



Waitaki

DISTRICT COUNCIL

TE KAUNIHERA Ā ROHE O WAITAKI

Annual Report

**for the year ended
30 June 2021**

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Introduction from the Mayor and Chief Executive

On behalf of Waitaki District Council we are pleased to present the Annual Report for the 2020/21 financial year.

The 2020/21 Annual Report is an opportunity to report to the community on Council's progress and performance against the third year of the 2018-28 Long Term Plan from 1 July 2020 to 30 June 2021.

The last twelve months has seen continued progress towards achieving Council's vision for the community of making Waitaki the best place to be.

We have been living in a COVID-19 affected world for over a year now, and although we are very well off here in New Zealand in comparison to many countries, it has still had an impact on how we go about everyday life. In the Waitaki district, we have been lucky in that our economy overall has been barely impacted. Some individuals and some businesses have been affected of course, and we have sought to ensure they got the support they have needed.

In October 2020 two devastating fires hit our community. One was at Livingstone, and whilst there wasn't a significant amount of property damage, it brought the issues of carbon forestry farming sharply into focus and caused us to take a national stance on this issue. At the same time, we also suffered a devastating wildfire which swept through the village of Ōhau destroying 43 homes and damaging a number of others, so they were uninhabitable. The cost of the fire at Ōhau is almost \$35 million, making it one of the most expensive fires of its type in New Zealand's history. Council staff were involved in helping the community recover from the fire and the recovery, whilst ongoing, has been a testament to the spirit and resilience of the Ōhau community.

In June 2021 we finalised our 2021-31 Long Term Plan which was probably one of the most difficult of any completed by our Council, as we grapple with the need to keep infrastructure and services to a high standard while facing the challenges of 3 Waters reform, limited Waka Kotahi funding for our roads and the challenges of a COVID-affected world. However, in spite of that, we were able to take on board a lot of what our community told us they wanted and develop a Long Term Plan that's delivering for the community.

New Chief Executive

In November 2020 we received the resignation of Chief Executive Fergus Power, with notice that he would have his final day at our Council on the 4th of June 2021. Elected members spent the next five months working through the recruitment process to appoint a replacement, with Mr Alex Parmley being successful in that process. So, it was mid July 2021 when we were able to welcome our new Chief Executive. Alex has moved from the United Kingdom where he had been Chief Executive of South Somerset District Council since 2016. With his background in local government in a jurisdiction which had more emphasis on the wellbeings and placemaking, rather than just infrastructure provision, elected members believe he will assist us as we continue to push for greater opportunities as part of the future for local government.

Financial Result

We finished the year with a higher than budgeted deficit due to several factors, including the impact of the COVID-19 pandemic which has seen numerous Council activities interrupted and projects deferred. During the year, Council received significant funding to support projects in the 3 Waters activities, and consequently increased staffing levels in that department to cope. Council also had to respond to the needs of affected residents in the aftermath of the disastrous fire event which devastated the Lake Ōhau community. In addition to that, Council also wrote off water assets no longer needed, which had been decommissioned following water infrastructure upgrades.

As a result, we have ended the year with an operating deficit of \$4.392 million which includes the impacts described above. When setting budgets for the year, Council was faced with a community challenged by COVID lockdowns and effects on the economy and community that were not able to be clearly quantified at that stage. To support the community, the decision was made by Council to have a net zero increase in rates for the 2020-21 financial year. Because of that decision, elected members agreed to adopt the 2020-21 Annual Plan with an anticipated operating deficit.

Council's financial position remains sound despite recording an operating deficit and reporting increased levels of external borrowing. We continue to review our costs, particularly from an operational perspective, always striving to ensure that ratepayers get the best value for money.

Infrastructure

A lot of the work Council carries out relates to making sure we have the infrastructure our district needs. Much of this work is not visible to residents but it is essential for us to continue to thrive as a district.

Drinking Water and Wastewater

The Government introduced Tranche One of its 3 Waters Reform Programme. This resulted in Council entering a Memorandum of Understanding (MoU) and funding agreement with the Government before receiving more than \$7million to invest into 3 Water infrastructure projects across the district.

The MoU included a commitment to "openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base" through a formal Request for Information process undertaken across multiple New Zealand territorial authority councils. This required numerous staff from Council's Water Services, Finance, Customer Contact, and Information Services teams to collate data needed to respond to more than 12,000 questions between November 2020 and February 2021.

Roads and Footpaths

During 2020/21 we have had to prioritise our work programmes due to financial constraints exacerbated by COVID-19 and increasing materials costs. We have been maintaining the road network assets, improving road surface conditions, improving drainage to mitigate water damage, and improving sealed road width, all of which we do to provide the level of service for the most used roads in our district.

We target reduced maintenance costs to make what we have go further. Procurement of works is through public tender processes, where multi-year performance contracts are one method of recognising best value services.

We have been targeting Road safety programmes to address serious and fatal crashes with the common target of Road to Zero.

Ōamaru Harbour

Ōamaru Harbour is a great asset for the town and district but has ageing infrastructure which requires investment to replace and upgrade. Rock armouring, bulk concrete repairs and tetrapod placement to the breakwater is now complete. This placed 14,463 tonnes of rock, 8 tetrapods and 67 cubic metres of concrete in and around the breakwater structure. This is the first time the entire structure has been fully armoured since late the 1930's.

Significant structural work has been completed on Holmes Wharf, including repairs to the piles and replacement of the decking to approximately half of the wharf. This work will continue into the coming year and will ensure Holmes Wharf is safe for use and will meet community needs in the future. A new observation deck has also been constructed over Holmes Wharf Mole.

Waste Management and Minimisation

We recruited a Waste Manager to take ownership of our waste activities and plan for future requirements. We also reviewed the role of our EnviroSchools co-ordinator and developed this into a full-time waste minimisation role to improve our delivery in both the EnviroSchools space and also to work on greater communication and awareness around waste.

Parks and Recreation

Alps to Ocean - Sailors Cutting to Benmore off-road section construction was completed and opened on 17th December 2020. The new section of the trail is spectacular. The remaining bridges from Aviemore to Kurow have been installed.

Culture Waitaki

Waitaki District Libraries

The community has been more focused on connection post lockdown, which has resulted in a considerable increase in attendance at events over the last year. Events are informative, educational and entertaining, providing a warm inviting space for presenters and their audience. They range from musical performances to Geopark presentations, book launches and storytelling. One event highpoint was the inaugural community seed swap held in Spring last year.

Waitaki District Libraries has been leading the community in embedding te reo and mātauranga Māori. The Ōamaru Public Library has hosted Kupu Hou learning sessions in a variety of subject areas and supported wider Tākina te reo Māori sessions. Introductory te reo Māori sessions have also been held in Hampden and Kurow.

Waitaki Museum & Archive Te Whare Taoka o Waitaki

In December 2020 the Waitaki Museum & Archive Te Whare Taoka o Waitaki re-opened to the public. Work has now started on stage two of the Museum which will see the upper floor open to the public with exhibition and education spaces, the installation of a lift and the refurbishment of the archive enquiry area and the object collection storeroom.

Economic Development

A large focus of this year's work has been contributing to the development of a Destination Management Strategy for Waitaki. This is in response to the challenges of volume-driven tourism and the changing visitor economy as a result of the COVID-19 pandemic.

As part of the district's response to COVID-19 Council established a Support & Stimulus Fund to fund or co-fund projects to support groups to cope with the impacts of COVID-19 and to increase our economic and social resilience through the pandemic. Over \$260,000 was awarded to applicants from this fund between August and November 2020.

Heritage, Environment and Regulation

Regulatory and Environmental

The Group went through a restructure which saw animal control brought in house and the recruitment of three Regulatory Services officers who are responsible for animal control and general compliance tasks.

Building Services

This has been one of the busiest in terms of building consent applications we have seen for 5 years. A total of 719 consents have been issued with a total value just under \$98 million. Despite the increase in volume the building team have averaged just 8 processing days per consent which is well under the statutory allowed 20 days.

Heritage and Planning

The district continues to see significant investment and as a result there have been some large developments consented such as at Macraes Mine. Another large project was proposed as part of the COVID-19 Recovery (Fast-Track Consenting) Act 2020 – Clutha Upper Waitaki Lines Project Works.

Some large plantation forestry and new carbon farming proposals have come up against considerable community concern which has revealed the limitations of the existing regulatory framework to be able to address these concerns.

Community Development

There has been national recognition of Safer Waitaki as a Community Development model and the model has been replicated by the Timaru District Council.

We have been exploring the concept of localism and locality networks and looking at local solutions for local communities. We had extensive input into the Southern District Health Board whole of systems continuum of care review for Mental Health and Addictions and the Waitaki Mental Health and Addictions Network was held up as an outstanding example.

We have been focusing on employment, education and training opportunities including the Mayors Taskforce for Jobs and Building Capability in Waitaki.

These are just some of the highlights for what has been a busy year, delivering services and investing in improvements for our district and our communities.

Finally, we would like to thank Councillors, staff, and contractors for their ongoing efforts in delivering on the vision and strategies of Council. We are proud of what we have achieved by working together to meet our district's present and future needs.



A handwritten signature in black ink, appearing to read 'A. Parmley'.

Alex Parmley
Chief Executive

A handwritten signature in black ink, appearing to read 'Gary Kircher'.

Gary Kircher
Mayor for Waitaki

Our Strategic Framework



The Planning and reporting cycle

Annual Report

At the end of each financial year, we produce an Annual Report. This sets out how we performed for the year compared to what we said we would do. It lets you know what we delivered and analyses whether we met our budgets and performance targets.

Annual Plan

In each of the two years between Long Term Plans we produce an Annual Plan. The Annual Plan takes a fresh look at the budgets and work programme that we planned for the year, according to the Long Term Plan, and considers whether adjustments are needed.

Long Term Plan

The Long Term Plan sets out our strategic direction and work programme for the 10 years ahead. It outlines the services we will provide, the projects we will undertake, the cost of doing this work, how it will be paid for and how we will measure the quality and our effectiveness.

The issues we face and the context within which we work are continuously evolving. For this reason, a Long Term Plan is produced every three years.



Our Planning Cycle




Community Outcomes

Council's vision is *"Waitaki – the best place to live, work and play."* Our community outcomes describe what we aim to achieve for our community and what you can expect us to work towards to achieve our vision.

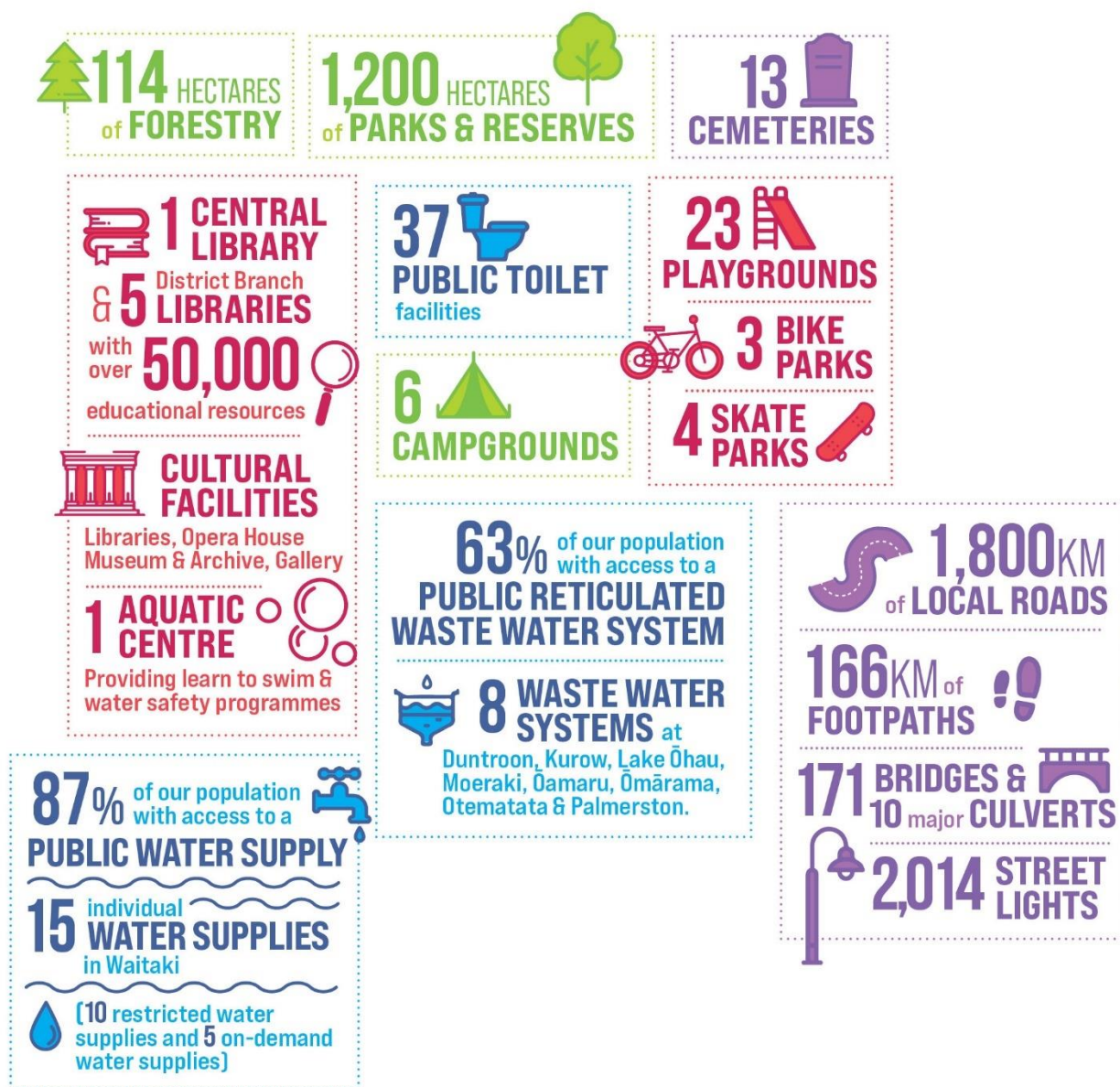
All the activities we carry out contribute to the overall achievement of our community outcomes.

COMMUNITY OUTCOME		WHAT SUCCESS LOOKS LIKE
ECONOMIC 	Business opportunities <i>"We enable opportunities for new and existing businesses"</i>	<ul style="list-style-type: none"> • We plan ahead to ensure there is sufficient land available to meet development demands • We provide key infrastructure that meets business and industry requirements • We make Council processes easy for business • There is a consistent and fair regulatory environment – barriers, costs, risks and uncertainties are minimised where practical. • We advocate in areas that maximise economic opportunity and benefits for the district • We show leadership – partnership and facilitation • We celebrate and promote business innovation and success.
	Affordability <i>"We keep our district affordable"</i>	<ul style="list-style-type: none"> • We carefully balance the needs and wants of our community responsively (prudent) • We recognise the large geographical area and small rating base of our district • We seek alternative funding sources where possible to complement the provision and delivery of our services.
	Access to services and facilities <i>"We provide and enable services and facilities, so people want to stay and move here"</i>	<ul style="list-style-type: none"> • A higher proportion of the resident population is under 50 years old • We manage public infrastructure to ensure it is sustainable, and to a standard to meet the present and future needs of our residents and visitors • We promote quality urban design in our district's communities • We have attractive and liveable townships and communities • We value our culture, arts and heritage • Our public places and civic facilities are accessible, welcoming and vibrant • Our visitor facilities and attractions are welcoming, attractive and meet the demand of a growing tourism base • There are increasing visitor numbers • We celebrate and tell our unique stories.
SOCIAL AND CULTURAL 	Diverse community <i>"We understand the diverse needs of our community"</i>	<ul style="list-style-type: none"> • We have a range and choice of housing options • There are strong community connections and participation rates • We understand the needs of our communities – changing age structure and a multicultural society • There are increased joint projects and initiatives with partners and organisations.

COMMUNITY OUTCOME		WHAT SUCCESS LOOKS LIKE
	Safe community <i>"We maintain the safest community we can"</i>	<ul style="list-style-type: none"> • We manage Council infrastructure and community facilities to ensure the safety of residents and visitors • Individuals and families feel safe • We are responsive and prepared for natural hazard events • We are responsive to climate change implications on the district's public infrastructure • We are aware of and responsive to central and regional government obligations.
ENVIRONMENTAL 	Environmental protection and value <i>"Waitaki's distinctive environment is valued and protected"</i>	<ul style="list-style-type: none"> • Our community respects our natural resources and how they interact with these (e.g. water, waste, energy, climate change, natural hazards) • We are aware of and responsive to central and regional government obligations • Our District Plan provisions ensure the sustainable management of our land use, and subdivision of land • Our significant areas, features and landscapes are recognised and protected through the District Plan • Our land area with native vegetation under protection and those with significant native plants and animals is not declining.

What we do

This is a snapshot of what we do



Independent Auditor's Report

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

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 21 December 2021. This is the date at which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 104 to 172 and pages 174 to 180:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2021; and
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 173, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan; and
- the statement of groups of activities on pages 27 to 102:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 30 to 31, 38, 49, 57, 68, 71, 75, 79, 87 and 98, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long Term Plan; and
- the funding impact statement for each group of activities on pages 30 to 31, 38, 49, 57, 68, 71, 75, 79, 87 and 98, 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 19 to 24, 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.

Emphasis of matter – The Government's three waters reform programme announcement

Without modifying our opinion, we draw attention to note 35 on page 180, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

We describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s annual plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than

for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of groups of activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 12, 18, 25 and 181 to 184, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

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

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement

of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's 2021 – 2031 Long Term Plan and performed a limited assurance engagement related to the District Council's debenture trust deed which are compatible with those independence requirements.

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

A handwritten signature in blue ink, appearing to read 'Rudie Tomlinson', with a horizontal line extending to the right.

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

Council Only - Financial Summary

Financial Statistics

Council Only	Actual 2021	Annual Plan 2021	Actual 2020
Proportion of Rates to Total Income (%)	56.6%	57.1%	63.6%
Proportion of Rates to Total Expenditure (%)	53.3%	56.2%	60.2%
Total rating assessments (at the previous 1st of July)	13,852	13,810	13,812
Average Rates per rateable property	\$2,329.52	\$2,335.42	\$2,331.84
Average Expenditure per rateable property	\$4,369.12	\$4,156.67	\$3,876.31
Net Debt - External (percentage of Total Assets)	1.53%	0.85%	0.80%
Net Debt - Internal (percentage of Total Assets)	3.04%	3.25%	2.80%
Net Debt - External (per rateable property)	\$1,156.58	\$579.29	\$535.77
Net Debt - Internal (per rateable property)	\$2,298.44	\$2,218.41	\$1,885.68
Current ratio	0.70	1.12	0.69
<i>Ratio of Current Assets to Current Liabilities</i>			
Liquid ratio	0.69	1.21	0.68
<i>Ratio of Liquid Assets (cash & cash equivalents, trade & other receivables and other financial assets) to Liquid Liabilities (Trade & other payables, borrowings)</i>			

Five Year Financial Summary

Council Only	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
Rates revenue	32,846	32,833	32,116	30,779	30,303
Net Operating Surplus/(Deficit)	(4,392)	(3,124)	(1,597)	913	1,531
Cashflows					
Operating Activities	13,809	14,076	11,429	13,034	15,316
Investing Activities	(20,789)	(21,282)	(13,280)	(15,301)	(13,296)
Financing Activities	8,600	7,400	-	-	-
Net Increase/(Decrease) in cash held	1,620	194	(1,851)	(2,267)	2,020
Net Public Debt - External	16,021	7,400	-	-	-
Net Public Debt - internal	31,838	26,045	22,547	24,326	22,673
Total Assets	1,048,174	929,715	839,526	819,934	769,436

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 2020
Total Rateable Properties	13,852
Total Land Value of the District	\$4,252,570,950
Total Capital Value of the District	\$8,455,732,900

Council Only - Financial Disclosures

Annual Report Disclosure Statement for the year ended 30 June 2021

What is the purpose of this statement?

