,593                              | 7,593                         | -                                   | -                                   | -                                  |
| Term Deposits                      | 2,366                       | 2,390                              | 2,390                         | -                                   | -                                   | -                                  |
| <b>Total Financial Assets</b>      | <b>35,376</b>               | <b>44,561</b>                      | <b>18,526</b>                 | <b>1,557</b>                        | <b>4,721</b>                        | <b>19,757</b>                      |
| Trade and Other Payables           | 7,803                       | 7,803                              | 7,803                         | -                                   | -                                   | -                                  |
| Borrowings                         | 43,205                      | 47,667                             | 16,039                        | 7,278                               | 23,599                              | 751                                |
| Finance Leases                     | 623                         | 998                                | 244                           | 325                                 | 429                                 | -                                  |
| <b>Total Financial Liabilities</b> | <b>51,631</b>               | <b>56,468</b>                      | <b>24,086</b>                 | <b>7,603</b>                        | <b>24,028</b>                       | <b>751</b>                         |
| <b>Net Liquidity</b>               | <b>(\$ 16,255)</b>          | <b>(\$ 11,907)</b>                 | <b>(\$ 5,560)</b>             | <b>(\$ 6,046)</b>                   | <b>(\$ 19,307)</b>                  | <b>\$ 19,006</b>                   |

#### **Group - 2022**

|                                    |                   |                 |               |                   |                   |                  |
|------------------------------------|-------------------|-----------------|---------------|-------------------|-------------------|------------------|
| Other Financial Assets             |                   |                 |               |                   |                   |                  |
| - Investments in unlisted shares   | 145               | -               | -             | -                 | -                 | -                |
| - Investments in other entities    | 518               | 548             | 51            | 90                | 293               | 114              |
| - Loans to other entities          | 17,855            | 23,167          | 1,057         | 1,293             | 5,695             | 15,122           |
| Cash and Cash Equivalents          | 6,649             | 6,702           | 6,702         | -                 | -                 | -                |
| Trade and Other Receivables        | 7,554             | 7,554           | 7,554         | -                 | -                 | -                |
| Term Deposits                      | 2,816             | 2,823           | 2,823         | -                 | -                 | -                |
| <b>Total Financial Assets</b>      | <b>35,537</b>     | <b>40,794</b>   | <b>18,187</b> | <b>1,383</b>      | <b>5,988</b>      | <b>15,236</b>    |
| Trade and Other Payables           | 10,504            | 10,504          | 10,504        | -                 | -                 | -                |
| Borrowings                         | 26,536            | 29,569          | 7,076         | 4,613             | 13,075            | 4,805            |
| Finance Leases                     | 769               | 1,255           | 267           | 236               | 646               | 106              |
| <b>Total Financial Liabilities</b> | <b>37,809</b>     | <b>41,328</b>   | <b>17,847</b> | <b>4,849</b>      | <b>13,721</b>     | <b>4,911</b>     |
| <b>Net Liquidity</b>               | <b>(\$ 2,272)</b> | <b>(\$ 534)</b> | <b>\$ 340</b> | <b>(\$ 3,466)</b> | <b>(\$ 7,733)</b> | <b>\$ 10,325</b> |

## **Note 27: Contingencies**

### **New Zealand Local Government Funding Agency Ltd (LGFA)**

- Council is an unrated guarantor of the LGFA, incorporated in December 2011 to provide debt funding to local authorities in New Zealand. The LGFA has local currency ratings AAA (S&P Global Ratings) and AA+ (Fitch Ratings) and foreign currency ratings of AA+ from both agencies.
- At year end, Council is one of 30 local authority shareholders and 70 local authority guarantors. The New Zealand Government holds 11.10% of the issued shares in the LGFA. When aggregated with the uncalled capital of other shareholders, \$20.0 million 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 the LGFA's borrowings which, at 30 June 2023, totaled \$17.7 billion (2022: \$15.8 billion).
- PBE Accounting Standards require 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 initial recognition), and subsequently at the higher of the provision for impairment at balance date determined by 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 ECL are immaterial due to the very low probability of default by the LGFA in the next 12 months, and Council has not recognised a liability.
- Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that it is not aware of any local authority debt default events in New Zealand; and local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