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 Annual Report is a mandatory requirement imposed by the Local Government (Financial Reporting and Prudence) Regulation 2014 (The Regulations). Please refer to the Regulations for more information, including definitions of some of the terms used.

Rates Affordability Benchmark

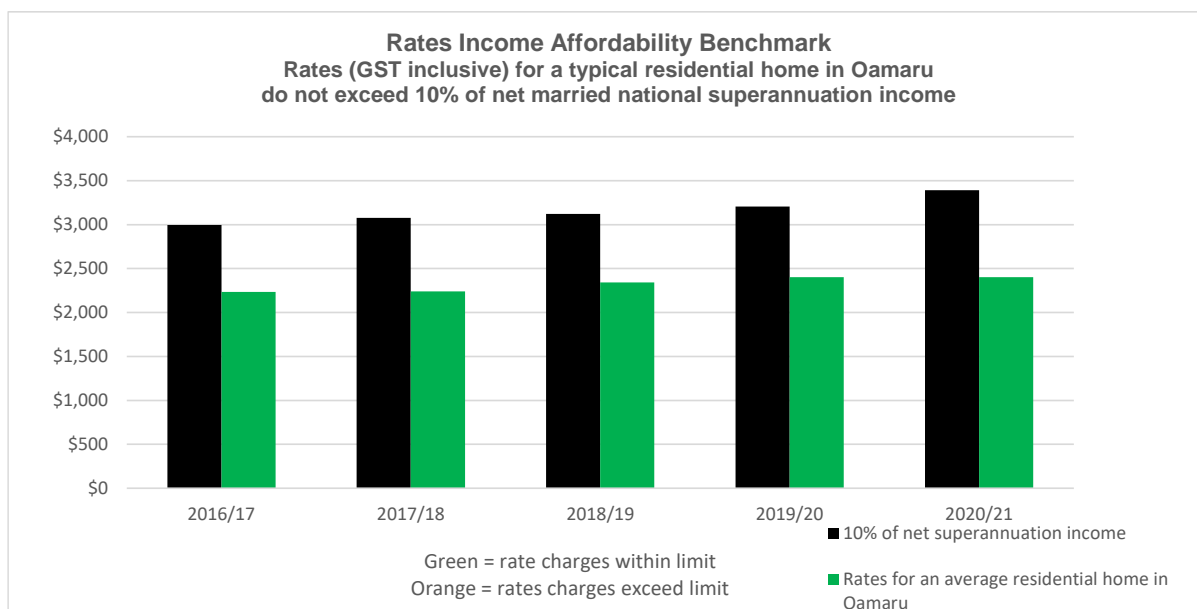
Council meets the three Rates Affordability benchmarks when:

- Actual rates revenue equals or is less than each quantified limit on rates, and when;
- 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 2018-28 Long Term Plan.

This quantified limit on total rates 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 limit was set when adopting the 2018-28 Long Term Plan.



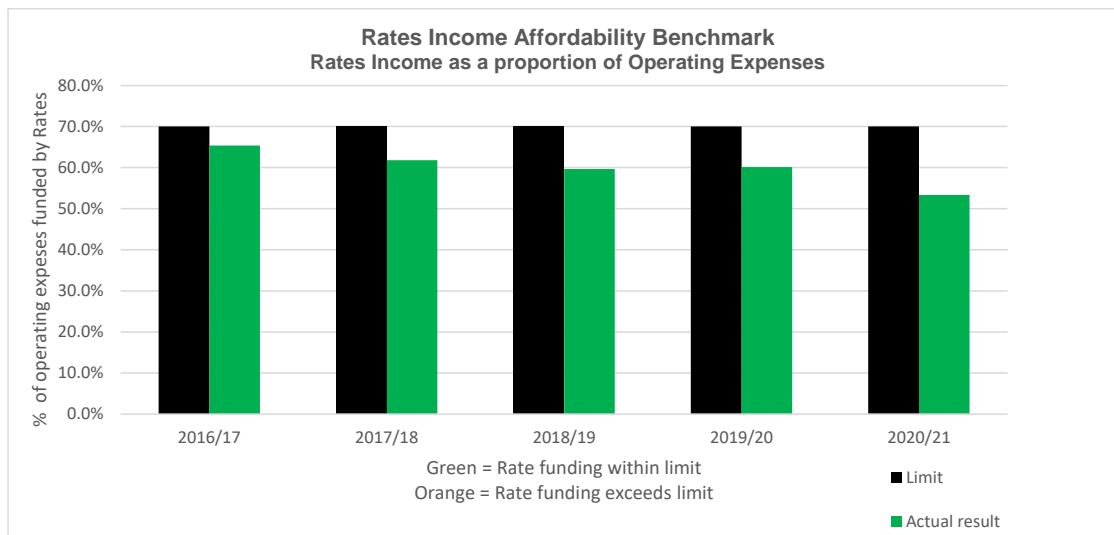
Council Only - Financial Disclosures

Annual Report Disclosure Statement (continued)

Rates Affordability Benchmark (continued)

Rates Income Affordability

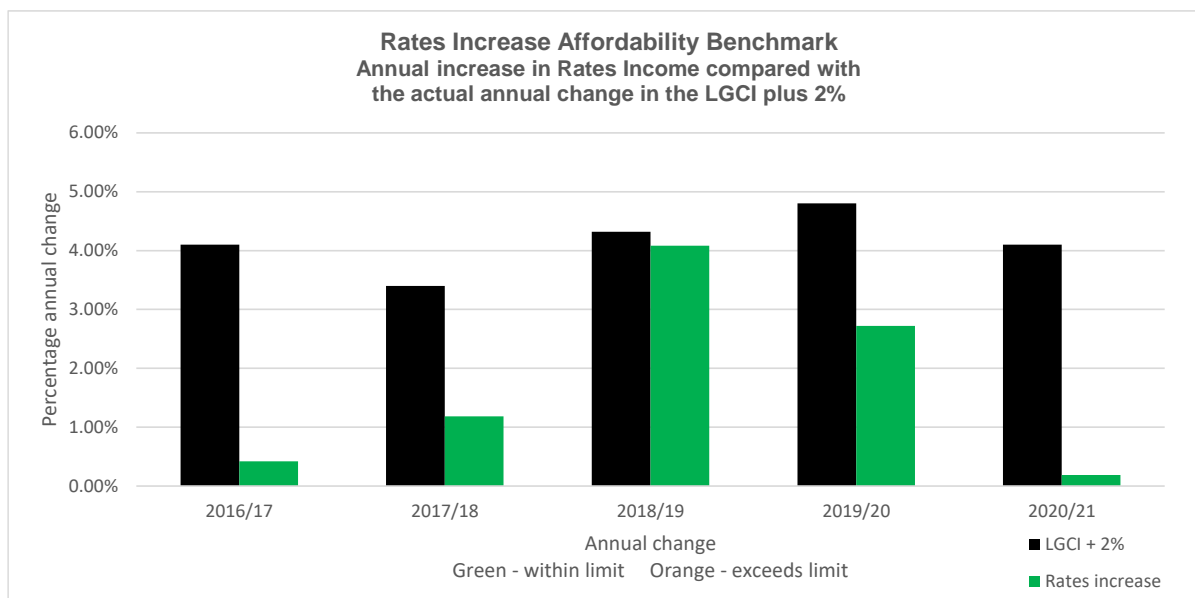
This graph compares Council's rates revenue with a quantified limit on rates contained in the financial strategy appearing in Council's 2018-28 Long Term Plan. The quantified limit on total rates is that revenue raised from rates should fund no more than 70% of total operating expenditure.



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 2018-28 Long Term Plan.

The quantified limit on total rates increases is that the increase in the 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%. The limit was first adopted in the 2018-28 Long Term Plan.



Council Only - Financial Disclosures

Annual Report Disclosure Statement (continued)

Debt Affordability Benchmark

Council meets the Debt Affordability benchmarks when actual borrowings are within each quantified limit on borrowing.

Debt Affordability

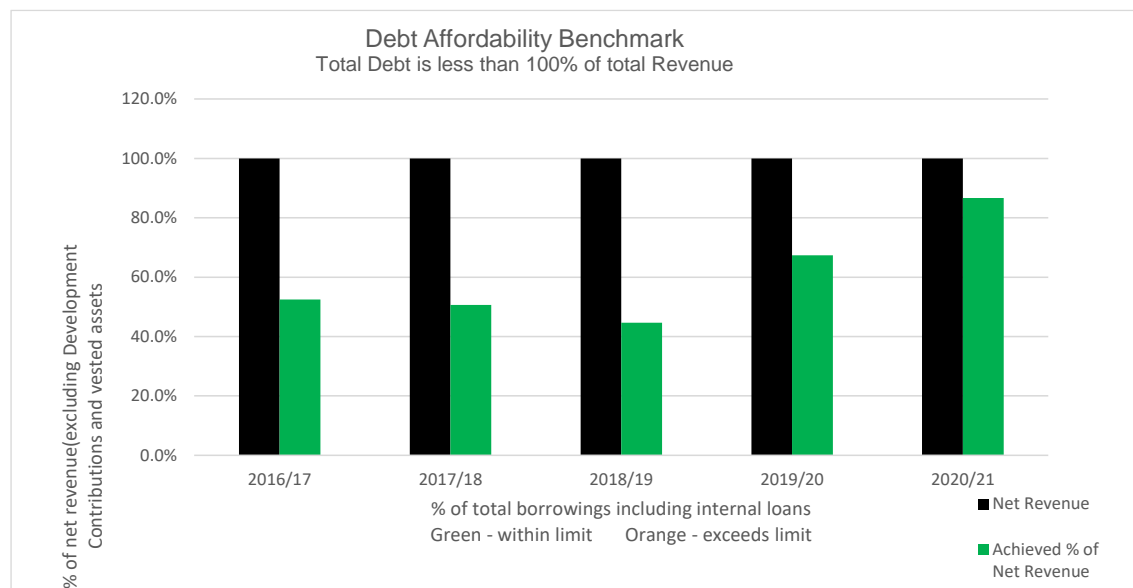
Actual borrowing is compared with the quantified limit on borrowing contained in the Financial Strategy appearing in Council's 2018-28 Long Term Plan.

Council has developed a strategy of funding capital works internally, through the use of depreciation reserves, development contributions and internal loans. Internal loans do not appear in Council's Statement of Financial Position but are detailed in Note 20.

The Financial Strategy in the 2018-28 Long Term Plan set a quantified limit on debt that debt should not exceed 100% of total revenue. During and after the 2020 financial year, Council has made greater use of external funding sources, which was not contemplated when completing the 2018-28 LTP.

The Debt Affordability measure has been applied to total borrowings, both internal and external. No limit existed prior to adoption of the 2018-28 Long Term Plan but, for meaningful comparison, results for earlier periods have been included.

For the purposes of this disclosure, the benchmark is achieved when total debt is less than 100% of total revenue.



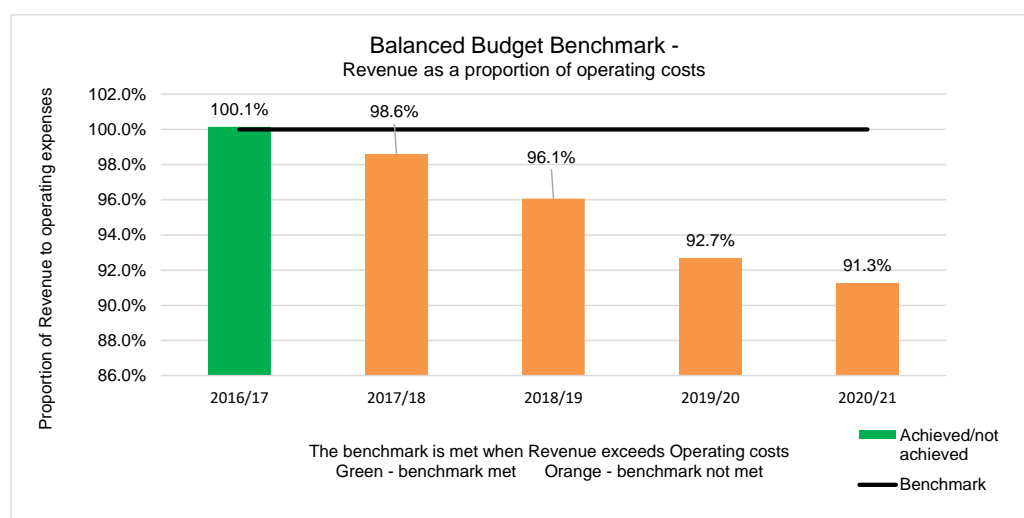
Council Only - Financial Disclosures

Annual Report Disclosure Statement (continued)

Balanced Budget Benchmark

This benchmark is achieved when Council's operating revenues (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).

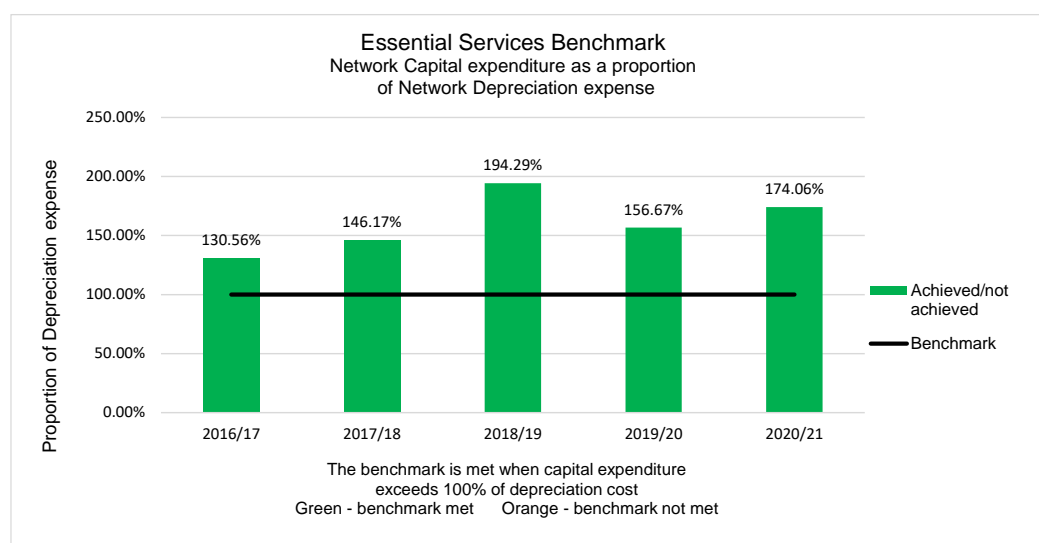
DCs do not fund operating expenditure but fund future growth and expansion of the capacity of Council's infrastructure. Vested assets and asset revaluations do not involve the receipt of cash, or entitlement to receive cash, as do other forms of operating revenue.



Operating costs in 2021 include continued support for local communities due to the Covid-19 pandemic and the Lake Ōhau Village fire event, and the current and recent financial years have seen significant non-trading costs associated with asset write-offs.

Essential Services Benchmark

Council meets this benchmark when capital expenditure on Network Services (Roads, bridges and footpaths, water supply systems, sewer systems and stormwater systems) equals or exceeds the annual Depreciation charge related to those assets. The graph displays Council's capital expenditure on Network Services as a proportion of the annual depreciation charge on those assets.



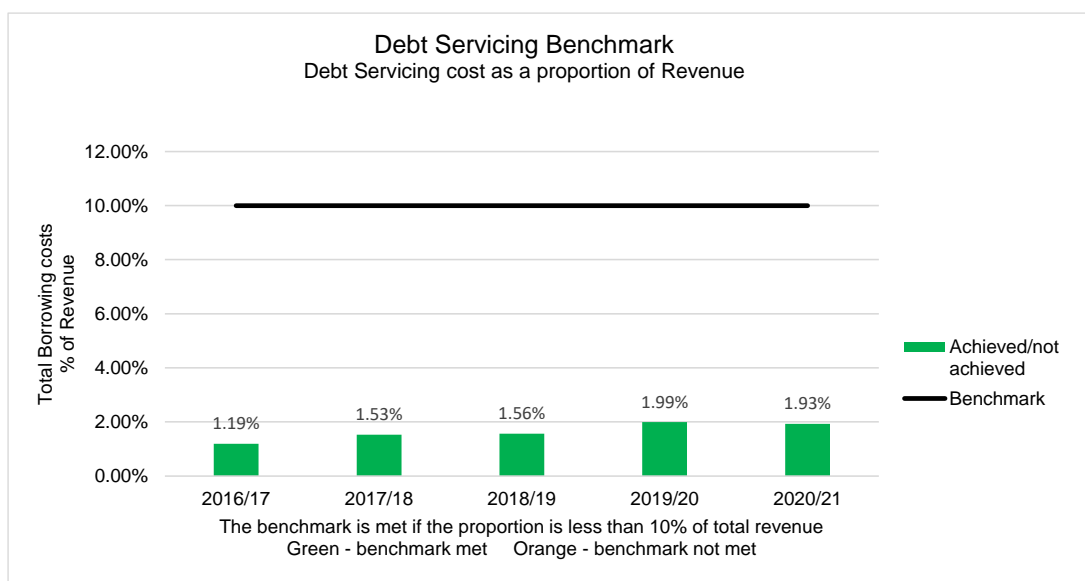
Council Only - Financial Disclosures

Annual Report Disclosure Statement (continued)

Debt Servicing Benchmark

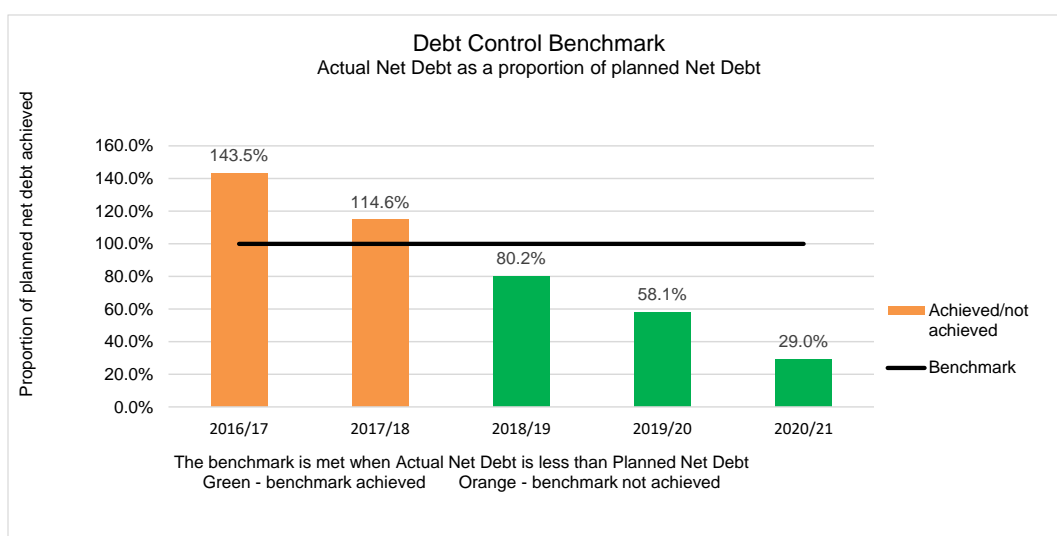
As the population of the district is expected to grow more slowly than the projected growth rate of the national population, this benchmark is met if borrowing costs equal, or are less than, 10% of Operating Revenue (less development and financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment).

This graph measures the total cost of servicing borrowings. The cost of 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. Servicing external debt is a real cost to Council that is reported in the Statement of Comprehensive Revenue and Expense.



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.