### **New Zealand Mutual Liability Riskpool (Riskpool)**

Council has been a member of Riskpool. The Scheme is in wind down, but Council still has an ongoing obligation to contribute to the scheme if a call is made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call related to historical claims diminishes each year as limitation periods expire. However, the Supreme Court decision on 1 August 2023 in *Napier City Council v Local Government Mutual Funds Trustee Limited* has clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool advises that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

### **Local Authority Protection Programme (LAPP)**

Council is a member of the LAPP which may call on members to contribute should a future major natural disaster negatively impact the LAPP. Council will recognise a liability in relation to any future contributions when there is certainty over their amount and timing but is not aware of any such liability due at, or occurring since, balance date. *See Note 10 – Insurance section – for further information.*

### **Closed landfill sites**

Council owns and manages closed landfills with unknown contents. Resource consents require regular monitoring of these sites. Except for the former Hampden landfill, there are no known defects that might result in a claim, and those defects will be resolved when the contents are relocated to the Palmerston landfill. Future changes to environmental conditions or land use may affect this position. The Aftercare Provision for Closed Landfills reflects the estimated future cost of its obligation. *See Note 21.*

## Forestry

Council owns forestry plantations which are pre-1990 forest under the emissions trading scheme. If this land is permanently de-forested, a de-forestation penalty may be incurred, the amount of which is unknown, but is unlikely to be incurred as Council does not intend to de-forest any of its forest holdings. Council holds carbon credits related to its forestry asset. *See Note 13 for further information.*

## Property

To mitigate the effect of extreme changes in insurance premiums, Council self-insures many assets, and assumes larger excesses in some cases. This strategy increases the risk of potential financial loss, the impact of which cannot be accurately quantified. Council continues to monitor this risk and to consider ways by which it can practically limit its exposure. *See Note 10 – Insurance section – for further information.*

## Waitaki District Health Services Ltd (WDHSL)

- WDHSL is subject to litigation related to two complaints to the Health and Disability Commissioner, the outcome of which is unknown. The issue is being overseen by the company's insurer. The insurance excess for each claim is a maximum of \$20,000.
- WDHSL is reviewing payroll hours to determine the extent of any underpayments. The amount of any potential underpayment liability remains unknown and cannot be quantified.
- WDHSL is reliant on funding from Te Whatu Ora – Health NZ. A funding agreement is in place at 30 June 2023, but the funder has only, through a letter of comfort, indicated that future funding will continue at no less than the current amount.
- Council resolved at its June 2023 meeting to provide financial support to WDHSL by way of additional loan funding, refer to Note 28 *Commitments*.

## Whitestone Contracting Ltd

- The company has established performance bonds totaling \$720,271 (2022: \$643,503) with parties external to the group to guarantee contractual performance obligations. Bonds are released when performance criteria are met.
- The company has received notice regarding a property sold in a prior year. The result of any negotiation or settlement is uncertain and cannot be quantified.

## Contingent assets

Council and the Group have no contingent assets.

|  | Council only |       | Consolidated |       |
|--|--------------|-------|--------------|-------|
|  | 2023         | 2022  | 2023         | 2022  |
|  | \$000        | \$000 | \$000        | \$000 |

## Note 28: Commitments

Council and members of its group have outstanding commitments at year end related to the purchase or construction of capital assets and non-cancellable operating leases of property and other items. The position set out in the tables below for the consolidated group includes commitments reported by other group members, but excludes:

- Council's commitments related to services to be provided to it by group members; and
- commitments by group members to Council, particularly related to operating leases.