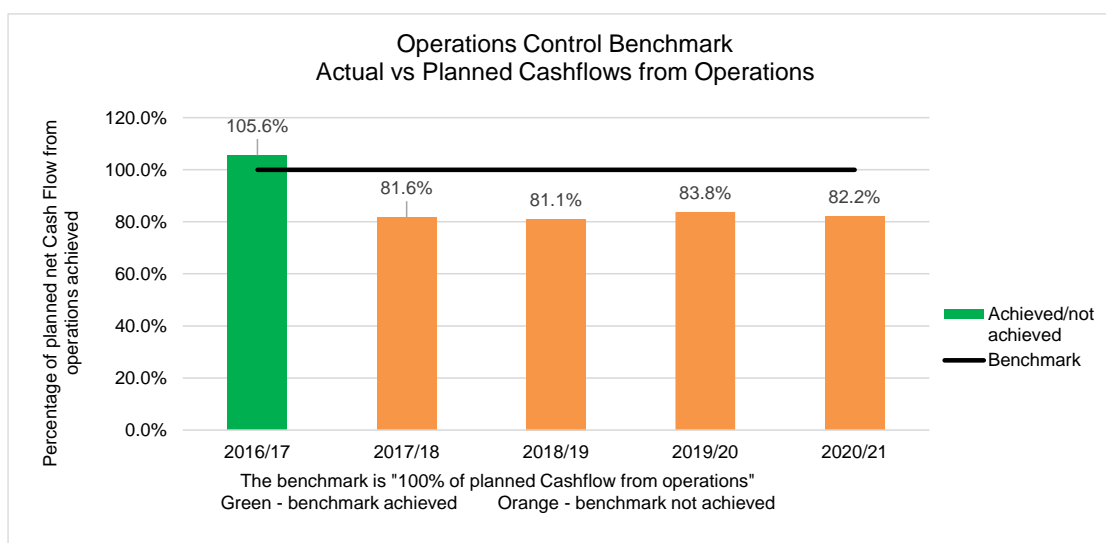
Council Only - Financial Disclosures

Annual Report Disclosure Statement (continued)

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. Cash flow from operations 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

- Receipt of external funding for a range of improvements to water and allied infrastructure in 2021
- Deferral of the Cultural Facilities redevelopment project in 2021
- Increased maintenance costs due to adverse weather events and works undertaken at the Forrester Gallery in both 2019 and 2020
- The impact of the COVID-19 pandemic which affected Council's operations during 2020 and which has had ongoing impacts during the current financial year.

Statement of Compliance and 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.

Responsibility

- Council and management accept responsibility for the preparation of the financial statements, 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
- In the opinion of Council and management, the Annual Report and the financial statements contained therein for the year ended 30 June 2021 fairly reflect the financial position and operations of the Waitaki District Council and Group.



Alex Parmley
Chief Executive

21 December 2021



Gary Kircher
Mayor of Waitaki

21 December 2021

Statement of Groups of Activities

Council

This activity group covers district leadership, customer service, and support services.

District Leadership

What we do

The Mayor and Councillors are elected to represent the Waitaki community, to set the vision and community outcomes, and to make decisions that serve the best interests of the community now and in the future. This includes reviewing and developing local policies, making regulatory decisions, and reviewing Council performance.

As part of meeting Council's obligations around fostering Māori contribution to the decision-making process, Council representatives also meet with Te Rūnanga o Moeraki and Waitaha Taiwhenua O Waitaki Trust Board.

In addition to Council, two Community Boards (Ahuriri and Waihemo) provide representation and advocacy for their local communities.

The Waitaki District Youth Council is a voice for young people in the Waitaki district. This group meets regularly and ensures the voice of Waitaki's young people is heard and well represented.

To support the elected representatives, Council governance staff provide governance information and support including the preparation and coordination of meetings, the provision of meeting agendas and minutes and other elected member support including remuneration, expenses, technology and advice.

Why we do it

In undertaking its role, Council must consider the diverse range of 'communities of interest' within the district as it plans and responds to issues.

Council staff are involved in this activity to safeguard the overall quality of the relationship between Council and its communities, to facilitate effective, open, and transparent decision-making, and to assist the district and its communities to progress and move forward. Council decisions are made in the interests of the whole of the district, with current and future generations in mind.

Community outcomes and well-beings

Community outcome	Well-being	How does this activity effect the well-being of our community?
We keep our District affordable	Social and Economic well-being	By providing governance structures, planning and reporting to provide cost effective, good quality infrastructure, public services and regulatory functions
We provide and enable services and facilities, so people want to stay and move here	Social well-being	By providing opportunities for the community to actively contribute to democratic local decision making on services and facilities
We understand the diverse needs of our community	Social well-being	By providing opportunities to participate in democratic local decision making through representation on Community Boards, Council and by consultation

Council

What we have been doing in 2020/21

Setting direction and policy:

- The 2021-31 Long Term Plan was adopted 29 June 2021
- The Revenue and Financing Policy was adopted 15 June 2021
- The Policy on Development Contributions and Financial Contributions was adopted 15 June 2021
- The Liability Management and Investment Policy was adopted 21 July 2020
- The 2019/20 Annual Report was adopted 15 December 2020
- New speed limits were implemented across the district on 1 July 2020 following public feedback on the speed limit consultation held in April-May 2020.

Community Boards

Ahuriri Community Board

- (December 2020) approved a request from the Otematata Residents' Association Incorporated for \$3,359 (including GST) to contribute to the costs of supplying and installing three heat pumps in the Otematata Lakes Centre Hall. This was paid for from the Ahuriri Community Board Discretionary Fund.

Waihemo Community Board

- Funds were allocated to the Otago Field Days Charitable Trust of \$2000 (including GST) for the Field days held in Palmerston in October 2020. This was funded from the Waihemo Community Board Discretionary Fund.
- (March 2021) \$4125 (including GST) was paid to Puketapu Community Trust for a feasibility study for a new Puketapu Track in Palmerston. This was funded from the Waihemo Community Board Discretionary Fund.

Council

How we performed – District Leadership

Community Outcome	Performance Measures	Service target	Achievements
<p>We understand the diverse needs of our community</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	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	<p>57% - Not achieved</p> <p>(2019/20 - Achieved 72%)</p>
<p>We understand the diverse needs of our community</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	Residents satisfied or very satisfied that the Ahuriri Community Board is making a positive difference	<p>Years 1-3: 50% of residents are satisfied or very satisfied that the Community Board is making a positive difference</p> <p>Years 4-10: 5% increase per year in satisfaction that the Community Board is making a positive difference</p>	<p>45% - Not achieved</p> <p>(2019/20 - Not achieved 38%)</p>
<p>We understand the diverse needs of our community</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	Residents satisfied or very satisfied that the Waihemo Community Board is making a positive difference	<p>Years 1-3: 50% of residents are satisfied or very satisfied that the Community Board is making a positive difference</p> <p>Years 4-10: 5% increase per year in satisfaction that the Community Board is making a positive difference</p>	<p>42% - Not achieved</p> <p>(2019/20 - Achieved 54%)</p>

How we performed – Council

Community Outcome	Performance Measures	Service target	Achievements
<p>We understand the diverse needs of our community</p> <p>We keep our District affordable</p>	Residents satisfied or very satisfied with the information provided about Council's current actions and its plans	<p>Years 1-3: 60% of residents satisfied or very satisfied with the information provided</p> <p>Years 4-10: 5% increase per year in satisfaction (to 80%)</p>	<p>42% - Not achieved</p> <p>(2019/20 - Not achieved 51%)</p>

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Democracy and Accountability

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	2,177	2,230	2,560
Targeted Rates	1,706	1,748	1,951
Rates Revenue	3,883	3,978	4,511
Subsidies and Grants for Operating Purposes	1	1	244
Fees and Charges	-	-	-
Internal Charges and Overheads Recovered	-	-	-
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	41	-	5
Operating Revenue	42	1	249
Total Sources of Operating Funding	3,925	3,979	4,760
Applications of Operating Funding			
Payments to Staff and Suppliers	1,041	1,017	1,464
Finance Costs	-	-	-
Internal Charges and Overheads Applied	2,973	3,048	3,576
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	4,014	4,065	5,040
Surplus / (Deficit) of Operating Funding	(89)	(86)	(280)
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding			-
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	-	-	-
to replace Existing Assets	-	-	-
Increase / (Decrease) in Reserve	(89)	(86)	(280)
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	(89)	(86)	(280)
Surplus / (Deficit) of Capital Funding	89	86	280
Funding Balance	-	-	-

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Support Services

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	- Increased numbers of staff in support roles has
Targeted Rates	-	-	- resulted in increased levels of overheads charged
Rates Revenue	-	-	- and recovered between departments and business
Subsidies and Grants for Operating Purposes	19	19	156 units. Funding provided for 3 Waters capital works
Fees and Charges	-	-	- also provided support for administrative and other
Internal Charges and Overheads Recovered	19,383	20,039	23,283 operational expenditure
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	27	28	115
Operating Revenue	19,429	20,086	23,554
Total Sources of Operating Funding	19,429	20,086	23,554
Applications of Operating Funding			
Payments to Staff and Suppliers	12,228	12,207	14,863
Finance Costs	-	-	169
Internal Charges and Overheads Applied	6,055	6,330	7,961
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	18,283	18,537	22,993
Surplus / (Deficit) of Operating Funding	1,146	1,549	561
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	-	17	331
Development and Financial Contributions	-	-	-
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	77	78	105
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding	77	95	436
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	236	152	1,928
to replace Existing Assets	566	585	511
Increase / (Decrease) in Reserves	421	907	(672)
Increase / (Decrease) of investments	-	-	(770)
Total Applications for Capital Funding	1,223	1,644	997
Surplus / (Deficit) of Capital Funding	(1,146)	(1,549)	(561)
Funding Balance	-	-	-

Economic Development and Property

This activity group covers district development, property management, and investments.

Economic Development

What we do

Part of Council's leadership involves supporting the economy and communities through economic and community development functions. Council provides advice and encourages initiatives to support existing economic activity and diversification across the district. This includes encouraging sustainable development of our local economy through partnerships, innovation, quality infrastructure, and planning.

Why we do it

Waitaki businesses need the right economic environment to flourish. Council undertakes this activity to promote and guide economic development in the district which benefits everyone living in and visiting the district. Council also fosters economic development through Tourism Waitaki Ltd (a Council Controlled Organisation), the tourism arm of Council.

What we have been doing in 2020/21

We have assisted local companies and organisations to explore funding applications to various Government funding agencies. We are hopeful that some of these applications will be awarded in the latter half of 2021. We have surveyed local companies to ascertain their businesses challenges and opportunities so we can determine how Council could assist them. A large focus of this year's work has been contributing to the development of a Destination Management Strategy for Waitaki, as a response to the challenges of volume-driven tourism and the changing visitor economy as a result of the pandemic. We continued to help the Waitaki Whitestone Geopark Trust advance the district's application to become a UNESCO Global Geopark, which has resulted in the development of a new strategy (Waitaki Whitestone Geopark Strategic Plan 2020-2025) focused on community-led preservation projects and education being co-designed with local iwi.

Council provided its Economic Development Manager (EDM) to act as Deputy Chair of the interim Otago Regional Skills Leadership Group, which provided a regional voice into labour and industry issues resulting from COVID-19. Our EDM also chairs the Otago Regional Economic Development working group, which seeks to identify regional priorities and initiatives to advance the prosperity of the wider Otago district. Our Economic Development team provided relevant perspectives to regional workforce projects such as the Otago Construction Workforce Forecasting project and the Review of Vocational Education, and to local projects such as town revitalisation initiatives, heritage, spatial planning, transport network operations, an assessment of the social change impact of one of the district's largest employers, and to Safer Waitaki's wellbeing mission.

Council continued to supply ongoing community and business information relating to the COVID-19 pandemic, as well as providing Public Information Management support in two major Civil Defence Emergencies and aftermath recovery. As part of the district's response to COVID-19 Council established a Support & Stimulus Fund to fund or co-fund projects to support groups to cope with the impacts of COVID-19 and to increase our economic and social resilience through the pandemic. Over \$260,000 was awarded to applicants from this fund between August and November 2020.

Our Communications Team had a very productive year. It delivered a new Council website with improved useability and functionality. It produced over 250 individual pieces of design work, and over 90 videos for Council meetings, projects updates, campaigns and consultations, community engagements and events. The year featured many public consultation campaigns, including District Plan Review pre-engagement, Harbour Plan, Long Term Plan consultations, and other community campaigns such as waste minimisation and biodiversity promotion. The Communications Team also provided event support for over 40 community- and Council-run events and public engagement sessions. The team also livestreamed Council meetings to make Council more accessible to the public and undertook te reo Māori lessons in anticipation of promoting the use of te reo Māori in Council communications.

Economic Development and Property

Property Management & Investment

What we do

Council's property unit provides a property advisory service for the Council organisation and oversees the use, development, investment, and disposal of land and buildings owned by the Waitaki District Council on behalf of the community.

Why we do it

The activities of the property unit support the administration of Council, facilitates opportunities for new and existing businesses and economic development initiatives, manages Council property investment, and supports the lifestyle and experience of the district's residents and visitors.

What we have been doing in 2020/21

Community Housing

There was a turnover of 17 units within the last financial year, which provided an opportunity to renovate assets as required, upgrade lighting and switchboards, renew carpet, paint etc (as necessary) and undergo compliance work to align with the healthy home's legislation. We have been focusing on ensuring compliance with the relevant legislation, with the priority on new tenants (from 1 July 2021, compliance is required within 90 days of a new tenancy). Work is underway to ensure all other units are retrofitted with ventilation as soon as possible.

Routine inspections ensured normal maintenance was carried out while providing the opportunity to build relationships with tenants. The results and comments of the survey sent to all community housing tenants show that such relationships are strong and appreciated. In addition to Council staff communicating with tenants, Age Concern are also contracted to undertake two visits to each tenant per year; which are considered 'welfare checks'. These visits have helped to identify focus areas to work with Age Concern and welfare groups in order to assist vulnerable elderly tenants to live not only an easier and comfortable, but safer life in the Waitaki district.

Ōamaru Airport

A record number of monthly aircraft movements were recorded following the COVID-19 lockdown. In August, 4,118 movements were recorded. Council staff have implemented a structure to assist with the safe and effective operation of the airport. This structure includes management plans for wildlife, maintenance, and Health and Safety, and applies to all users of the Ōamaru Airport. Staff are in regular contact with the resident airport operators to ensure a safe operation. There has been a new private hangar built in the rotary precinct, and a development plan created to enable opportunities for expansion and development of both rotary and fixed wing aircraft hangars. The new 40,000 fuel facility (diesel and 95) that was recently installed has proven to be a great resource and complements the existing JetA1 and AVGAS fuel offerings.

Operational Buildings

A number of Council operational buildings were given attention over the past 12 months. The Opera House had Stage 1 of the dome restoration completed. This will ensure the structural integrity of the dome structure is sound and capable of supporting the fibrous plaster for generations to come. There was also a heating upgrade at the Opera House which replaced the single gas boiler with a cascade of three condensing boilers. The replacement addressed the unreliability of a critical piece of infrastructure and can provide heating to the building even if one or even two of the boilers should fail.

The internal upgrade of the Aquatic Centre was completed which improved the fitout of the changing rooms and main pool area.

Stage 2 of the Waitaki Museum and Archive Te Whare Taoka o Waitaki was approved, and physical work commenced. This upgrade will make the upper floors more accessible with the provision of a lift.

Economic Development and Property

Property Management & Investment

What we have been doing in 2020/21 – continued

Ōamaru Harbour

Ōamaru Harbour is a great asset for the town and district but has ageing infrastructure which requires investment to replace and upgrade. Rock armouring, bulk concrete repairs and tetrapod placement to the breakwater is now complete. This placed 14,463 tonnes of rock, 8 tetrapods and 67 cubic metres of concrete in and around the breakwater structure. This is the first time the entire structure has been fully armoured since the late 1930s. Drone technology is being used to survey the structure and armouring which will help to monitor the performance of the existing rock armouring and assist with forecasting future maintenance work.

Significant structural work has been completed on Holmes Wharf, including repairs to the piles and replacement of the decking to approximately half of the wharf. This work will continue into the coming year and will ensure Holmes Wharf is safe for use and will meet community needs in the future. A new observation deck has also been constructed over Holmes Wharf Mole.

Commercial

There were 15 applications from 12 parties for temporary rent relief during the COVID-19 pandemic. 12 applications were granted relief.

Council acquired the Blind Foundation Hall which is strategically located near the existing Ōamaru Public Library and Waitaki Museum & Archive Te Whare Taoka o Waitaki. Urgent remedial maintenance work was undertaken to make the building watertight and safe. It will be used temporarily for the Stage 2 Museum upgrade.

Economic Development

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
Waitaki's distinctive environment is valued and protected	Economic and Environmental well-being	By encouraging sustainable development of our local economy through partnerships, innovation, quality infrastructure, and planning
We enable opportunities for new and existing businesses	Economic well-being	By providing advice and encouraging initiatives to support existing economic activity and diversification across the district

How we performed - Economic Development

Community Outcome	Performance Measures	Service target	Achievements
<p>Waitaki's distinctive environment is valued and protected</p> <p>We enable opportunities for new and existing businesses</p>	Level of central government business support funding accessed by the district	<p>Years 1-2: At least 1 key Long Term Plan project receives a level of funding that secures ongoing project development</p> <p>Year 2: At least 2 key Long Term Plan projects receive a level of funding that secures ongoing project development</p> <p>Year 3: Funding contribution has realised key Long Term Plan project</p> <p>Years 4-10: Funding contribution has realised key Long Term Plan project</p>	<p>Tourism Infrastructure Funding contribution of \$105k for improvements at Elephant Rocks. The Government's funding focus has moved in the past year away from the Provincial Growth Fund to the establishment of the Regional Strategic Partnership Fund, which will be open in FY22. Not achieved.</p> <p>(2019/20 - Not Achieved)</p>

Property Management & Investment

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We enable opportunities for new and existing businesses	Economic well-being	By contributing to the economy of the district
We keep our District affordable	Economic well-being	By effectively managing the property portfolio, meaning returns are maximised and rates input is minimised
We provide and enable services and facilities, so people want to stay and move here	Social and Economic well-being	By providing properties that meet the needs of the community, meaning that people are more likely to want to stay and they will encourage others to move here

Property Management & Investment

How we performed

Community outcome	Performance Measures	Service target	Achievements
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>Tenants are satisfied or very satisfied with their tenancy as a percentage of all tenancies by annual user survey:</p> <p>a) Community housing tenants</p> <p>b) Commercial tenants</p>	<p>a) 90% of community housing tenants satisfied with their tenancy</p> <p>b) 90% of commercial tenants are satisfied with their tenancy</p>	<p>a) 94% - Achieved (2019/20 – Achieved 94%)</p> <p>b) 86% - Not achieved (2019/20 - Not achieved 71%)</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>Individual tenancies are occupied as a percentage of available units/tenancies:</p> <p>a) Community housing units</p> <p>b) Commercial tenants</p>	<p>a) 90% of community housing units occupied.</p> <p>b) 90% of commercial tenancies occupied</p>	<p>a) 100% - Achieved (2019/20 – Achieved 99%)</p> <p>b) 99% - Achieved (2019/20 – Achieved 100%)</p>

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Economic Development and Property

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	383	199	(403)
Targeted Rates	1,050	850	953
Rates Revenue	1,433	1,049	550
Subsidies and Grants for Operating Purposes	-	-	257
Fees and Charges	1,679	1,708	2,157
Interest and dividends from investments	1,910	1,935	1,417
Internal Charges and Overheads Recovered	(671)	(654)	188
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	407	408	341
Operating Revenue	3,325	3,396	4,360
Total Sources of Operating Funding	4,758	4,445	4,910
Applications of Operating Funding			
Payments to Staff and Suppliers	3,041	3,271	4,517
Finance Costs	-	-	-
Internal Charges and Overheads Applied	120	68	411
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	3,161	3,340	4,928
Surplus / (Deficit) of Operating Funding	1,597	1,105	(18)
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	330	350	936
Development and Financial Contributions	-	-	-
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	194	180	1,577
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding	524	529	2,513
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	463	2,964	1,496
to replace Existing Assets	-	-	515
Increase / (Decrease) in Reserve	1,658	(1,330)	484
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	2,121	1,634	2,495
Surplus / (Deficit) of Capital Funding	(1,597)	(1,105)	18
Funding Balance	-	-	-

Heritage, Environment and Regulation

This activity group covers planning, regulatory, environmental, community development and engagement.