### Capital commitments

|                             |         |         |          |         |
|-----------------------------|---------|---------|----------|---------|
| Water infrastructure        | 7,270   | 1,628   | 4,697    | 1,352   |
| Road infrastructure         | 970     | 4,081   | 308      | 2,637   |
| Property, Plant & Equipment | 914     | 724     | 1,421    | 505     |
| Investment Property         | -       | -       | 5,385    | 2,418   |
| Total Capital Commitments   | \$9,154 | \$6,433 | \$11,811 | \$6,912 |

### Operating leases

Council and the group have non-cancellable operating lease commitments related to items of operating plant and equipment as detailed below:

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| Not later than one year                           | 93    | 176   | 230   | 335   |
| Later than one year and not later than five years | 163   | 191   | 173   | 349   |
| Later than five years                             | -     | -     | -     | -     |
| Total Operating Lease commitments                 | \$256 | \$367 | \$403 | \$684 |

### Loan commitments

- Council has undertaken to provide a maximum of \$780,000 of loan funding to the Whalan Lodge Trust to support the redevelopment and extension of the Trust's aged care facilities in Kurow. At year end loans to the Trust amounted to \$122,466, so Council's remaining commitment was to provide up to a further \$657,534 of loan funding.
- Council resolved at its June 2023 meeting to provide Waitaki District Health Services Ltd additional loan funding of up to \$1,500,000 upon request on similar terms to those pertaining to the existing \$1,950,000 advance.

Refer to Note 33 *Events Subsequent to Balance Date* for details of further, or changes to existing, loan commitments.

## Note 29: Related party transactions

Council is the ultimate parent of the Group controlling, directly or indirectly, five (2022: five) individual trading entities. Through shared directorships and other relationships, there are other related entities, but none over which Council can exert control. Transactions between Council and group members are completed on normal contractual terms, with payments made in accordance with those contracts, or in the month following supply.

| Entity and details of transaction                           | Council only  |               |
|---|---------------|---------------|
|   | 2023<br>\$000 | 2022<br>\$000 |
| <b>Waitaki District Health Services Ltd Group</b>           |               |               |
| <i><b>Waitaki District Health Services Ltd</b></i>          |               |               |
| Services provided by Council                                | (7)           | 187           |
| Interest charged by Council on funds advanced (Note 4)      | 84            | 14            |
| Rates and other amounts paid to Council in advance          | 2             | 2             |
| Balance owed to Council at year end                         | 67            | 197           |
| Services provided to Council                                | 46            | 1             |
| Balance owed by Council at year end                         | -             | 1             |
| Outstanding balance of Council loan funding (Note 14)       | 1,950         | -             |
| <i><b>Observatory Village Charitable Trust Group</b></i>    |               |               |
| Services provided by Council                                | 331           | 258           |
| Interest charged by Council on funds advanced (Note 4)      | 810           | 302           |
| Rates and other amounts paid to Council in advance          | 11            | 37            |
| Balance owed to Council at year end                         | 136           | 3             |
| Outstanding balance of Council loan funding (Note 14)       | 15,621        | 15,598        |
| <b>Whitestone Contracting Ltd and Group</b>                 |               |               |
| Services provided by Council                                | 178           | 58            |
| Balance owed to Council at year end                         | 44            | 1             |
| Services provided to Council                                | 8,077         | 2,147         |
| Balance owed by Council                                     | 900           | 374           |
| Dividends paid to Council                                   | 226           | 32            |
| <b>Tourism Waitaki Ltd</b>                                  |               |               |
| Services provided by Council                                | 207           | 225           |
| Balance owed to Council at year end                         | 38            | -             |
| Services provided to Council                                | 402           | 478           |
| Balance owed by Council at year end                         | -             | 58            |
| <b>Waitaki Whitestone Geopark Trust</b>                     |               |               |
| Services provided by Council                                | 2             | -             |
| Grants provided by Council                                  | 150           | 175           |
| <b>Ōmārama Airfield Limited (Joint Venture – 50% owned)</b> |               |               |
| Services provided by Council                                | 27            | 26            |
| Services provided to Council                                | 1             | 1             |

No provision is required, and no expense has been recognised in relation to impairment of loans or other receivables due from related parties (2022: \$Nil).

## Note 30: Elected Members' interests transactions

This disclosure is a requirement of the Local Authorities (Members' Interests) Act 1968 and relates to elected and appointed members who, through business or other external relationships, have, or may have, dealings with Council in a commercial context. Amounts are stated in whole dollars, transactional totals are net of GST, balances due at year end include GST as appropriate.

### Council

- Mayor Gary Kircher is Council-appointed Trustee of the Observatory Village Charitable Trust Group (refer to Note 29 for more details).
- Deputy Mayor Hana Halalele is General Manager of Oamaru Pacific Island Community Incorporated which did not receive grants from Council in the current year (2022: \$3,000).
- Councillor Rebecca Ryan is Council-appointed Trustee of the Waitaki Community Recreation Trust which received grants from, and provided services to, Council amounting to \$86,853 (2022: \$83,670). Through her company, ReCreative Communications Ltd, Councillor Ryan provided marketing services to Whitestone Contracting Ltd amounting to \$5,552 (2022: \$Nil)
- Councillor Timothy Blackler is Council-appointed Trustee of the Waitaki Whitestone Geopark Trust (refer to Note 29 for more details).
- Councillor Brent Cowles is Managing Director of Get It Now Ltd which provided services to Council amounting to \$348 (2022: \$156) and received no financial support as part of the Mayors' Taskforce for Jobs programme (2022: \$10,573).

### Appointed member

- Simon Neale (SN Consulting Ltd) provided services to Council as appointed independent member of the Performance, Audit and Risk Committee amounting to \$29,641 (2022: \$13,639). Council owed \$3,288 (2022: \$3,450) at year end.

### Ahuriri Community Board

- Calum Reid (Board Chair) is a Director and shareholder of Calect Electrical Ltd which provided services to Council amounting to \$2,192 (2022 \$697). Council owed the company \$801 (2022: \$Nil) at year end. Mr Reid is also Chair of the Waitaki Valley Community Society Inc. which provided services amounting to \$35,497 (2022: \$31,252).
- Stephen Dalley, a Board member, is Chair of the Otematata Residents Association Inc which received funding of \$10,095 (2022: \$3,193).

### Waihemo Community Board

- Heather McGregor (Board Chair) is Treasurer/Secretary of the Palmerston Waihemo RSA which received funding of \$150 (2022: \$150) in relation to its involvement with Anzac Day commemorations.
- Carol Watson (Board member) is a Director and shareholder of No.12 The Shed Ltd which provided services amounting to \$6,408 (2022: \$2,116). Council owed \$6,890 (2022: \$Nil) at year end.

### Elected Members, key management personnel & staff

As part of a normal customer relationship, Elected Members and staff, including key management personnel, may undertake minor transactions with Council, including the payment of rates, registering of dogs, and incurring and paying other fees and charges. In the same way, elected members and staff, including key management personnel, may conduct business with other businesses within Council's consolidated group.

Close family members of elected members, key management personnel and other staff may be employed by Council or other Group entities from time to time. The terms and conditions of any such personal transactions or employment arrangements are no more or less favourable than would have been the case had there not been a relationship with the elected member, key management personnel or other staff.