Heritage and Planning

What we do

The Planning Unit of Council undertakes activities mainly through land use and subdivision planning. The activity also provides policy advice on planning and development, conservation, design, heritage, and environmental issues that affect the Waitaki district.

Why we do it

Planning services are provided to ensure that development by people and businesses does not adversely affect the environment. The Council has a responsibility under the Resource Management Act (RMA) via the provisions of the Waitaki District Plan to manage the effects of development on the natural and physical resources of the district and protect the environment's life supporting capacity. Planning decisions made by Council influence the nature of the Waitaki district communities and how the district will develop in the future.

What we have been doing in 2020/21

Resource consent volumes were slightly down on previous years' record highs. That said, staff recruitments were also successful, and this has resulted in a substantially lower use of external contractors to assist us in meeting statutory timeframes than in previous years.

The district continues to see significant investment and as a result there have been some large developments consented such as at Macraes Mine. Another large project was proposed as part of the COVID-19 Recovery (Fast-Track Consenting) Act 2020 – Clutha Upper Waitaki Lines Project Works. There has also been considerable staff time involved with the Ōhau Village recovery. Some large plantation forestry and new carbon farming proposals have also come forward against considerable community concern which have revealed the limitations of the existing regulatory framework to be able to address.

The District Plan Review is heading towards release of the Draft Document. Numerous stakeholder meetings have been held. Landowner engagement has been carried out over emerging environmental constraints, many of which will set the district up well including natural hazard resilience and responsibilities around biodiversity, cultural, landscape and geosite protection.

Staff continue to keep informed of the changing institutional landscape through the Te Mokihi - Mackenzie Basin Agency Alignment Programme, Natural and Built Environment's Act exposure draft consultation, engagement on the Otago Regional Policy Statement and multiple pieces of upcoming National Direction including the Indigenous Biodiversity and Highly Productive Land National Policy Statement. A spatial plan for Ōamaru, Kakanui and Weston has been started that can align aspirations for future growth with infrastructure provision.

Heritage, Environment and Regulation

Regulatory and Environmental

What we do

The regulatory and environmental unit covers a broad range of activities. This group is concerned with monitoring and enforcement functions across a wide cross-section of statutes, focusing on the protection of community health, safety, and amenity. Another major function of the group is the processing and monitoring of building consents.

Why we do it

We must undertake this activity group to meet statutory obligations and best practice in respect of regulatory and environmental services across the district. This includes ensuring that people, communities, and the environment are kept safe, and nuisances are mitigated under a number of statutes such as the Building Act 2004, Health Act 1956, Food Act 2014 and local bylaws. Building Control services are provided to ensure a safe residential, and commercial built environment exists for people to use in accordance with the provisions of the Building Act 2004.

What we have been doing in 2020/21

Regulatory and Environmental

The Group went through a restructure which saw animal control brought in house and the recruitment of three Regulatory Services officers who are responsible for animal control and general compliance tasks.

We recruited a Resource Consents Monitoring officer to meet our obligations under the RMA and to monitor high profile consents.

Two prosecutions were made for breaches of the District Plan rules for vegetation clearance, one resulting in an \$80,000 fine.

We have contracted out the Food Act taskings to a specialist environmental health organisation. This has resulted in a high level of compliance and our food premises meeting their responsibilities in relation to the Ministry for Primary Industries required standards.

Building Services

The 2021 financial year has been one of the busiest in terms of building consent applications we have seen for 5 years. A total of 719 consents have been issued with a total value just under \$98 million. Despite the increase in volume the Waitaki building team have averaged just 8 processing days per consent which is well under the statutory allowed 20 days.

The International Accreditation NZ biennial audit was very successful indicating that Waitaki District Council's building team is "one of the country's top performers".

During the year an additional Building Control Officer was welcomed into the team. Two Officers gained their Diplomas in Building Surveying and a further two started the tertiary qualification. This is ensuring we are providing greater technical knowledge and further education within the team.

In October the Community of Ōhau was devastated by wildfire. Officers were deployed to assess potentially dangerous structures and offer front line support to the response and recovery.

The building industry representatives have met on several occasions through the Waitaki Building Forum to discuss opportunities for improvement. In April we hosted a visit by our Local MP and National Party Spokesperson for Building and Construction. We were joined by representatives from across the building industry to discuss topics such as supply chain constraints, labour shortages and compliance requirements and costs.

Heritage, Environment and Regulation

Community Development and Engagement

What we do

Community development and engagement activities are coordinated and managed in collaboration with key stakeholders from across the community. These include Government agencies, non-government organisations, community groups and other relevant partners to address issues and create opportunities to build connected and safe communities across the Waitaki district.

Why we do it

To provide a mechanism for the community to work together, maximising resources and expertise. Safer Waitaki creates the 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 and contributing to economic development.

What we have been doing in 2020/21

- Continued to grow the reach of the Safer Waitaki network with the addition of new working groups and subgroups. These include the Waitaki Local Settlement Network, Economic Development Group, Meth Action Group and Under 5s subgroup
- Established a Meth / Drug Family Support group
- Reviewed the Community Safety Strategy to align with the Council vision and the four wellbeings. It is now known as the Safer Waitaki Community Wellbeing Strategy 2021-2026.
- Coordinated three Family Harm workshops facilitated by Jude Simpson and Jeremy Eparaima
- Coordinated the Youth Film Competition which involved three local high schools
- Worked with key stakeholders to develop a Waitaki Housing Strategy
- Discussions with Central Government around opportunities for Waitaki district - localism model
- Delivered SKIP contract, including two iterations of the Corrections Thinking about Parenting programme
- Completed the report into an Age Friendly Community
- Achieved Safe Communities Foundation New Zealand reaccreditation as a member of the Pan Pacific Safer Communities Foundation
- Established a Community Recovery Coordinator role to link community groups with funding opportunities and collate wellbeing data
- Explored opportunities for data sharing e.g. integrated data hub
- Coordinated local input into the Southern DHB Mental Health and Addictions whole of systems continuum of care review
- Presented the Safer Waitaki model to other South Island Councils e.g., Queenstown, Balclutha and South Canterbury
- Presented to the Safe Communities National Hui and SOLGM (Taituarā) Partnering for Community Well-being National Conference
- Coordinated Mayors Taskforce for Jobs Initiative
- Coordinated Community Resilience Fund (CRF) applications as part of the Support and Stimulus fund
- Coordinated CCTV network
- Engaged Neighbourhood Support Aotearoa to identify local opportunities
- Secured external funding for activities
- Manager was part of the iRSLG (interim Regional Skills) Group, which provided a regional voice into labour and industry issues resulting from COVID-19.

Heritage, Environment and Regulation

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We keep our District affordable	Economic well-being	By managing the activity efficiently and effectively
We provide services and facilities, so people want to stay and move here	Economic and Social well-being	By providing regulatory services in a professional and efficient manner
We enable opportunities for new and existing businesses	Economic well-being	By ensuring consents and licences are processed accurately, efficiently and within statutory timeframes
We enable opportunities for new and existing businesses	Economic well-being	By ensuring sufficient land is zoned for business, commercial and rural activities
We maintain the safest community we can	Social and Environmental well-being	<p>By ensuring buildings are safe and do not pose a risk to the public</p> <p>By ensuring that food for sale to the public is prepared in safe premises that meet food hygiene regulations</p> <p>By ensuring the threat to the community from nuisance or dangerous dogs or wandering stock is minimised</p> <p>By having a fully functional Emergency Operations Centre and trained and competent emergency management personnel to ensure we play an active role in supporting and co-ordinating emergency responses in the district</p> <p>By playing an active role in the Safer Waitaki Coalition</p>
Waitaki's distinctive environment is valued and protected	Social and Environmental well-being	<p>By resolving commercial and domestic environmental impacts</p> <p>By monitoring approved resource consents and conditions to minimise environmental impact and promote sustainable land management</p>

Heritage and Planning

How we performed – Heritage and Planning

Community Outcome	Performance Measures	Service target	Achievements
We keep our District affordable	Compliance with legislative requirement timeframes for the processing of resource consents	95% of resource consents are processed within statutory timeframes	Unverified data suggests 90%. Final data awaiting Ministry for the Environment validation – Not achieved (2019/20 Achieved)
We keep our District affordable	Customer level of satisfaction with the resource consent process	80% and maintain	82% satisfaction – Achieved (2019/20 - Not achieved 1 response)
We keep our District affordable	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	Significant resource consents monitored: KDIC Pipeline, Observatory Lifecare Village, High Country Salmon, Mt Cook Alpine Salmon, Ecan – Achieved (2019/20 - Not achieved)
Waitaki's distinctive environment is valued and protected	Level of protection of heritage items and features in the Waitaki District Plan	Maintain or increase	The District Plan is being reviewed at this time and no additional items have been added during the year. – Achieved (2019/20 – Achieved)
Waitaki's distinctive environment is valued and protected We enable opportunities for new and existing businesses	Review the operative Waitaki District Plan and replace with new District Plan in compliance with statutory process and timeframes	2 years from date of notification of Proposed District Plan	The District Plan is being reviewed at this time and notification has not commenced. Achieved (2019/20 – Achieved)

Heritage and Planning

How we performed – Heritage and Planning

Community Outcome	Performance Measures	Service target	Achievements
Waitaki's distinctive environment is valued and protected We enable opportunities for new and existing 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.	Nothing received during the 2020/21 year. Achieved (2019/20 – Achieved)
Waitaki's distinctive environment is valued and protected We enable opportunities for new and existing businesses	Increase in private land area under management for the protection of indigenous biodiversity values (QEII / SNA / another covenant).	Maintain or increase.	No change in protected status but more land identified as warranting SNA status. District Plan Review ongoing. Currently at early stage. Areas meeting SNA status identified including Hazeldean through consenting process. Achieved (2019/20 – Achieved)

Regulatory, Environmental and Building

How we performed – Regulatory, Environmental and Building

Community Outcome	Performance Measures	Service target	Achievements
<p>We keep our District affordable</p> <p>We provide services and facilities, so people want to stay and move here</p> <p>We enable opportunities for new and existing businesses</p>	<p>Building consents processed within 15 working days</p>	<p>100% of building consents processed within 15 working days</p>	<p>99% processed within 20 working days. Note the figure reported is the percentage of building consents processed within 20 working days rather than the measure in the LTP which is 15 working days. The reason for this is the current reporting capability within the processing systems is built to comply with the statutory processing and reporting requirements of the Building Act 2004. The average processing time for all consents during the year was 8 days.) Not achieved.</p> <p><i>(2019/20 - Not achieved 98% processed within 20 working days)</i></p>
<p>We keep our District affordable</p> <p>We provide services and facilities, so people want to stay and move here</p> <p>We enable opportunities for new and existing businesses</p>	<p>Maintain Building Consent Authority status</p>	<p>Maintain</p>	<p>Maintained - Achieved, next audit is May 2023</p> <p><i>(2019/20 - Achieved Maintained, next audit is May 2021)</i></p>

Regulatory, Environmental and Building

How we performed – Regulatory, Environmental and Building

Community Outcome	Performance Measures	Service target	Achievements
<p>We keep our District affordable</p> <p>We provide services and facilities, so people want to stay and move here</p> <p>We enable opportunities for new and existing businesses</p> <p>We maintain the safest community we can</p>	<p>Public buildings with specified systems audited annually against building compliance standards</p> <p>High risk buildings (such as hotels) checked more than once every five years</p>	<p>20% of premises audited</p> <p>High risk buildings (such as hotels) checked more than once every five years</p>	<p>24% of buildings were audited in the last 12 months. – Achieved</p> <p><i>(2019/20 – Not Achieved)</i></p> <p>80% of High-risk buildings were audited more than once in the last 5 years. In early 2019 a change of frequency of auditing buildings was voted on by Councillors to audit high risk buildings once every 3 years (previously it was once every two years). Not achieved</p> <p><i>(2019/20 – Not achieved 88% of High-risk buildings were audited more than once in the last 5 years)</i></p>

Regulatory, Environmental and Building

How we performed – Regulatory, Environmental and Building

Community Outcome	Performance Measures	Service target	Achievements
We maintain the safest community we can	To transition to the Food Act 2014 requirements with premises verified in accordance with the new Act.	100%	100% of premises have transitioned to 2014 Food Act. 75% of food premises have been verified before their expiry date. 39 of our 115 food premises that we verify are overdue, but within the 6-month statutory time frame. COVID-19 and some resourcing issues have resulted in the overdue verifications. Not achieved (2019/20 - Not achieved 94.5% complete)
We maintain the safest community we can	Licensed premises identified as having a high risk or identified as a high risk are inspected once every 6 months	100%	66%. We have nine High Risk premises. Six have had 6 monthly inspections in the last financial year. Three have had only 1 inspection in last financial year. Not achieved. (2019/20 - Not achieved 70% complete)
We maintain the safest community we can	Number of dog owners in the district with a selected owner status	Year 1: 31% Year 2: 33% Year 3: 35% Years 4-10: Maintain year 3 levels	27% August 2020 we brought animal control inhouse and now have three regulatory services officers. Officers are actively promoting selected owner status in the hope to see an increase in the 2021-2022 registration year. Not achieved. (2019/20 - Achieved 35%. Of the 3,149 dog owners in the district, 1,104 of those have selected dog owner status)
We maintain the safest community we can	Residents satisfied or very satisfied with emergency services	80% of residents are satisfied or very satisfied with emergency services.	73% - Not achieved (2019/20 - Not achieved 70%)

Community Development and Engagement

How we performed – Community Development and Engagement

Community Outcome	Performance Measures	Service target	Achievements
We maintain the safest community we can	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	86% - Achieved (2019/20 - Achieved 88%)
We maintain the safest community we can	Level of satisfaction that partner organisations have with Safer Waitaki initiatives	80% of partner organisations are satisfied with Safer Waitaki initiatives	97.3% - Achieved (2019/20 - Achieved 100% satisfied)

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Heritage, Environment and Regulation

	2018/28 LTP		2020/21 Actual \$000	
	2019/20 LTP \$000	2020/21 LTP \$000		
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	2,750	2,832	1,585	External funding has been received for several Community Development initiatives and for Freedom Camping Ambassadors. Work has continued on the District Plan. Levels of Internal Charges and Overheads, both recovered and applied, have been impacted by restructuring which was not anticipated in the LTP
Targeted Rates	24	24	5	
Rates Revenue	2,774	2,856	1,590	
Subsidies and Grants for Operating Purposes	-	-	294	
Fees and Charges	1,815	1,850	2,422	
Internal Charges and Overheads Recovered	-	-	76	
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	127	130	289	
Operating Revenue	1,942	1,980	3,081	
Total Sources of Operating Funding	4,716	4,836	4,671	
Applications of Operating Funding				
Payments to Staff and Suppliers	2,486	2,532	3,857	
Finance Costs	-	-	-	
Internal Charges and Overheads Applied	2,934	3,028	3,360	
Other Operating Funding Applications	-	-	-	
Total Applications of Operating Funding	5,420	5,560	7,217	
Surplus / (Deficit) of Operating Funding	(704)	(724)	(2,546)	
Sources of Capital funding				
Subsidies and Grants for Capital Expenditure	-	-	-	
Development and Financial Contributions	175	175	409	
Increase / (Decrease) in Debt	-	-	-	
Gross Proceeds from Sale of Assets	-	-	-	
Lump Sum Contributions	-	-	-	
Other dedicated capital funding	-	-	-	
Total Sources of Capital Funding	175	175	409	
Applications of Capital funding				
Capital Expenditure				
to meet Additional Demand	-	-	-	
to improve Levels of Service	-	-	40	
to replace Existing Assets	-	-	-	
Increase / (Decrease) in Reserve	(529)	(549)	(2,177)	
Increase / (Decrease) of investments	-	-	-	
Total Applications for Capital Funding	(529)	(549)	(2,137)	
Surplus / (Deficit) of Capital Funding	704	724	2,546	
Funding Balance	-	-	-	

Infrastructure and Services

This activity group covers the core assets of roads and footpaths, water, stormwater, wastewater, waste management and minimisation, and parks recreation.

Infrastructure and Services

Roads and footpaths

What we do

Council maintains and develops a safe, effective, efficient, accessible, affordable and fit for purpose roading network (including footpaths). The movement of heavy goods and tourism are key to the district's economic activity.

The Waitaki district covers 7,152 km² and is sparsely populated with approximately 23,000 residents. The district's roading network is rural, low volume, and comprised of more unsealed roads than sealed roads. Our roads provide access to properties and people. A further breakdown of the roading profile includes:

- 90% of roads are rural (i.e. have a speed limit of more than 70 km/h);
- 57% of roads are unsealed;
- Over 94% of roads have traffic volumes of less than 500 vehicles per day.

Over 85% of the roads within the Waitaki district are owned and operated by Council, with the Waka Kotahi NZ Transport Agency (NZTA) operating the remaining 15% on state highways. Active modes (walking and cycling) have been a relatively small mode of transport demand but are growing increasingly important today. As our aged population increases, awareness of the benefit of healthy lifestyle choices, cleaner transport choices for environmental benefit, and changing cultural community expectations, are changing how we use the transport network.

The majority of investment in roading is for the annual maintenance, operation and renewal of our transport infrastructure. Other investments include transport planning, demand management and developing new and improved infrastructure for local roads.

Key roading activities include:

- Road maintenance and renewals;
- Road safety;
- Footpaths;
- Bridges;
- Road improvements;
- Township amenity, parking, litter bins, street cleaning;
- Street lighting;
- Corridor management;
- Permitting and regulatory.

Why we do it

Our road corridor networks connect people with destinations, to places of work, are lines of communication and are used for underground infrastructures such as water, wastewater, stormwater, telecommunications, and energy service reticulations. 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 and country would not be possible.

Roads and footpaths

What we have been doing in 2020/21

- Improvements and road maintenance including seal widening, resurfacing, safety improvements, road safety programmes and transport planning
- Maintained a focus on resilience of the road network in times of heavy storms
- Collaborated with stakeholder groups to better understand their needs within the roading network significantly with developing The Network Operating Framework, One Network Framework, targeted traffic counting, and Spatial Planning.
- New Asset Management Plan
- Network Operating Framework
- A district-wide Speed Limit review
- Roding Bylaws update
- 53km of laned road resealing
- 3.8km of road reconstruction
- 5.4km of footpath resurfacing
- Shared maintenance of Department of Conservation (DoC) roads
- 206.3km of unsealed road renewal metalling
- 3.6km of sealed road widening
- Severn Street retaining wall renewal completed and landscaped. This project was an industry award winner. Fulton Hogan won an award in the CCNZ (Civil Contractors NZ) Best Project category Otago awards, 2021 - \$100K to \$1M category.
- Danseys Pass bridge deck replaced, painted, and redocked
- Lake Ōhau Bridges renewed and strengthened
- Approved and managed 550 third party road corridor access permits and quality audited
- A roundabout was completed on Derwent Street in Ōamaru which reduced the maximum speed travelling through the intersection from 102kmh to 50kmh.

Roads and footpaths

The table below shows expenditure from the Maintenance and Operations Report to Waka Kotahi NZ Transport Agency for 2020/21.

Maintenance

Work Category No.	Works completed	Actual expenditure 2020/21 \$
111	Routine pavement repairs	1,018,038
	Pre-reseal repairs	377,457
112	Grading unsealed roads	491,529
	Other unsealed pavement maintenance	39,086
113	Street cleaning	62,055
	Drainage maintenance	388,187
114	Bridge maintenance	225,579
	Retaining wall maintenance	5,500
121	Vegetation control	353,449
	Winter maintenance activities	6,050
	Litter, debris and graffiti control	21,725
	Other environmental maintenance	31,438
122	Traffic services power supply	99,680
	Carriageway lighting maintenance	40,263
	Road markings	178,334
	Signs and other traffic services	115,397
123	Event and incident management	981,036
124	Cycleway operations and maintenance	11,667
151	Network management (incl inspections)	812,423
341	Minor Improvements	2,544,217

Renewals

Work category No.	Works completed	Actual expenditure 2020/21 \$
211	Unsealed road rehabilitation	707,458
212	Chip seals resurfacing	1,702,512
	Thin asphaltic surfacing	166,362
	Other pavement resurfacing	-
213	Culvert renewals	347,854
	Kerb and channel renewals	143,005
	Other drainage renewals	-
214	Rural sealed road pavement rehabilitation	859,439
	Urban sealed road pavement rehabilitation	226,860
215	Other structure component replacements	715,822
222	Traffic signs renewals	92,637
	Traffic monitoring and lighting renewals	85,228

Roads and Footpaths

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We enable opportunities for new and existing businesses	Social well-being	By providing roads and footpaths that are safe, effective, efficient, accessible and fit for purpose for people and goods
We provide and enable services and facilities, so people want to stay and move here	Social well-being	By providing roads and footpaths that are safe, effective, efficient, accessible and fit for purpose for people and goods
We maintain the safest community we can	Social well-being	By providing transport networks and services that are safe
We keep our District affordable	Social and Economic well-being	By ensuring roading activities are managed efficiently and effectively

Roads and Footpaths

How we performed – Roads and Footpaths

Community Outcome	Performance Measures	Service target	Achievements
We maintain the safest community we can	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*	2 fatalities (increase over 2019-20) Not achieved. Serious injuries 5 (decrease on 2019-20)– Achieved** (2019-20: 0 Fatalities, 9 Serious injuries) ** Prior year figures changed due to changes in underlying live data
We enable opportunities for new and existing businesses We provide and enable services and facilities, so people want to stay and move here	Residents satisfied or very satisfied with the condition of Waitaki's non state highway sealed roads when compared to other districts	Year 1-3: 60% 4-10: 70%	44% - Not achieved (2019/20 - Not achieved 46%) Note the satisfaction measured for this question relates to that of satisfaction with the roads in the Waitaki district only. We are currently unable to measure resident satisfaction with roads in other districts.
We enable opportunities for new and existing businesses We provide and enable services and facilities, so people want to stay and move here	Residents satisfied or very satisfied with the condition of Waitaki's non state highway unsealed roads when compared to other districts	Year 1-3: 50% 4-10: 60%	22% - Not achieved (2019/20 - Not achieved 33%) Note the satisfaction measured for this question relates to that of satisfaction with the roads in the Waitaki district only. We are currently unable to measure resident satisfaction with roads in other districts.

* This is reporting on the DIA measure which refers to the number of crashes.

** These figures are as at end June 2021. More crashes may get uploaded into the CAS database for the 2020/2021 year at a later date by police as there is a 3-month time lag between when the crash occurs and when it is logged into the system. The crashes will be reviewed to assess if any trend can be established which Council can positively influence going forward. The figures for 2019/20 have been amended since the 2019/20 Annual Report was published.

Roads and Footpaths

How we performed – Roads and Footpaths

Community Outcome	Performance Measures	Service target	Achievements
<p>We keep our District affordable</p> <p>We enable opportunities for new and existing businesses</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>The average quality of ride on a sealed local road network, measured by the smoothness rating* (excluding state highways).</p> <ul style="list-style-type: none"> - Combined - Rural - Urban 	<p>Greater than 90% of sealed roads*</p>	<p>Combined 92% - Achieved Urban - 82% - Not achieved Rural 98%- Achieved</p> <p>(2019/20 - Combined Not achieved 87% Urban Not achieved 76%, Rural Achieved 97%)</p>
<p>We keep our District affordable</p> <p>We enable opportunities for new and existing businesses</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>The percentage of the sealed local road network that is resurfaced:</p> <ul style="list-style-type: none"> - Combined - Rural - Urban 	<p>Greater than 5% of sealed roads are resurfaced each year</p>	<p>Combined 6.5% - Achieved Urban 1.5% - Not achieved Rural 5.0% - Achieved</p> <p>(2019/20 - Achieved Combined 7.9% Urban Not achieved 0.7% Rural Achieved 7.2%)</p>
<p>We keep our District affordable</p> <p>We enable opportunities for new and existing businesses</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>The percentage of footpaths within the district that fall within the specified level of service (fit for purpose) set within the Roding Asset Management Plan</p>	<p>96%</p>	<p>98%</p> <p>The 2019/20 survey was deferred to February 2021 because of COVID-19 so this result is being reported for 2019/20 and 2020/21.</p> <p>A survey for the next Annual Report (2021/22) will be conducted in Q3/Q4. Achieved.</p> <p>(2019/20 - Not achieved Survey not complete and deferred due to COVID-19)</p>
<p>We keep our District affordable</p> <p>We enable opportunities for new and existing businesses</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>The percentage of requests for service relating to roads and footpaths responded to within agreed timeframes</p>	<p>Greater than 90% of public enquiries responded to within agreed timeframes</p>	<p>89% - Not achieved</p> <p>(2019/20 - Not achieved 87%)</p>

* This has been changed so that it refers to the DIA measure of travel exposure.

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Roads and Footpaths

	2018/28 LTP		2020/21
	2019/20 LTP \$000	2020/21 LTP \$000	Actual \$000
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	57	59	40
Targeted Rates	7,326	8,117	7,224
Rates Revenue	7,383	8,176	7,264
Subsidies and Grants for Operating Purposes	3,709	3,789	3,562
Fees and Charges	270	275	207
Internal Charges and Overheads Recovered	30	29	12
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	433	440	382
Operating Revenue	4,442	4,533	4,163
Total Operating Funding	11,825	12,709	11,427
Applications of Operating Funding			
Payments to Staff and Suppliers	5,786	5,953	6,880
Finance Costs	-	-	-
Internal Charges and Overheads Applied	1,609	1,666	1,381
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	7,395	7,619	8,261
Surplus / (Deficit) of Operating Funding	4,430	5,090	3,166
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	4,137	8,024	4,768
Development and Financial Contributions	200	200	229
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding	4,337	8,224	4,997
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	1,803	2,484	1,701
to replace Existing Assets	6,197	12,576	6,927
Increase / (Decrease) in Reserves	767	(1,746)	(465)
Increase / (Decrease) of investments	-	-	-
Total Applications of Capital Funding	8,767	13,314	8,163
Surplus / (Deficit) of Capital Funding	(4,430)	(5,090)	(3,166)
Funding Balance	-	-	-

The 2018-28 LTP projected the completion of works to replace the Kakanui bridge. This work has been deferred by Waka Kotahi and is now expected to get underway in 2024

Water, Stormwater & Wastewater

This group of activities includes:

- Water Supply
- Stormwater
- Wastewater

During 2019/20, a new portfolio structure was developed for the Water Services team to help optimise the delivery of our 3 Waters activities to address current and emerging risks, challenges and opportunities. The structure also aligns Council's strategic objectives and the Government's 3 Waters reform programme priorities.

The five portfolios – Policy and Service Levels, Planning and Systems, Design and Construction, Operations and Maintenance, and Compliance and Regulation - address key aspects of the asset management cycle for 3 Waters and provide a sound basis for effective collaboration and building capability within the team. They are also used in this report as the basis for outlining what we did during the year.

Water Supply

What we do

Council supplies water to over 87% of the district's population through the operation of fifteen individual water supplies consisting of five urban areas (including Ōamaru and Waihemo with on-demand and restricted zones), and ten rural water supplies.

The urban supplies in most areas provide an "on-demand" service to consumers and some areas have provision for firefighting from water supply mains. The rural supplies are intended to supply water for domestic use and some stock drinking water on a continuous but restricted supply basis. The management of the urban and rural water supplies is currently via a mixture of Council or consumer-led entities. This activity is funded by service targeted rates from properties that are connected to water supply systems.

Council supports this service by:

- Providing, operating, and maintaining water infrastructure in compliance with New Zealand legislation and standards
- Responding to call outs and service disruptions quickly and efficiently
- Planning for future development and needs

Water, Stormwater & Wastewater

Water Supply

Why we do it

Council has a legal obligation under the Health Act 1956 to improve, promote, and protect public health across the district. The Health (Drinking Water) Amendment Act 2007 places further obligation on Council to comply with the Drinking Water Standards for New Zealand. Under the Local Government Act 2002 (LGA02), the continued operation of water supplies is required unless approval has been obtained by Council to cease some or all of the activity.

The Havelock North water incident, subsequent Government inquiry and now, the Three Waters Reform Programme, has renewed the focus on the very high standard of care and diligence required to supply drinking water.

Water is the single most significant underlying resource supporting business growth and environmental health. The Council considers that the provision of reliable and safe drinking water to the community is a major contribution to the district's economy and to resident's wellbeing. The water supplies contribute to improving, promoting and protecting public health and provide fire-fighting capabilities in some urban areas. In rural areas, water is also used by stock, thus contributing to the rural economy.

Water, Stormwater & Wastewater

Water Supply

What we have been doing in 2020/21

Planning and Systems

- The Government introduced Tranche One of its 3 Waters Reform Programme. This resulted in Council entering a Memorandum of Understanding (MoU) and funding agreement with the Government before receiving more than \$7million to invest into 3 Waters infrastructure projects across the district. The MoU included a commitment to “openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base” through a formal Request for Information process undertaken across multiple New Zealand councils. This required several staff from Council’s Water Services, Finance, Customer Contact, and Information Services teams to collate data needed to respond to more than 12,000 questions between November 2020 and February 2021.
- Around \$500,000 worth of electrical upgrades were undertaken at water and wastewater facilities around the district, including a much-needed upgrade to the switchboard at the Stoneburn Water Supply intake and installation of SCADA (a data collection and monitoring system) for the supply which will provide early notification of faults.
- The three-yearly valuation of Council’s 3 Waters infrastructure assets was undertaken.
- To support the new portfolio, recruitment of key staff and the development of a supporting asset management framework commenced.

Design and Construction

- After an initial delay due to COVID-19, construction of the new Ōamaru Water Reservoir was completed in March. This additional storage will ensure Ōamaru has greater supply resilience, particularly during periods of high demand.
- A new screen was installed at the Redcastle Road Water Pump Station to improve the removal of debris and algae from the source water prior to being pumped into the Ardgowan Dam adjacent to the Ōamaru Water Treatment Plant.
- Work on improvements to the Otematata Water Supply network started in November 2020, using some of the funding from the Government’s Tranche One funding package. This included the installation of four new supply storage tanks, pipe renewals in the township, and the relocation of some services from private property to road reserve where they can be readily accessed for maintenance in the future. This work will improve the supply’s resilience and capacity and help reduce network maintenance costs.
- Work continued renewing numerous water mains in Ōamaru, which will help to improve supply resilience and capacity and reduce operational costs.
- Renewal of water mains in Palmerston commenced using Tranche One funding. The replacement of these pipes will reduce the frequency of breakages and supply interruptions and reduce ongoing maintenance costs.
- The Duntroon Water Supply Reservoir was replaced with four new storage tanks. This resolved ongoing issues with leakage and increased the water storage capacity by nearly 25 percent.
- Design commenced on the Ōmārama Water Supply Treatment Upgrade. This project will be funded through the Government’s Tranche One funding package. The Ōmārama water supply reservoir liner was also replaced.

Operations and Maintenance

- The way chlorine is added to the Ōamaru Water Supply was improved, resulting in more consistent levels across the network.
- A leak detection programme was undertaken in Kurow and Ōmārama. In Kurow, this identified 12 significant leaks across the network which, once repaired, reduced demand on the supply by two-thirds.

Water, Stormwater & Wastewater

Water Supply

What we have been doing in 2020/21 continued

- A membrane cleaning trial was undertaken at the Ōamaru Water Treatment Plant, which tested various combinations to better clean the existing membranes and improve water production at the main plant. Membranes were also replaced in one cell as part of a programme to maintain its productivity.
- Numerous water service lines, across the district, were replaced, which will improve network resilience and reduce maintenance costs going forward.
- Another operator was employed at the Ōamaru Water Treatment Plant as part of a wider programme for succession planning and plant resilience.
- The water supply at the Lake Ōhau Alpine Village was reinstated following the devastating fire.

Compliance and Regulation

- The team investigated existing software options for a compliance reporting system. This will improve the collection and reporting of operational and compliance data to meet various regulatory requirements.
- Planning continued to ensure new regulatory requirements can be met.
- The team worked closely with developers to ensure new water supply connection requirements could be met, with a considerable increase in service connections being applied for over the year.

Policy and Service Levels

- Work for the Long Term Plan preparation was undertaken over the year, which focused on ensuring a comprehensive range of projects were included over the next ten years which align with the Government's reform expectations, and are intended to deliver sustainable, good quality infrastructure and services to the community into the future.
- The team also focused on developing the structure and priorities for the Water Services team to ensure it is in a good position to meet the requirements and expectations from the Government's reform programme going forward. This has included developing position descriptions and supporting recruitment of key staff into the five portfolio areas. Five additional staff members were recruited over the past year – with three of these staff specifically focused on delivering the capital works programme and Tranche One-funded projects.
- The team developed a Policy on Drinking-Water Quality for Council, which was adopted in December. This articulates and confirms Council's commitment to providing safe, reliable drinking water to the Waitaki community and will be included in all Water Safety Plans for the district's water supplies.
- A draft Policy on Backflow Prevention and a draft Risk Management Plan were developed. The purpose of this is to protect public health by reducing the risk of backflow to the water supply network. The policy will outline who is responsible for the installation of appropriate backflow prevention devices at the boundary or point of supply, as well as the ongoing maintenance and testing.

Water, Stormwater & Wastewater

Stormwater

What we do

Council operates stormwater systems in Kurow, Ōamaru, Ōmārama, Otematata, Lake Ōhau, Moeraki, Palmerston and Weston. The stormwater systems are designed to provide a safe and effective collection, divert and control moderate intensity rainfall, and protect property from damage. It is estimated that 65% of the district's population have access to a public reticulated stormwater system with the remainder being served by individual soak pits and associated disposal systems.

Council supports this service by:

- Providing, operating and maintaining the stormwater infrastructure
- Responding to call outs and service disruptions quickly and efficiently
- Planning for future development and needs

Why we do it

Council's stormwater assets contribute to conserving public health and therefore enhancing the quality of life of residents in urban areas of the district. Council is legally obliged under the Health Act to improve, promote, and protect public health within the district. This includes identifying the need for stormwater services and either providing these directly, or to oversee the service if it is provided by others.

Like water supply, the LGA02 requires 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.

What we have been doing in 2020/21

Design and construction

- Work was undertaken at Muddy Creek to improve capacity during future flood events including easing of choke points

Water, Stormwater & Wastewater

Wastewater

What we do

Council provides eight wastewater systems at Duntroon (limited-service area), Kurow, Lake Ōhau, Moeraki, Ōamaru (including Kakanui and Weston), Ōmārama, Otematata and Palmerston. 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 carry a much higher health risk).

The wastewater systems collect, treat and dispose of liquid waste to acceptable environmental standards. The wastewater network is operated under resource consent framework (meeting regional council requirements). This requires Council to ensure 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

Council has a legal 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. The Council sees 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 LGA02 requires ongoing wastewater services unless Council has obtained approval to withdraw these services. The 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.

What we have been doing in 2020/21

Council continued to collect, treat and dispose of wastewater from over 14,000 residents across eight networks.

Compliance and Development

- A 5-year resource consent for Duntroon sewage discharge was issued by Environment Canterbury to align with their new standards. This will give the team time to review and assess future sewage treatment requirements and options for Duntroon in the future.

Planning and Systems

- Numerous switchboard replacements and SCADA upgrades were completed at wastewater pumping stations.

Design and Construction

- Desludging of wastewater oxidation ponds at the Ōamaru, Ōmārama, Palmerston and Moeraki Wastewater Treatment Plants was completed. This will allow the ponds to work more efficiently and increase their capacity for the longer term.
- Additional aerators were installed at the Ōamaru Wastewater Treatment Plant.
- Wastewater disposal fields were developed in Moeraki and Ōmārama to ensure compliance with new environmental standards.

Water Supply

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We enable opportunities for new and existing businesses	Environmental well-being	By providing assurance of a sustainable, efficient and effective water service through long term planning of maintenance, renewals, and provision for growth
We provide and enable services and facilities, so people want to stay and move here	Environmental well-being	By providing assurance of a sustainable, efficient and effective water service through long term planning of maintenance, renewals, and provision for growth
We maintain the safest community we can	Environmental well-being	By protecting the communities from drinking water related health issues by providing quality potable water to agreed areas
We keep our District affordable	Economic well-being	By measuring demand and use to actively manage water through timely response to service requests and failure

Water Supply

How we performed – Water Supply

Community outcome	Performance Measures	Service target	Achievements
We maintain the safest community we can	The extent to which Council's water supply complies with: Part 4 of the drinking water standards (bacteria compliance criteria) Part 5 of the drinking water standards (protozoa compliance criteria)	Compliant: Ōamaru (including Hampden-Moeraki and Herbert-Waianakarua), Waihemo, Kurow, Lake Ōhau, Ōmārama, Otematata, Lower Waitaki, Tokarahi, Kauru Hill and Windsor No compliance required (classified Rural agricultural water supplies): Stoneburn, Bushey Creek No compliance required (Council has elected to comply with Section 10): Duntroon	a) Bacterial - Compliant/achieved: Ōamaru, Waihemo, Kurow, Ōmārama, Otematata, Lower Waitaki, Tokarahi, Kauru Hill. Non-compliant/not achieved: Lake Ōhau, Windsor (2019/20 - Compliant/achieved: Ōamaru, Waihemo, Kurow, Ōmārama, Otematata, Lower Waitaki, Tokarahi, Kauru Hill Non-compliant/not achieved: Lake Ohau, Windsor) c) Protozoa - Compliant/achieved: Ōamaru, Waihemo, Kurow Non-compliant/not achieved: , Lake Ōhau, Lower Waitaki, Ōmārama, Otematata, Tokarahi, Kauru Hill, Windsor (2019/20 - Compliant/achieved: Ōamaru, Waihemo, Kurow, Lower Waitaki Non-compliant/not achieved: Lake Ohau, Ōmārama, Otematata, Tokarahi, Kauru Hill, Windsor)
We keep our District affordable We enable opportunities for new and existing business We provide and enable services and facilities, so people want to stay and move here	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	Ōamaru - 26% Palmerston - 35% Otematata - 34% Ōmārama - 66% Kurow - 37% - Achieved (2019/20 - Not achieved Ōamaru - 26% Palmerston - 49% Otematata - 50% Ōmārama - 69% Kurow - 45%) Note that there is uncertainty about the validity of these measures as Council lacks sufficient metering in rural areas to be able to achieve adequate verification of these numbers

Ōmārama, Lake Ōhau, Tokarahi, Windsor and Kauru Hill are yet to be upgraded to meet the Drinking Water Standards. There is no requirement to report Lake Ōhau's compliance with Part 4 and 5 to the Ministry of Health as part of the Annual Survey however, Council has elected to include this in the Annual Report. Note that water safety measures are provisional pending the release of the official DWA report

Water Supply

How we performed – Water Supply

Community Outcome	Performance Measures	Service target	Achievements
We keep our District affordable	Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulated system, the following median response times are measured: Attendance for urgent call outs: from the time that Council receives notification to the time that service personnel reach the site.	One-hour median attendance time for urgent call outs	0.9 hours- Achieved <i>(2019/20 - Achieved 0.9 hours)</i>
We keep our District affordable	Resolution of urgent call outs: from the time that Council receives notification, to the time that service personnel confirm resolution of the fault or interruption.	24 hours median time for resolution of urgent call outs	3.3 hours- Achieved <i>(2019/20 - Achieved 2.8 hours)</i>
We keep our District affordable	Attendance of non-urgent call outs: from the time that Council receives notification, to the time that service personnel reach the site	2 working day* median attendance time for non-urgent call outs	0.3 working days (3.1 working hours)- Achieved <i>(2019/20 - Achieved 0.4 working days (3.5 working hours))</i>
We keep our District affordable	Resolution of non-urgent call outs: from the time that Council receives notification, to the time that service personnel confirm resolution of the fault or interruption	5 working day* median attendance time for non-urgent call outs	0.6 working days (5.4 working hours) – Achieved <i>(2019/20 - Achieved 0.6 working days (5.5 working hours))</i>

* A working day is any calendar day, between the hours of 8am and 5pm, other than Saturday, Sunday or a public holiday. For routine fault notifications received outside of working hours, the Service target response and resolution timeframes apply from 8am of the next working day.