## Note 31: Review of variances against budget and the prior period

Variances in reported results for the current financial year to the prior year, or to budget, are detailed in the financial commentary in each activity area and in the tables below:

| Council only   | 2023<br>Actual<br>\$000 | 2023<br>Annual<br>Plan<br>\$000 | 2022<br>Actual<br>\$000 |
|--|-------------------------|---------------------------------|-------------------------|
| <b>Revenue</b>   |                         |                                 |                         |
| User Charges   | 3,299                   | 3,099                           | 3,116                   |
| Significant variances:   |                         |                                 |                         |
| • Aquatic Centre ( <i>closures for maintenance</i> )   | 531                     | 655                             | 359                     |
| • Ōamaru Opera House ( <i>shows returning after COVID</i> )  | 310                     | 272                             | 207                     |
| • Car parking fees ( <i>free parking extended after COVID</i> )  | 38                      | 220                             | 86                      |
| Government Grants ( <i>Note 2</i> )  | 13,438                  | 11,211                          | 12,790                  |
| Additional roading subsidy of \$2,103k related to emergency repairs. Budgeted funding for the proposed Sports and Events Centre and Cultural facilities did not eventuate.   |                         |                                 |                         |
| Other Grants and Donations ( <i>refer Note 3</i> )   | 1,360                   | 8,781                           | 913                     |
| The proposed Sports and Events Centre was deferred, resulting in a budget shortfall of \$7,718k  |                         |                                 |                         |
| <b>Expenditure</b>   |                         |                                 |                         |
| Personnel Costs ( <i>Note 5</i> )  | 15,676                  | 15,067                          | 13,657                  |
| Lack of progress on the Sports and Events Centre and other projects resulted in lower recovery of staff cost than was budgeted.  |                         |                                 |                         |
| Depreciation and amortisation ( <i>Note 10 &amp; 12</i> )  | 18,802                  | 17,715                          | 17,318                  |
| The revaluation of Property assets in 2022 and of Roothing infrastructure in the current year resulted in more depreciation expense than had been budgeted.  |                         |                                 |                         |
| Other expenses ( <i>Note 6 for statutory disclosures</i> )   | 39,139                  | 30,770                          | 27,482                  |
| Variances include \$3,455k for emergency roading and cycle trail repairs due to adverse weather events, and spending on the Transformation project to map the future of Council after Affordable Waters Reforms are implemented.   |                         |                                 |                         |
| Other Non-trading Losses / (Gains) ( <i>Note 7</i> )   | 1,221                   | -                               | 1,726                   |
| Refer to Note 7 for analysis   |                         |                                 |                         |
| Gain/(Loss) on revaluation of Infrastructural Assets   | 97,409                  | 44,750                          | -                       |
| Gain/(Loss) on revaluation of Property, Plant and Equipment  | -                       | -                               | 42,222                  |
| Council assets are valued on a regular cycle. Roothing infrastructure was valued in 2023, and the change in value reflects the present economic situation, with higher prices generally. Property and Parks assets, and the Ōamaru Airport were valued in 2022 and Water, Sewer and Stormwater assets were valued in 2021. |                         |                                 |                         |

| <b>Council only</b> | <b>2023<br/>Actual<br/>\$000</b> | <b>2023<br/>Annual<br/>Plan<br/>\$000</b> | <b>2022<br/>Actual<br/>\$000</b> |
|---------------------|----------------------------------|---|----------------------------------|
|---------------------|----------------------------------|---|----------------------------------|

#### **Statement of Financial Position items**

|  |           |           |           |
|--|-----------|-----------|-----------|
| Property, Plant & Equipment ( <i>Note 10</i> ) | 1,144,691 | 1,088,885 | 1,043,699 |
|--|-----------|-----------|-----------|

The revaluation of Roading assets in the current financial year resulted in a large unbudgeted increase in value, as did the revaluation of Property, Parks and the Ōamaru Airport in 2022.

|  |       |       |       |
|--|-------|-------|-------|
| Cash and Cash Equivalents ( <i>Note 15</i> ) | 3,811 | 1,185 | 2,060 |
|--|-------|-------|-------|

|   |       |   |       |
|---|-------|---|-------|
| Other Financial Assets – Term Deposits ( <i>Note 14</i> ) | 1,004 | - | 2,003 |
|---|-------|---|-------|