Water Supply

How we performed – Water Supply

Community Outcome	Performance Measures	Service target	Achievements
We keep our District affordable	<p>Total number of complaints received by Council about:</p> <ul style="list-style-type: none"> (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply (f) Council's response to any of these issues <p>All measures expressed per 1000 connections to Council's networked reticulation system*</p>	Less than 25 complaints per 1,000 connections to Council's networked reticulation system	<p>16 (209 complaints in total)– Achieved*</p> <p>(2019/20 - Achieved 15 (192 complaints in total))</p>
<p>We enable opportunities for new and existing businesses</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	The average consumption of drinking water per day per resident within Waitaki District	Less than 500 litres per day average consumption of drinking water per resident within the Waitaki District	<p>493 litres per day average – Achieved</p> <p>(2019/20 – Achieved 466 litres per day average)</p>

* The '1000 connections' unit is based on a count of physical service connections. For the Waitaki district this is a more accurate method of measurement compared to 'rateable units'.

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Water Supply

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	1	1	1
Targeted Rates	6,126	6,351	6,661
Rates Revenue	6,127	6,352	6,662
Subsidies and Grants for Operating Purposes			29
Fees and Charges	557	570	568
Internal Charges and Overheads Recovered	250	244	(96)
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	17	18	19
Operating Revenue	824	832	520
Total Sources of Operating Funding	6,951	7,184	7,182
Applications of Operating Funding			
Payments to Staff and Suppliers	3,165	3,270	4,124
Finance Costs			-
Internal Charges and Overheads Applied	1,403	1,489	1,804
Other Operating Funding Applications			-
Total Applications of Operating Funding	4,568	4,759	5,928
Surplus / (Deficit) of Operating Funding	2,383	2,425	1,254
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	-	-	2,356
Development and Financial Contributions	222	222	773
Increase / (Decrease) in Debt	-	-	8,621
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding	222	222	11,750
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	-	-	4,783
to replace Existing Assets	1,962	1,729	5,369
Increase / (Decrease) in Reserve	643	918	2,852
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	2,605	2,647	13,004
Surplus / (Deficit) of Capital Funding	(2,383)	(2,425)	(1,254)
Funding Balance	-	-	-

Stormwater

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We maintain the safest community we can	Environmental well-being	By managing flooding events in urban areas
We enable opportunities for new and existing businesses	Environmental and Economic well-being	By managing flooding events in urban areas
Waitaki's distinctive environment is valued and protected	Environmental well-being	By acknowledging and incorporating the natural environment in design, construction, operation and maintenance of infrastructure
We keep our District affordable	Environmental and Economic well-being	By providing a timely response to service requests and system failures By managing the activity efficiently and effectively
We provide and enable services and facilities, so people want to stay and move here	Environmental and Economic well-being	By maintaining the quality and continuity of stormwater services

How we performed – Stormwater

Community Outcome	Performance Measures	Service target	Achievements
We keep our District affordable	The number of flooding events that occur in Council's district	NIL	Nil – Achieved (2019/20 – Achieved Nil)
We maintain the safest community we can We keep our District affordable We enable opportunities for new and existing businesses	For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to Council's stormwater system).	NIL	N/A there were no flooding events – Achieved (2019/20 - Achieved there were no flooding events)

Stormwater

How we performed – Stormwater

Community Outcome	Performance Measures	Service target	Achievements
<p>We keep our District affordable</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>Compliance with Council's resource consent for discharge from its stormwater system measured by the number of:</p> <p>(a) abatement notices; and</p> <p>(b) infringement notices; and</p> <p>(c) enforcement orders; and</p> <p>(d) convictions in relation to breaches of those resource consents.</p>	<p>NI</p>	<p>Nil for all – Achieved</p> <p><i>(2019/20 - Achieved Nil for all)</i></p>
<p>We maintain the safest community we can</p> <p>We keep our District affordable</p>	<p>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.</p>	<p>2 hours</p>	<p>N/A there were no flooding events – Achieved</p> <p><i>(2019/20 - Achieved there were no flooding events)</i></p>
<p>We keep our District affordable</p> <p>We provide and enable services and facilities, so people want to stay and move here</p>	<p>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</p>	<p>Less than eight (8) complaints per 1,000 connections</p>	<p>9 (73 in total) – Not achieved</p> <p><i>(2019/20 - Achieved - 7.4 (60 complaints in total))</i></p>

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Stormwater

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-
Targeted Rates	426	440	491
Rates Revenue	426	440	491
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	-	-	-
Internal Charges and Overheads Recovered	-	-	-
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	-	-	2
Operating Revenue	-	-	2
Total Sources of Operating Funding	426	440	493
Applications of Operating Funding			
Payments to Staff and Suppliers	258	265	79
Finance Costs	-	-	-
Internal Charges and Overheads Applied	156	169	165
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	414	434	244
Surplus / (Deficit) of Operating Funding	12	6	249
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding			-
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	-	-	-
to replace Existing Assets	-	-	1
Increase / (Decrease) in Reserve	12	6	248
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	12	6	249
Surplus / (Deficit) of Capital Funding	(12)	(6)	(249)
Funding Balance	-	-	-

Wastewater

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We enable opportunities for new and existing businesses	Economic well-being	By providing community reticulated systems in agreed areas
We provide and enable services and facilities, so people want to stay and move here	Environmental and Economic well-being	By providing a timely response to service requests and system failures By maintaining quality and continuity of wastewater services
We maintain the safest community we can	Environmental well-being	By maintaining the quality and continuity of wastewater services and protecting the community from wastewater related health issues
We keep our District affordable	Environmental and Economic well-being	By providing a timely response to service requests and system failures By managing the activity efficiently and effectively
Waitaki's distinctive environment is valued and protected	Environmental well-being	By acknowledging and incorporating the natural environment in design, construction, operation and maintenance of infrastructure

Wastewater

How we performed – Wastewater

Community Outcome	Performance Measures	Service target	Achievements
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We maintain the safest community we can</p> <p>We keep our District affordable</p>	<p>The number of dry weather overflows from the sewerage system, expressed per 1,000 sewerage connections to the system</p>	<p>Less than 4 sewerage overflows per 1,000 connections (<20 total)*</p>	<p>1.4 (11 total) – Achieved</p> <p>(2019/20 - Achieved 1.3 (10 total))</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We maintain the safest community we can</p> <p>We keep our District affordable</p>	<p>Compliance with resource consents for discharge from the sewerage system measured by the number of:</p> <p>a) abatement notices;</p> <p>b) infringement notices;</p> <p>c) enforcement orders; and</p> <p>d) convictions received by Council in relation to those resource consents</p>	<p>Nil for all</p>	<p>Nil for all – Achieved</p> <p>(2019/20 - Achieved Nil for all)</p>

*In Waitaki, we have 7769 residential properties connected to our wastewater network. In 2020/21, we had 11 dry weather overflows. To calculate the 'overflows from the sewerage system, expressed per 1,000 sewerage connections to the system', we have divided 7769 by 1000 (7.769), and then divided 11 (the number of overflows) by 7.769 (number per 1000 connections) to arrive at the result of 1.4 dry weather overflows per 1000 connections.

Wastewater

How we performed – Wastewater

Community Outcome	Performance Measures	Service target	Achievements
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We maintain the safest community we can</p> <p>We keep our District affordable</p>	<p>Where Council attends sewerage overflows resulting from a blockage or other fault in the sewerage system, the following median response times measured:</p> <p>a) attendance time: from the time that Council receives notification to the time that service personnel reach the site.</p> <p>b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.</p>	<p>a) 1 hour attendance time for sewerage overflows;</p> <p>b) 24 hours resolution time for sewerage overflows.</p>	<p>a) 0.5 hours – Achieved (2019/20 – Achieved 0.8 hours)</p> <p>b) 3.7 hours – Achieved (2019/20 – Achieved - 8.5 hours)</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p>	<p>The total number of complaints received by Council about any of the following:</p> <p>a) sewage odour</p> <p>b) sewerage system faults</p> <p>c) sewerage system blockages; and</p> <p>d) Council's response to issues with the sewerage system expressed per 1,000 properties connected to the system</p>	<p>Less than 12 complaints per 1,000 connections</p>	<p>5.5 (43 total) – Achieved (2019/20 – Achieved 5.5 (43 complaints in total))</p>

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Wastewater

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	-	-	-
Targeted Rates	2,030	2,149	2,103
Rates Revenue	2,030	2,149	2,103
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	317	325	278
Internal Charges and Overheads Recovered	391	381	242
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	12	13	37
Operating Revenue	720	719	557
Total Sources of Operating Funding	2,750	2,868	2,660
Applications of Operating Funding			
Payments to Staff and Suppliers	1,470	1,320	3,712
Finance Costs	-	-	-
Internal Charges and Overheads Applied	588	626	830
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	2,058	1,946	4,542
Surplus / (Deficit) of Operating Funding	692	922	(1,882)
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	-	-	121
Development and Financial Contributions	96	96	346
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding	96	96	467
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	487	-	84
to replace Existing Assets	917	640	308
Increase / (Decrease) in Reserve	(616)	378	(1,807)
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	788	1,018	(1,415)
Surplus / (Deficit) of Capital Funding	(692)	(922)	1,882
Funding Balance	-	-	-

Waste Management and Minimisation

What we do

Council works collaboratively with both the private sector and community organisations to ensure households and businesses have convenient access to affordable, effective and efficient solid waste disposal and waste minimisation services and facilities and can choose what best suits their needs and budgets.

While Council no longer provides kerbside collection services and encourages the private market to provide services and facilities wherever possible, we continue to provide the following:

- A network of four rural recovery parks (transfer stations) located at Otematata, Ōmārama, Kurow and Hampden
- A landfill in Palmerston
- Financial assistance to the Waitaki Resource Recovery Trust to operate the Resource Recovery Park to provide recovery, recycling and education services
- Financial assistance to other community organisations, such as Waihemo Wastebusters, to provide recycling and waste minimisation services
- Recycling drop-off facilities in Papakaio, Enfield, and Herbert
- Educational material about reducing, reusing, and recycling waste
- Management of fourteen closed landfills throughout the district (including the closed Ōamaru landfill).

Council surveyed residents in 2020 about solid waste in the district. 94% of survey respondents were using a private kerbside waste collection service. Of those utilising a private kerbside waste collection service satisfaction was high with the service provided.

Why we do it

Council has a statutory responsibility to promote effective and efficient waste management and minimisation within the Waitaki district. The provision of good quality waste management services is essential in supporting the health and economic wellbeing of our community.

Convenient access to waste minimisation services reduces the volume of residual waste going to landfill and provides opportunities for our community 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.

Council must have regard to the following statutes in managing and overseeing waste:

- New Zealand Waste Strategy
- Waste Minimisation Act 2008
- Local Government Act 2002
- Resource Management Act 1991
- Litter Act 1979
- Health Act 1956
- Hazardous Substances and New Organisms Act 1996
- Health and Safety at Work Act 2015.

Waste Management and Minimisation

What we have been doing in 2020/21

Waitaki District Council recruited a Waste Manager to take ownership of our waste activities and plan for future requirements.

We reviewed the role of our Enviroschools co-ordinator and developed this into a full-time waste minimisation role to improve our delivery in both the Enviroschools space and also to work on greater communication and awareness around waste.

Improvements were made to the Enfield Transfer station to reduce the amount of contamination occurring. After following up with some offenders, this appears to be working well.

An assessment of the content and volume of the Beach Road waste sites and Hampden closed landfill was completed with options currently being assessed.

Options for management of Palmerston landfill to the end of its consent are being investigated to ensure we manage this to the best effect for the Waitaki community.

We continue to provide financial support to the Waitaki Resource Recovery Trust to ensure their services continue to be available to the community.

Waste Management and Minimisation

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We enable opportunities for new and existing businesses	Environmental and Economic well-being	By providing access to affordable, reliable, accessible and efficient waste disposal systems and facilities
We provide and enable services and facilities, so people want to stay and move here	Environmental and Economic well-being	By providing access to affordable, reliable, accessible and efficient waste disposal systems and facilities
We maintain the safest community we can	Environmental and Economic well-being	By providing access to reliable and efficient waste disposal systems and facilities
Waitaki's distinctive environment is valued and protected	Environmental and Economic well-being	By managing the activity in accordance with consent conditions and enforcement of the relevant legislation to mitigate adverse environmental effects By encouraging minimisation, reuse and recycling of waste
We understand the diverse needs of our community	Environmental and Economic well-being	By encouraging the provision of different waste disposal options by the private sector

How we performed - Waste Management and Minimisation

Community Outcome	Performance Measures	Service target	Achievements
We provide and enable services and facilities, so people want to stay and move here We maintain the safest community we can	Waitaki residents reside within 25km of a refuse transfer station, rural recovery park or landfill or recycling drop-off station	Greater than 90% of residents are within 25km of a transfer station, landfill or recycling drop-off station	97% - Achieved (2019/20 - Achieved 97%)
Waitaki's distinctive environment is valued and protected We understand the diverse needs of our community	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	Reduction in per capita volume of waste	493kg per capita – Not achieved (2019/20 – Not achieved 479kg per capita)
Waitaki's distinctive environment is valued and protected We understand the diverse needs of our community	Ratio of recycled material to residual waste generated in the Waitaki District	New measure – no baseline established	24% (2019/20 – Not measured)

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Waste Management and Minimisation

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties Targeted Rates	761	714	989
Rates Revenue	761	714	989
Subsidies and Grants for Operating Purposes	94	96	82
Fees and Charges	171	175	96
Internal Charges and Overheads Recovered	-	-	-
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	-	-	-
Operating Revenue	265	271	178
Total Sources of Operating Funding	1,026	984	1,167
Applications of Operating Funding			
Payments to Staff and Suppliers	841	858	1,080
Finance Costs	-	-	-
Internal Charges and Overheads Applied	126	128	295
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding	967	987	1,375
Surplus / (Deficit) of Operating Funding	59	(3)	(208)
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure			-
Development and Financial Contributions			-
Increase / (Decrease) in Debt			-
Gross Proceeds from Sale of Assets			-
Lump Sum Contributions			-
Other dedicated capital funding			-
Total Sources of Capital Funding	-	-	-
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	-	-	3
to replace Existing Assets	-	-	33
Increase / (Decrease) in Reserve	59	(3)	(244)
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	59	(3)	(208)
Surplus / (Deficit) of Capital Funding	(59)	3	208
Funding Balance	-	-	-

Parks and Recreation

What we do

Council manages approximately 1,200 hectares of parks and reserves across the Waitaki district (equating to around 17.7 hectares per 1,000 residents of publicly accessible park and reserves). This includes sports fields, public open spaces, neighbourhood parks, gardens and reserves, and a network of walking and cycling tracks. The following recreation services and opportunities are provided across the district:

Playgrounds - Council provides twenty-three playgrounds with four additional school playgrounds in Ōamaru being available to the public outside school hours in return for grounds maintenance. Council also provides four skate parks and three bike parks.

Cemeteries and burial service - Council operates thirteen cemeteries (eleven currently open), with a total land area of 38.44 hectares (26.27 hectares actively in use with the remaining area grazed for future expansion). Most of the interment activity occurs at the Ōamaru Cemetery. The provision of cemeteries is managed as part of the recreation activity and meets Council's obligations under the Burial and Cremation Act 1964 to make provision for burials within the district.

Camping opportunities - Council provides six "kiwi-experience" style campgrounds. Five other campgrounds are leased to commercial entities.

Public toilets – Council provides 37 public toilet facilities and maintains 3 other toilet facilities owned by others which are located at parks, sports fields, campgrounds and at roadside stopping points throughout the district with the aim of providing convenient, safe, and healthy toilet facilities and to prevent negative impacts on the environment. Dump stations are provided in Ōamaru, Palmerston and Ōmārama townships and at Falstone, Wildlife, Boat Harbour and Parsons Rock campgrounds.

Waitaki Aquatic Centre and pools - Located in Ōamaru providing a safe environment for aquatic based recreation and sport activities, and opportunities for learn to swim and water safety programmes. Council grants are also provided to assist with community access to school pools at Kurow and Palmerston.

Maintaining monuments and heritage items - Council manages heritage features and items located in recreation areas on behalf of the community.

Town and street beautification / streetscapes - Council provides street beautification in townships to enhance the amenity values of urban areas. This includes trees and shrubs, landscaped areas and hanging flower baskets.

Forestry - Council manages approximately 114 hectares of commercial farming forestry (reserve or endowment land) from which income is generated.

Parks and Recreation

Why we do it

Our Parks, reserves and recreational infrastructure are provided by local government to deliver a range of benefits. They make a significant contribution to the mental and physical health of our community and community social connection. Due to limited commercial opportunity and benefit, the private sector will not provide a comprehensive range of parks and recreation activities. Therefore, provision by local government, as a public good, is required. The community expects parks, recreation facilities, public toilets and interment facilities to be managed in such a way that costs are minimised, while providing the levels of service that the community desires. This is a balancing act.

Council provides and manages affordable, safe, and attractive sports and recreational facilities, amenities, and services that are responsive to a variety of community needs. These assets and services help contribute to the quality of life of the district's visitors and residents.

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 as crown derived or vested land. Through protecting, enlarging, and enhancing this network we will, over time, create significant ecological, amenity, recreation, and economic value.

What we have been doing in 2020/21

Extreme Events

October 2020 saw a large-scale fire rip through Ōhau Alpine Wilderness, including the Lake Ōhau Village. Many of the reserve's plantings were impacted and the Alps 2 Ocean Cycle Trail (A2O) was closed temporarily. Officers supported the community through the disaster and are working with them to replant the devastated areas.

Another event in January 2021 saw wide-spread flooding in the Otematata and Maerewhenua rivers, necessitating the evacuation of the Otematata Boat Harbour and Duntroon camping grounds with resulting repair work. Council is appreciative of the efforts of the Duntroon District Development Association for the work they did in evacuating campers and carrying out repairs. This event also caused damage to the A2O cycle trail, and we have recently secured funding from the Ministry of Business, Innovation and Employment to carry out repairs.

Parks and reserves

An area of focus this year has been improving the Ōamaru walkway network. Walkway maps at Orana Park, Fenwick Park and Cape Wanbrow have been replaced. A revised walkway brochure is at the printers and will be released soon and we have plans to improve the wayfinding markers and provide new Cape Wanbrow information and entrance signs.

A routine inspection identified a cavity on the Awamoa Park archway and the arch has since been removed with further work planned to rebuild the pillars.

Some great work by our contractors and Council officers saw the Ōamaru Public Gardens recognised as a 5 star 'Garden of National significance' by the New Zealand Gardens Trust.

Following the Ōhau fire, we worked with Environment Canterbury to remove wilding tree species from Ōhau reserves and Falstone campground. Further work to replant these areas is planned with two community plantings supported in Ōhau. We are also currently supporting Environment Canterbury and the community with a habitat restoration project in Ōmārama Stream reserve.

Officers have provided advice and support to the Otematata community as they develop their Community Led Development Plans.

Parks and Recreation

What we have been doing in 2020/21 continued

The flooding in January changed the behaviour of the Kakanui River during Spring tide events. Wave action during these events started eroding the bank further upstream and rock protection was placed to reduce erosion while longer term solutions and consents with Otago Regional Council are discussed.

Meetings were held with Otago Regional Council regarding rabbits at Hampden and Moeraki. Officers understand a plan is being considered in conjunction with all landowners.