Balances on hand are dependent on operational and capital requirements.

|  |        |        |        |
|--|--------|--------|--------|
| Loans to other entities – non-current asset ( <i>Note 14</i> ) | 34,840 | 33,075 | 33,053 |
|--|--------|--------|--------|

|  |     |     |     |
|--|-----|-----|-----|
| Loans to other entities – current asset ( <i>Note 14</i> ) | 347 | 687 | 401 |
|--|-----|-----|-----|

New lending for Waitaki District Health Services Ltd was unbudgeted.

|                                |       |       |       |
|--------------------------------|-------|-------|-------|
| Receivables ( <i>Note 16</i> ) | 5,151 | 6,678 | 4,974 |
|--------------------------------|-------|-------|-------|

Receivables under budget because of no progress on key capital projects.

|   |     |     |     |
|---|-----|-----|-----|
| Provisions – non-current ( <i>Note 21</i> ) | 140 | 377 | 281 |
|---|-----|-----|-----|

|   |     |     |   |
|---|-----|-----|---|
| Provisions – current ( <i>Note 21</i> ) | 143 | 263 | 8 |
|---|-----|-----|---|

The anticipated closure of the Palmerston landfill has been brought forward to 2024.

|   |        |        |        |
|---|--------|--------|--------|
| Borrowings – non-current liability ( <i>Note 20</i> ) | 27,500 | 30,000 | 18,500 |
|---|--------|--------|--------|

|   |        |       |       |
|---|--------|-------|-------|
| Borrowings – current liability ( <i>Note 20</i> ) | 14,757 | 8,072 | 6,574 |
|---|--------|-------|-------|

Borrowings increased due to capital expenditure for projects rescheduled from future periods

|   |       |        |       |
|---|-------|--------|-------|
| Trade and other Payables ( <i>Note 24</i> ) | 8,356 | 12,532 | 7,446 |
|---|-------|--------|-------|

The budget assumed more activity associated with the proposed Events Centre, but this project had not progressed to the construction phase by year end

#### **Statement of Cash Flows**

|                                    |       |        |        |
|------------------------------------|-------|--------|--------|
| Net Cash from Operating Activities | 8,900 | 24,230 | 16,976 |
|------------------------------------|-------|--------|--------|

|                                    |          |          |          |
|------------------------------------|----------|----------|----------|
| Net Cash from Investing Activities | (24,332) | (39,914) | (26,096) |
|------------------------------------|----------|----------|----------|

|                                    |        |        |       |
|------------------------------------|--------|--------|-------|
| Net Cash from Financing Activities | 17,183 | 12,979 | 9,000 |
|------------------------------------|--------|--------|-------|

*Refer to the Statement of Cash Flows for further breakdowns.*

*The variance in Cash from Operating Activities is largely due to the variance in Other Grants and Donations and Other expenses, as explained above.*

*The variance in Cash from Investing Activities is largely due to timing variances of capital expenditure (significant projects carried over to the next financial year, most notably the Sports and Events Centre), and movements in investments (rolling over of term deposits was not as significant as expected).*

## **Note 32: Effects of the COVID pandemic**

In March 2020, the World Health Organisation declared the novel coronavirus, COVID, to be a pandemic. The COVID pandemic substantially reduced economic activity on a global scale, and lockdowns imposed by the New Zealand Government at levels 3 and 4 in 2020, and again in August/September 2021 caused significant financial and other issues for Council, its communities and members of its consolidated group which have continued to affect Council and the group to a limited extent in the 2022-23 financial year.

### **Council**

Effects on individual activities are generally covered in activity reports. Total revenue improved over 2022. Ongoing impacts in 2023 have adversely affected parking revenue as Council has continued to provide free parking until 10am on business days in the Ōamaru CBD. Revenue for the Ōamaru Opera House has recovered as touring shows re-start following the pandemic, and patronage improves.

### **Effects on Group Members**

#### **Tourism Waitaki Ltd**

The company has rebounded following the reopening of the borders and the easing of travel restrictions and recorded a healthy operating surplus in the 2023 financial year, due mainly to the successful operation of the Ōamaru Blue Penguin Colony and to reduced staffing levels.

#### **Whitestone Contracting Ltd**

The company reported an improved operating surplus for the 2023 financial year. Council received a dividend based on the 2022 operating result that was under budget due to COVID lockdowns, but the company has maintenance and civil engineering contracts which are on-going and can draw on banking facilities as needed to meet short term funding needs.

#### **Waitaki District Health Services Ltd Group**

The hospital continued to provide a full range of health services during and since the pandemic, but some non-core services, particularly allied and community outreach services, were paused when lockdown levels greater than level 1 were implemented. As a result, there has been no change to core health funding.

The Observatory Village Charitable Trust Group was unaffected by the COVID pandemic and continued to provide aged-care services at all levels of care. The Trust is expanding the retirement village through the construction of further villas and apartments.

#### **Waitaki Whitestone Geopark Trust**

The Trust was not impacted by the pandemic and has reported operating surpluses for both 2022 and the current financial year. Council is committed to supporting the enterprise now that it has been awarded the status of a UNESCO Global Geopark.

### **Effects on Joint Venture**

#### **Ōmārama Airfield Limited**

Usage of the company's facilities has returned to about pre-COVID levels. The joint venture reported an operating deficit for the current financial year that was larger than the budgeted deficit due to increased professional and audit fees, and increased depreciation arising from the revaluation of assets in 2022.

## **Note 33: Events subsequent to balance date**

### **Affordable Water Reform**

- The New Zealand Government is implementing the Affordable Water Reform to ensure that all New Zealanders have access to safe, clean, and affordable water services.
- In June 2022, legislation established four publicly owned water services entities to take over responsibilities for service delivery and infrastructure with effect from 1 July 2024.
- On 13 April 2023, the Government increased the number of water services entities to ten and staggered the timing of the transfer of assets and liabilities to the entities.
- Council elected to transition with the water services entity encompassing Canterbury and Westland Councils and to transfer its water-related assets and liabilities on 1 July 2025. Under current legislation, from this date, Council will no longer deliver water-related services or own the assets required to deliver these services.
- Following the general election held on 14 October 2023, a new coalition government was formed. As a result, there was uncertainty as to the future of Council's water, wastewater and stormwater services.
- On 14 December 2023, the government announced its intention to introduce and pass legislation early next year to repeal and replace the existing Affordable Waters Reform legislation. The effect of this announcement on the Council is uncertain until such legislation is passed.

### **Observatory Village Lifecare Trust**

Council committed to provide additional financial support for ongoing development of the retirement village currently under construction by increasing the current loan facility by up to \$2,500,000.

### **Ōmārama Airfield Ltd**

Council agreed to advance \$500,000 to the company to support both its financial sustainability and its subdivision activities which will increase available housing in the area.

### **Whalan Lodge Trust**

Council agreed to increase its committed loan funding by \$600,000 to assist the Trust in meeting increasing costs associated with the expansion and refurbishment of its aged care facility in Kurow.

### **Forrester Gallery extension**

The Government's Regional Culture and Heritage Fund announced approval of a grant of \$6,500,000 towards construction of a new wing for the Forrester Gallery. Construction is expected to commence mid-2024 and be opened in March 2026.

## **Note 34: Legislative Breach**

- Tourism Waitaki Ltd was required under the Local Government Act 2002 to complete its audited financial statements and service performance information by 30 September 2023. This timeframe was not met due to the late completion of the audit.
- Section 98(3) of the Act required Council to complete and adopt its 2022-23 Annual Report within four months of the end of the relevant year, or in this instance, by 31 October 2023. This timeframe was not met and consequently Council is in breach of this legislative requirement.