Construction has commenced on the walking connection between District Road and Ronaldsay Street in Palmerston with construction of the boundary fence and formation of the track currently underway.

Officers have supported the preparations of a feasibility study on a track upgrade for Puketapu. We look forward to receiving this report.

Sports

We have seen more areas required for football for the current season than what has been required in the past. As a result, we have seen football being played on King George Park as well as the top fields at Awamoa Park.

Perimeter drainage was installed on King George Park to cut off surface water flow off the hillside in heavy rain events.

Council has worked alongside the 'Friends of the Waitaki Event Centre' to complete a Business Case for the planned centre. This Business Case will be used to support funding applications.

A new entrance gate for Centennial 2 and 3 was installed in collaboration with sporting codes.

Toilets

An arson event at the Friendly Bay Playground toilet caused a significant amount of damage. This has since been repaired.

Improved lighting was installed in the Itchen Street toilets.

Officers have worked with the Duntroon community to explore and agree on the best option for a new facility in their town. A new toilet has been ordered and will be installed in the next six months. As part of discussion with the community, several other concerns have been established around parking and road safety. An application has been made to the Tourism Infrastructure fund to attempt to secure funding to help resolve these matters.

Replacement of toilets at Moeraki and Campbells Bay was completed early in the year with favourable comments from communities.

Alps to Ocean

Sailors Cutting to Benmore off-road section construction was completed and opened on 17th December 2020 and remaining bridges from Aviemore to Kurow have been installed. The new section of the trail is spectacular.

Work on a Business Case to take the remaining sections off road has commenced. It is anticipated this Business Case will enable us to secure further funding.

Parks and Recreation

What we have been doing in 2020/21 continued

Repair work of flood damage over Tarnbrae and at Aoraki Mt Cook, was completed along with a safety and signage project that saw road crossing treatments installed and improved signage trail wide.

A governance structure review was implemented late 2020. Now that we have completed the initial construction agreed to with funders, it is the perfect time to review our structure to ensure the trail continues to develop and evolve as a major economic, recreation and wellbeing contributor to the Mackenzie and Waitaki districts and review how we work alongside our partners and communities.

Officers made a submission to the Department of Conservation's review of cycling provision in its Southland Management Strategy advocating for provision for future cycleways on conservation land in Waitaki.

Camps

The January flood event saw Otematata, and Duntroon camping grounds evacuated. In both cases camping ground staff and emergency services worked together to safely evacuate all campers.

Officers are working with Environment Canterbury to use regional council funding available for wilding tree species to remove trees at Falstone Creek. This will see large scale tree removal but also earth bunding formed and replanting of appropriate species.

A taskforce to look at strategies to address Labour weekend at Loch Laird was formed with Council, Police and community representation. The following actions have been recommended - a liquor ban for the top paddock, extra police presence, a harm reduction communications plan and lighting the site.

We were once again successful in obtaining funding from the Ministry of Business, Innovation and Employment to provide Camping ambassadors for the district. This programme continues to operate well, helping to educate freedom campers and alleviate any community concerns.

Otematata river management continued with work now taking place upstream of the bridge.

Playgrounds

A new playground was installed at Waiareka Park. A key consideration was inclusivity of all abilities, and this influenced the choice of play equipment and the safety surfacing.

Aquatics

In the current employment environment, we have struggled to recruit replacement staff, and this has affected our opening hours and the range of services we are able to provide. We are working hard to resolve this but in the interim, it has put immense pressure on the rest of the staff who have stepped up and gone beyond the call of duty, at times working extraordinary hours.

While our programme registrations have been down on previous years, our shop sales have been up.

Waitaki competitive swimmers continue to perform on the national stage. Unfortunately, our Coach, Narcis has had an opportunity he was unable to refuse and has moved north. We are in the process of recruiting with some very good applicants.

Once again, the Waitaki Aquatic Centre was the venue of choice for the South Island Secondary school canoe polo championships and again the users were very happy with their experience.

Parks and Recreation

Community outcomes

What we do leads to a happier, healthier, safer and better-connected community. Council provides these facilities because the community desires them as they provide the social benefits outlined above but are not economic for private enterprise to supply.

Community outcome	Well-being	How does this activity effect the well-being of our community?
We provide and enable services and facilities, so people want to stay and move here	Environmental, Social and Cultural well-being	By providing parks, gardens and greenspaces, sports and recreation facilities that contribute to the district's quality of life, which in turn helps make Waitaki attractive to existing and prospective residents and businesses
We keep our District affordable	Social well-being	By providing activities at low cost or free to users and managing the activity efficiently and effectively
We understand the diverse needs of our community	Environmental and Cultural well-being	By acknowledging the needs of the wider community and cultural and recreation/sport groups through the provision of multipurpose spaces
We maintain the safest community we can	Social well-being	By meeting industry standards and providing opportunities for people to feel safe while being active and to connect the community through sport and recreation
Waitaki's distinctive environment is valued and protected	Environmental well-being	By complying with resource consents and regulations By providing opportunities for people to enjoy the district's distinctive environment.
We enable opportunities for new and existing businesses	Economic well-being	By providing facilities that contribute to the attractiveness of the district and create opportunities for new businesses, for example, tour operators, sports events, accommodation

Parks and Recreation

How we performed – Parks and Recreation

Community Outcome	Performance Measures	Service target	Achievements
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p> <p>We understand the diverse needs of our community</p> <p>We maintain the safest community we can</p> <p>We enable opportunities for new and existing businesses</p>	<p>Increase in visitors to the Waitaki Aquatic Centre</p>	<p>1% increase in number of visits per annum</p>	<p>27% - Achieved</p> <p>Note the Aquatic centre was shut during lockdown in 2020 which meant visits were down significantly from the previous year. The change between 2020/21 and 2018/19 (our last full year) is 15.7%</p> <p>(2019/20 - Not achieved -34%)</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p> <p>We understand the diverse needs of our community</p> <p>We maintain the safest community we can</p> <p>We enable opportunities for new and existing businesses</p>	<p>Customers satisfied or very satisfied with the Waitaki Aquatic Centre</p>	<p>80% of customers satisfied or very satisfied with the Waitaki Aquatic Centre.</p>	<p>85% - Achieved</p> <p>(2019/20 - Achieved 81%)</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p> <p>We understand the diverse needs of our community</p> <p>We maintain the safest community we can</p> <p>Waitaki's distinctive environment is valued and protected</p>	<p>Residents satisfied or very satisfied with Waitaki's parks and reserves</p>	<p>80% of residents are satisfied or very satisfied with Waitaki's parks and reserves</p>	<p>85% - Achieved</p> <p>(2019/20 - Achieved 87%)</p>

Parks and Recreation

How we performed – Parks and Recreation

Community Outcome	Performance Measures	Service target	Achievements
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p> <p>We understand the diverse needs of our community</p> <p>We maintain the safest community we can</p> <p>Waitaki's distinctive environment is valued and protected</p>	<p>Residents who have used the district's campgrounds and are satisfied or highly satisfied with the quality of the greenspace provided</p>	<p>70% of users are satisfied or very satisfied</p>	<p>63% - Not achieved</p> <p>(2019/20 - Achieved 77%)</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p> <p>We understand the diverse needs of our community</p> <p>We maintain the safest community we can</p> <p>Waitaki's distinctive environment is valued and protected</p>	<p>Residents satisfied or very satisfied with Waitaki's sports fields and facilities</p>	<p>80% of residents are satisfied or very satisfied with Waitaki's sports fields and facilities</p>	<p>85% - Achieved</p> <p>(2019/20 - Achieved 82%)</p>
<p>We understand the diverse needs of our community</p> <p>Waitaki's distinctive environment is valued and protected</p>	<p>Residents who have visited a cemetery in Waitaki who are satisfied or very satisfied with the maintenance of the greenspace</p>	<p>80% satisfaction with the district's cemeteries</p>	<p>86% - Achieved</p> <p>(2019/20 - Achieved 80%)</p>
<p>We provide and enable services and facilities, so people want to stay and move here</p> <p>We keep our District affordable</p>	<p>Residents who have recently used public toilets in the district who are satisfied or very satisfied with the facility(s)</p>	<p>70% of residents are satisfied with public toilets</p>	<p>77% - Achieved</p> <p>(2019/20 - Achieved 77%)</p>

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Parks and Recreation

	2018/28 LTP		2020/21 Actual \$000	
	2019/20 LTP \$000	2020/21 LTP \$000		
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	639	658	1,391	Construction of new public toilet facilities has slowed due to the Covid-19 pandemic, but improvement and upgrading of other facilities has continued
Targeted Rates	3,131	3,169	2,840	
Rates Revenue	3,770	3,827	4,231	
Subsidies and Grants for Operating Purposes	35	36	73	
Fees and Charges	1,077	1,099	787	
Internal Charges and Overheads Recovered	-	-	-	
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	36	37	32	
Operating Revenue	1,148	1,172	892	
Total Sources of Operating Funding	4,918	4,999	5,123	
Applications of Operating Funding				
Payments to Staff and Suppliers	3,633	3,877	4,072	
Finance Costs	-	-	-	
Internal Charges and Overheads Applied	1,076	1,042	778	
Other Operating Funding Applications	-	-	-	
Total Applications of Operating Funding	4,709	4,919	4,850	
Surplus / (Deficit) of Operating Funding	209	80	273	
Sources of Capital funding				
Subsidies and Grants for Capital Expenditure	20	21	102	
Development and Financial Contributions	-	-	-	
Increase / (Decrease) in Debt	-	-	-	
Gross Proceeds from Sale of Assets	-	-	110	
Lump Sum Contributions	-	-	-	
Other dedicated capital funding	-	-	-	
Total Sources of Capital Funding	20	21	212	
Applications of Capital funding				
Capital Expenditure				
to meet Additional Demand	-	-	-	
to improve Levels of Service	221	205	306	
to replace Existing Assets	411	298	303	
Increase / (Decrease) in Reserve	(403)	(402)	(124)	
Increase / (Decrease) of investments	-	-	-	
Total Applications for Capital Funding	229	101	485	
Surplus / (Deficit) of Capital Funding	(209)	(80)	(273)	
Funding Balance	-	-	-	

Arts, Culture and Community

This activity group covers the Waitaki District Libraries, Forrester Gallery, Waitaki Museum & Archive Te Whare Taoka o Waitaki, and the Ōamaru Opera House.

Arts, Culture and Community

Community outcomes

Community outcome	Well-being	How does this activity effect the well-being of our community?
We provide and enable services and facilities, so people want to stay and move here	Social and Cultural well-being	By providing facilities and services that contribute to the quality of life of the district and make it attractive for people to live here

How we performed:

- Waitaki District Libraries,
- Forrester Gallery,
- Waitaki Museum & Archive Te Whare Taoka o Waitaki,
- Ōamaru Opera House

Waitaki District Libraries

What we do

The district's libraries provide collections, resources and services to groups and individuals that promote 'literacy for all, for life' for the Waitaki district Community.

Key district library activities include:

- The provision of a Central library (Ōamaru).
- Providing equipping and supporting five branch libraries.
- Fostering reading and support information and digital literacy.
- Encouraging lifelong learning, research and innovation.
- Acting as a community hub; and
- Community engagement.

Why we do it

Libraries are inclusive spaces for all people regardless of their social, economic, religious, political or ethnic status all people can access information, technology, resources, support, and educational opportunities to facilitate the achievement of the Public Libraries of NZ (PLNZ) vision 'literacy for all, for life' – people connected to knowledge and each other. To achieve this goal, professional Library staff assist learners to navigate the complexity of information, as an integral part of community well-being to achieve a better and more sustainable future for themselves and their whānau. Libraries build social capital to provide a platform for democracy.

What we have been doing in 20/21

- Lockdown restrictions impacted on programme and service delivery through to level 2 and resulted in staff not being able to run projects and activities. Once restrictions were lifted, the Ōamaru library has continued its role as a community hub, a place for connection and community capability building. Significant growth in the use of electronic services, physical visits to the library and attendance at events has ensued as an outcome. Commensurate with this role, all resources, programmes, services and social media have been realigned to the PLNZ strategic framework to build a strong foundation for the future.
- Acquiring funding from the New Zealand Libraries Partnership Programme was a significant achievement. Additional secondment and project support has enabled the team to initiate a variety of projects encompassing digital inclusion, community engagement, te reo and mātauranga Māori, reading for pleasure, curation of community archives and supporting information technology services.
- A major focus this year has been on digital literacy for the community and digital know-how for the staff. Most notably, 163 families have been issued with Skinny Jump modems. Digital classes have been run, with individuals being provided with one-on-one digital assistance since lockdown ended. The Stepping Up modules have been used as a teaching platform in collaboration with the Digital Inclusion Alliance Aotearoa (DORA). DORA, the digital on road access bus was on tour around the Waitaki district from March 8th to the 12th assisting residents with digital literacy.
- Branch equity and district-wide library service provision has continued to gain momentum over the last year. In February Te Whare Pukapuka o Kurinui (Hampden Community Library) had its official opening ceremonial and celebratory reopening after refurbishment. May saw the Ōmārama library relocated to a larger space within the same building and reopened with the attendance of local school children and the Residents Committee.

Arts, Culture and Community

Waitaki District Libraries

What we have been doing in 20/21 – continued

- Waitaki District Libraries have been leading the community in embedding te reo and mātauranga Māori. The Ōamaru Public Library has hosted Kupu Hou learning sessions in a variety of subject areas and supported wider Tākina te reo Māori sessions. Introductory te reo Māori sessions have also been held in Hampden and Kurow. All library staff complete weekly te reo Māori classes, and daily waiata and karakia sessions. To support learning, a te reo Māori language collection for adult learners is being developed. Many events designed to foster te reo and Tikanga learning have been held, the highlight of these being the public celebration of Matariki at Cape Wanbrow.
- A success story has been community and national partner engagement with library staff, strengthening and growing relationships resulting in programmes, displays, events and activities. Collaborative working relationships have been developed with manawhenua ki Moeraki, Ōamaru Pacific Island Group Inc., Ōamaru Pacific Island Network, the Newcomers Network, Multicultural Council, Ōamaru Language School, schools, kindergartens and early childhood education centres, Business Hive, Ministry of Business Innovation and Employment, Aged Concern, Confidence Can, Rest Homes in Waitaki, Network Waitaki, Department of Internal Affairs, National Library, Public Libraries of New Zealand, Ministry of Social Development, Workbridge, Friends of the Library and volunteers.
- Programmes for children and youth have gone from strength to strength this year with the appointment of a new Youth Library Assistant. Programmes include Wriggle and Rhyme, Toddler Time, Young Adult Book Chat, Kid's Book Club, Lego Club, and school and early childhood education centre outreach programmes. There have been numerous visits to the branch libraries incorporating Lego Club and school holiday activities. A highlight of the year has been the National Simultaneous Storytime (NSS) 2021, supported by ALIA (Australian Library and Information Association), Scholastic and LIANZA. The NSS was run to promote the value of reading and literacy and focused on STEM activities. A balloon space display donated by Treasured Events brought a lot of attention to the event and participants could watch 'Give me some space' being read by the astronaut Dr Shannon Walker from the International Space Station, thanks to the Australian Space Agency and the Office of the Chief Scientist.
- The dedicated Ōamaru library community space is being utilised by diverse organisations which include JP services, the Embroiderers' Guild, the Genealogy Club, and Scrabble and Board gamers and Puzzle Clubs.
- With the focus of the community being on connection post lockdown, events have experienced a considerable increase over the last year. Events are informative, educational and entertaining, providing a warm, inviting space for presenters and their audience. They range from musical performances to Geopark presentations, book launches and storytelling. One event highpoint was the inaugural community seed swap held in Spring last year.
- Waitaki District Libraries is dedicated to volunteer development. During the year a young unemployed person has gained the confidence to apply for a paid role in another Ōamaru business while another has become a member of the Ōamaru library staff.
- Finally, long-time Libraries Manager, Philip van Zijl retired in March after a distinguished career managing Waitaki District Libraries and other libraries throughout New Zealand.

Arts, Culture and Community

Waitaki District Libraries

How we performed: Waitaki District Libraries

Community Outcome	Performance Measures	Service target	Achievements
We provide and enable services and facilities, so people want to stay and move here	Residents who have visited the library who are satisfied or very satisfied with library services	80% of residents are satisfied or very satisfied with library services	87% - Achieved (2019/20 - Achieved 88%)
We provide and enable services and facilities, so people want to stay and move here	Average number of attendees per event held at the libraries	Maintain or grow average number of people attending each event	17 attendees – Achieved (2019/20 - Not achieved 14 attendees per event)
We provide and enable services and facilities, so people want to stay and move here	Increase in the number of enquiries handled by librarians, which include, for example, readers' advisory, assistance with mobile devices, research enquiries	Maintain	4,449 enquiries – Achieved (2019/20 - Not achieved 4,144 enquiries)
We provide and enable services and facilities, so people want to stay and move here	Number of library visitors: 1) Electronic visits to the library website. 2) Physical visits	Maintain numbers	Electronic visits = 19,417 Physical visits = 103,499 – Achieved (2019/20 - Not achieved - 11,858 Electronic visits to the website, 99,916 - Physical visits)
We provide and enable services and facilities, so people want to stay and move here	% of library members of resident population	60%	64% - Achieved (2019/20 - Achieved 64% of the resident population are library members)

Arts, Culture and Community

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

What we do

The Forrester Gallery, Waitaki Museum & Archive Te Whare Taoka o Waitaki preserve, promote, and provide access to the social, natural, and visual culture of our district. We look after, grow, and develop our collections as important repositories of knowledge about the culture and heritage of our community which are preserved and made publicly accessible in perpetuity. We provide and enable activities, researching and telling the stories of our collections and the art, culture and natural heritage of our community.

Why we do it

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

What we have been doing in 2020/21

In December 2020 the Waitaki Museum & Archive Te Whare Taoka o Waitaki re-opened to the public. From the re-opening date to the end of the reporting period 4,009 people have visited the Museum. Visitors, including school groups, have enjoyed the new displays: Our Land, Tō Tātau Whenua; Kā Puipuiaki o Korotuaheka and European Settlement. Visitor feedback has been positive, and one highlight was once again hosting educational visits from schools in the exhibition space.

Work has now started on stage two of the Museum which will see the upper floor open to the public with exhibition and education spaces, the installation of a lift and the refurbishment of the archive enquiry area and the object collection storeroom. Stage two of this project is substantially supported by a grant from the Lottery Significant Projects Fund.

The Forrester Gallery has had its first full year of operation since it closed to the public in December 2018. The Forrester Gallery has presented a full programme of exhibitions, events and education activities. The work on the stage one upgrade is now completed with new collection storage furniture installed in the gallery, supported by external grants from the JD Stout Trust and Otago Community Trust. Exhibition highlights included the Post-Moa: An Exhibition of New Works by Burns Pollock; The Burns Memorial Art Exhibition which Celebrated 50 Years in 2020; Fired Up, 50 Years of Pottery on Tyne and 12: Portraits from Our Collection. Our exhibiting artists have enjoyed an exceptional year for art sales, perhaps as people have been unable to travel overseas and have instead focused on their homes and travel within New Zealand.

This year staff have continued to provide support for the building projects at both the Gallery and Museum. Specifically, staff have been working on the design and development of the new museum and archive spaces. Staff have also been reviewing the plans for the Stage Two extension of the Forrester Gallery and preparing to seek the additional external funding required.

The number of volunteers supporting the Museum, Archive and Gallery has grown, with new volunteers operating the Museum reception desk during weekdays with support from staff.

Arts, Culture and Community

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

How we performed: Forrester Gallery, Waitaki Museum & Archive Te Whare Taoka o Waitaki

Community Outcome	Performance Measures	Service target	Achievements
We provide and enable services and facilities, so people want to stay and move here	Number of visitors to the Gallery	Maintain visitor numbers to the Gallery	8,710 – Achieved <i>(2019/20 - Not achieved 426 Visitors between 13-30 June)</i>
We provide and enable services and facilities, so people want to stay and move here	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's and Museum's educational activities and/or engagement	89% - Achieved <i>(2019/20 - Not achieved 78%)</i>
We provide and enable services and facilities, so people want to stay and move here	Archive users satisfied with the Archive services	80% of Archive users are satisfied with the Archive services	100% - Achieved <i>(2019/20 - Achieved 100%)</i>

Arts, Culture and Community

Ōamaru Opera House

What we do

The Ōamaru Opera House is one of the most significant heritage places in Ōamaru, important to the town and nationally to New Zealand for its historic, social and aesthetic values. This is recognised by its registration under the Heritage New Zealand Pouhere Taonga Act 2014 (Category 1) and its listing in the Waitaki District Plan.

Key activities include:

- Venue for performing arts and other cultural and community activities.
- Rentable space for private and community events, functions and conference activities.

Why we do it

The Ōamaru Opera House helps to enhance the commercial, community and cultural growth of the Waitaki district. Council provides and maintains through the Opera House facility, a high-quality venue for performing arts, functions and conference activities to enhance the commercial, community and cultural growth of the district.

What we have been doing in 2020/21

- An estimated 28,305 people came through the doors of the Ōamaru Opera House – for shows, meetings, events, tourists, café use and toilet stops. This is a 15% increase from the previous year
- The residents survey showed a 94% satisfaction rate
- We held 33 ticketed events
- We hosted 110 community events with 6,221 people attending
- We hosted 135 commercial events, this includes training sessions, workshops and award ceremonies
- We held 4 school events throughout the year with full houses for the majority of these events
- The Opera House provides facilities for the pre-school programme Wriggle & Rhyme, run by the library staff
- The Opera House provides facilities to support groups including the Waitaki Newcomers and Migrants, and the Blind and Visually Impaired Committee for their meetings free of charge.

Arts, Culture and Community

Ōamaru Opera House

How we performed: Ōamaru Opera House

Community Outcome	Performance Measures	Service target	Achievements
We provide and enable services and facilities, so people want to stay and move here	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	94% - Achieved (2019/20 - Achieved 97%)
We provide and enable services and facilities, so people want to stay and move here	Number of community meetings and events held at the Opera House	Maintain numbers of community meetings and events held	110 meetings and events - Achieved (2019/20 - Not achieved - 77 Meetings (down 27%))
We provide and enable services and facilities, so people want to stay and move here	Number of tickets sold for performances	Average 5% increase in the number of tickets sold for performances over the previous 2-year period	5,354 (down 47% on 2018/19) – Not achieved (2019/20 – Not achieved - 3,181 (down 69%))
We provide and enable services and facilities, so people want to stay and move here	Growth in use of the Opera House for commercial meetings, events, functions and conferences	Average 5% increase in contracted hires over the previous 2-year period	135 (down 25% on 2018/19) – Not achieved (2019/20 - Not achieved - 141 (down 21%))

Waitaki District Council: Funding Impact Statement for 30 June 2021 for Arts, Culture and Community

	2018/28 LTP		2020/21 Actual \$000
	2019/20 LTP \$000	2020/21 LTP \$000	
Sources of Operating Funding			
General Rates, Uniform Annual General Charge, Rates Penalties	388	397	279
Targeted Rates	3,547	3,726	3,598
Rates Revenue	3,935	4,123	3,877
Subsidies and Grants for Operating Purposes	112	114	329
Fees and Charges	402	409	264
Internal Charges and Overheads Recovered	-	-	-
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	156	160	111
Operating Revenue	670	683	704
Total Sources of Operating Funding	4,605	4,805	4,581
Applications of Operating Funding			
Payments to Staff and Suppliers	2,718	2,768	2,991
Finance Costs			-
Internal Charges and Overheads Applied	1,665	1,760	1,652
Other Operating Funding Applications			-
Total Applications of Operating Funding	4,383	4,528	4,643
Surplus / (Deficit) of Operating Funding	222	277	(62)
Sources of Capital funding			
Subsidies and Grants for Capital Expenditure	-	2,000	66
Development and Financial Contributions	-	-	-
Increase / (Decrease) in Debt	-	-	-
Gross Proceeds from Sale of Assets	-	-	5
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding	-	2,000	71
Applications of Capital funding			
Capital Expenditure			
to meet Additional Demand	-	-	-
to improve Levels of Service	5	2,255	102
to replace Existing Assets	147	150	190
Increase / (Decrease) in Reserve	70	(128)	(283)
Increase / (Decrease) of investments	-	-	-
Total Applications for Capital Funding	222	2,277	9
Surplus / (Deficit) of Capital Funding	(222)	(277)	62
Funding Balance	-	-	-

The Cultural Facilities redevelopment project, included in the 2018-28 LTP for commencement in 2021, was deferred, leading to reduced capital funding and expenditure

Council Controlled Organisations

Council holds shares in several Council Controlled Organisations (CCOs) or Council Controlled Trading Organisations (CCTOs). Council reconsiders its reason for ownership annually by reviewing each entity's Statement of Intent. The entities are particularly diverse in their functions and objectives.

- Council promotes and supports economic development and tourism through Tourism Waitaki Ltd and the Waitaki Whitestone Geopark Trust, and through its involvement as 50% owner of Ōmārama Airfield Ltd.
- Council provides on-going support for health services and other important social functions for the community through its continued ownership and support of Waitaki District Health Services Ltd. The Observatory Village Charitable Trust Group is developing and operating an extensive retirement village for the long-term benefit of residents in the district.
- Whitestone Contracting Ltd provides contracting services to Council and other customers throughout and beyond the Waitaki District, retaining employment, revenue and economic benefits within the district.

Subsidiary companies must submit regular six-monthly reports on their financial and operational affairs and provide annual reports and audited financial statements within two months of the end of the financial year.

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

Tourism Waitaki Limited

The purpose of Tourism Waitaki Ltd is to advance tourism and promotion within the district. This includes fostering a diverse, sustainable, and growing tourism sector, and developing a consistent, district-wide promotional message.

Council's primary objective for continued ownership and control of the company is to advance and promote tourism within the district.

Tourism Waitaki Ltd contributes to the following Council community outcomes:

- Enables opportunities for new and existing business
- Provide and enables services and facilities so people want to visit and reside in the district
- Waitaki's distinctive environment is valued and protected

Performance Measures	Service target	Achievements
Growth in visitors from core domestic markets.	Achieve annual growth in visitors from core domestic markets	Achieved: visitors to the Penguin Colony rose by 375% (2020: declined by 20%)
Develop and implement signage strategy	Develop and implement signage strategy	In progress in collaboration with Council
Expansion of current trade ready products	Develop new trade ready products.	Not achieved due to borders remaining closed and other restrictions.
Travel infrastructure network expanded	Expand travel infrastructure network.	Worked with neighbouring RTOs and Tourism NZ to achieve a wider regional approach to marketing
International Marketing Alliance (IMA) agreements in place across the South Island.	International Marketing Alliance agreements in place.	Agreements are in place
Industry affiliations expanded.	Expand wider industry affiliations.	Raising awareness of local tourism products, developing and fostering existing and new trade contacts
Increased inbound operators (IBO) visitors	Increase number of Inward Bound Organised visitors.	Not measured/reported
Growth in TRENZ attendees from the district.	Increase number of TRENZ attendees.	Not measured/reported

The company responded to the Covid-19 pandemic in 2020 by permanently closing several of its services and fully impairing the Whitestone City operation. In 2021 the company was successful in obtaining financial support from both the Strategic Tourism Asset Protection Plan and the Tourism Communities Fund in the form of grants and loan facilities. 2021 has also seen increased numbers of domestic tourists utilising the company's facilities and in particular the Ōamaru Blue Penguin Colony which the company operates.

Tourism Waitaki Ltd was required under section 67(5) of the Local government Act 2002 to complete its audited financial statements and service performance information by 30 November 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of COVID-19, including lockdowns.

A full copy of the Group's Annual Report will be available at the offices of the company when the audit has been completed

Waitaki District Health Services Limited Group

The purpose of Waitaki District Health Services Ltd is to operate a successful healthcare business by providing infrastructure and healthcare facilities and services for the district. This includes:

- Operating and providing planning services within budgeted income and establishing strategic alliances with business partners and community groups to achieve desired health service outcomes.
- Supporting, as appropriate, initiatives for health services involving the housing and care of the elderly.

Council's primary objective for continued ownership and control is to ensure the healthcare needs and interests of the district are met through the provision of quality, locally based, healthcare services, principally at Ōamaru Hospital.

The Waitaki District Health Services Ltd Group contributes to these Council community outcomes:

- Provide and enable services and facilities so people want to visit and reside in the district.
- Maintain a safe and healthy community.

The Group comprises Waitaki District Health Services Limited, Waitaki District Health Services Trust and Observatory Village Charitable Trust Group (includes the Trust, Observatory Village Lifecare Ltd and Observatory Village Care Ltd).

Waitaki District Health Services Ltd

Performance Measures	Service target	Achievements
Fulfilment of all professional and technical standards	Meet all professional and technical standards	Achieved
Forums provided for effective collaboration with stakeholders	Provide adequate forums for effective collaboration with stakeholders	Achieved
Percentage compliance with all performance Service targets and service standards required by the Ministry of Health contractual arrangements with the company	100% compliance with performance Service targets and service standards required under the Ministry of Health contractual arrangements with the company	Achieved
Percentage of planned services provided within budget	Operate and provide 100% of planned services within budgeted income including services contract with the Southern District Health Board	The Company established a break-even budget for the year which was not achieved (2020: not achieved)

Waitaki District Health Services Limited Group (continued)

Observatory Village Charitable Trust Group:

Observatory Village Charitable Trust

Performance Measures	Service target	Achievements
Use the Trust Fund to further the charitable purposes of providing housing and care services for the aged and infirm	Identify and assist groups providing such services within the Waitaki District	Achieved – the focus of the Trust has been the continuing 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	Not achieved – no grants were provided during the year

Observatory Village Care Ltd

Performance Measures	Service target	Achievements
Develop, monitor and achieve a suite of KPIs	A range of KPI measures has been developed	All achieved except for the level of operating surplus which was under budget

Observatory Village Lifecare Ltd

Performance Measures	Service target	Achievements
Oversee and manage the successful development of the village complex	A range of KPI measures has been developed	All achieved except for the level of operating surplus
Ensure appropriate funding is available to ensure the project is completed within agreed timeframes and budgets	Cashflow and projections are continually monitored	Loan repayments have been made as per loan agreements
Undertake promotional and marketing activities to secure and maintain occupancy levels	Achieve minimal resale periods Maintain the village interest list	Achieved – average resale time 2.3 months (2020 3.6 months) Achieved – 10 new stage 3 apartments sold within 6 months of completion

At the time of reporting, the audit of the Group was not yet complete for the year ended 30 June 2021. A full copy of the Group's Annual Report will be available at the offices of Waitaki District Health Services Ltd when the audit has been completed.

Whitestone Contracting Limited

The purpose of Whitestone Contracting Ltd is to be a reputable and trusted contractor, supporting local employment, the environment, and community while maximising profit and performance.

Council's objectives for continued ownership and control include:

- Stimulating and maintaining 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 Limited and the risk appetite of Council
- Providing emergency services support.

Whitestone Contracting Ltd contributes to these Council community outcomes:

- We provide and enable services and facilities, so people want to stay and move here;
- We enable opportunities for new and existing businesses.

Performance Measures	Service target	Achievements
Before income tax return on opening shareholders' funds	Achieve a before-income tax return (prior to donations, sponsorships and subvention payments) on opening shareholders' funds that exceeds 7% return on investment	Not achieved: Generated a return of 1.27% (2020: 7.51%) due largely to the impact of COVID-19
Number of clients spending over \$10,000 annually	Continue to diversify the portfolio of work and clients	Achieved – reduced reliance on Council contracts as demonstrated below, and major new contracts entered into in Dunedin
Maintenance of the relevant quality standards	Maintain ISO 9001 registration and related quality assurance programmes Maintain ISO 14001 standard to ensure systems are in place to meet environmental legislative and regulatory requirements	Maintained accreditation under both ISO 9001 and ISO 14001
Percentage increase of revenue from sources other than Council over the previous year	Increase the percentage of revenue from sources other than Waitaki District Council	Achieved – work undertaken for Council provided only 13% of the company's revenue (2020 19.56%)
Set KPI targets for the next year in 4 th quarter	In Quarter 4 of each year, agree KPI targets for the next year	Achieved and SOI presented to the shareholder
Increase market share in North Otago and other areas of operation	Maintain and grow market share in North Otago and other areas of operations	Not reported
Ratio of shareholder funds to total assets	Maintain ratio of shareholder funds to total assets within the range 60% - 80%	Achieved 69.83% (2020: 72.64%)

Whitestone Contracting made a slow start to the 2021 financial year as the country came out of COVID-19 lockdown as there were initially limited opportunities for the civil team, and those that were available took time to develop. The company was further constrained by ongoing delays in availability of materials and in consenting of projects, but has successfully tendered for a major contract in Dunedin and will see financial benefits arising from this during the 2022 financial year.

The Company received an unqualified audit report for the year ended 30 June 2021 on 31 August 2021. A full copy of the Company's Annual Report is available at the Company's offices.

Ōmārama Airfield Limited

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
- 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

The company contributes to these Council community outcomes:

- We provide and enable services and facilities, so people want to visit or reside here.

Performance Measures	Service target	Achievements
Maintain, operate and provide planned services within budgeted income	Operate and provide planned services within budgeted income	Not achieved: income was close to budgeted levels but expenses exceeded budget by 7.8% (2020: not achieved due to high levels of depreciation charges)
Maintain, operate and provide planned services within budgeted income	Achieve a break-even or better result after prudent provision for depreciation and asset replacement expenditure, and future trading requirements	Not achieved: Actual loss exceeded budgeted deficit by \$11,000 due to maintenance costs incurred ahead of planned upgrades and the installation of new equipment (2020: not achieved due to high levels of depreciation charges)
Measure the economic benefits to the Ōmārama and Ahuriri communities from the operation and development of the airfield	Maintain or improve economic benefits to the community	Supports tourism by attracting an estimated 1,500 visitors purely to use the airfield facilities and hosting regional and national championship events. Employs local residents in various capacities, particularly during the gliding season

The company has recovered well from the initial effects of the COVID-19 pandemic, which resulted in the closure of a significant commercial user of the airfield.

The Company received an unqualified audit report for the year ended 30 June 2021 on 27 September 2021. 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*.

Council accounts for its 50% ownership of the business as a joint venture, and records changes in the value of its investment within its own operating results rather than consolidating the business within the group.

Financial Statements

Statement of Comprehensive Revenue and Expenditure

For the year ended 30 June 2021

			Council Only			Consolidated	
			2021 Actual \$000	2021** Budget \$000	2020 Actual \$000	2021 Actual \$000	2020 Actual \$000
	Notes						
Revenue							
Rates Revenue	1		32,846	33,106	32,833	32,704	32,719
User Charges		**	3,030	2,956	2,230	5,612	5,895
Rental Income		**	2,047	2,251	2,058	1,878	1,890
Regulatory Charges			2,224	1,831	1,746	2,224	1,746
Development and Financial Contributions			1,757	954	1,028	1,757	1,028
Government Grants and Subsidies	2		12,828	11,426	8,114	13,418	9,141
Other Grants and Donations	3		599	2,187	425	924	522
Finance Revenue	4		787	1,044	976	423	598
Petrol Tax			203	205	200	203	200
Infringements and Fines			51	60	45	51	45
Contracting Revenue			-	-	-	21,186	16,576
Southern District Health Board			-	-	-	11,362	11,252
Residents' Fees and Contributions			-	-	-	7,134	6,138
Dividends received			631	500	1,004	-	100
Assets vested or donated to Council			1,141	-	120	1,141	120
Total Revenue	32		58,144	56,520	50,779	100,017	87,970
- Continuing Operations			58,144	56,520	50,779	99,944	87,521
- Discontinued Operations			35	-	-	73	449
Expenses							
Personnel costs	5	**	13,211	12,533	12,062	38,342	35,003
Depreciation and amortisation	10,12,32		15,953	16,255	15,177	18,685	17,805
Finance Costs	4		169	245	148	278	258
Other expenses	6	**	31,188	28,371	26,153	47,791	39,665
Non-trading Losses / (Gains)	7		1,984	-	1,359	(2,320)	(260)
Total Expenses	32		62,505	57,404	54,899	102,776	92,471
- Continuing Operations			62,505	57,404	54,899	102,693	91,663
- Discontinued Operations			35	-	-	83	808
Share of joint venture's surplus / (deficit)	14		(31)	-	996	(31)	996
Surplus / (Deficit) before Tax			(4,392)	(884)	(3,124)	(2,790)	(3,505)
- Continuing Operations			(4,392)	(884)	(3,124)	(2,780)	(3,146)
- Discontinued Operations			35	-	-	(10)	(359)
Income Tax Expense / (Refund)	8		-	-	-	(98)	12
Surplus / (Deficit) after tax			(4,392)	(884)	(3,124)	(2,692)	(3,517)
- Continuing Operations			(4,392)	(884)	(3,124)	(2,685)	(3,263)
- Discontinued Operations			35	-	-	(7)	(254)
Other Comprehensive Revenue and Expense							
Gain/(Loss) on revaluation of Infrastructural Assets	9,10		111,666	56,500	45,785	111,790	45,785
Gain/(Loss) on revaluation of Property, Plant and Equipment	9,10		-	-	38,711	-	40,146
Total Other Comprehensive Revenue and Expense			111,666	56,500	84,496	111,790	85,931
Total Comprehensive Revenue and Expense			\$107,274	\$55,616	\$81,372	\$109,098	\$82,414

** Changes have been made to specific budget items from the 2020-21 Annual Plan to provide consistency with prior period comparatives. Those changes are:

- The budget for User Charges has been reduced by the amount of the budget for Rental Income, now reported separately
 - The budget for Personnel Costs has reduced, and the budget for Other Expenses has increased to reflect the transfer of budgets related to Elected Member Remuneration (See notes 5 and 6)
- These changes have no impact on the overall budget.

The accompanying Notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2021

	Council Only			Consolidated	
	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000	2021 Actual \$000	2020 Actual \$000
Equity at 1 July	912,551	869,750	831,179	941,396	858,982
Total Comprehensive Revenue and Expense	107,274	55,616	81,372	109,098	82,414
Equity at 30 June	<u>\$1,019,825</u>	<u>\$925,366</u>	<u>\$912,551</u>	<u>\$1,050,494</u>	<u>\$941,396</u>

The accompanying Notes form part of these financial statements

Statement of Financial Position

As at 30 June 2021

	Notes	Council Only			Consolidated	
		2021 Actual \$000	2021 Budget \$000	2020 Actual \$000	2021 Actual \$000	2020 Actual \$000
Equity						
Ratepayers' Equity	9	310,208	310,208	310,208	310,208	310,208
Revaluation Reserve	9	674,235	576,287	564,372	688,271	577,752
Operating Reserve	9	19,177	22,996	22,615	35,810	38,080
Other Reserves	9	16,205	15,875	15,356	16,205	15,356
Total Equity		\$1,019,825	\$925,366	\$912,551	\$1,050,494	\$941,396
Non-Current Assets						
Property, Plant and Equipment	10	999,190	896,272	881,049	1,034,488	916,867
Investment Property	11	-	-	-	31,450	26,165
Intangible Assets	12	1,525	833	785	1,647	1,015
Forestry	13	357	394	286	357	286
Assets held for Sale	17	1,150	1,150	1,150	1,150	1,150
Financial Assets						
- Investments in Subsidiaries	14	4,703	4,912	4,703	-	-
- Investment in Joint Venture	14	1,644	-	1,675	1,644	1,675
- Investments in other entities	14	408	145	145	408	145
- Loans to other entities	14	27,154	25,859	28,534	17,913	17,585
		1,036,131	929,565	918,327	1,089,057	964,888
Current Assets						
Cash and Cash Equivalents	15	2,180	1,049	560	4,170	3,553
Trade and Other Receivables	16	5,803	6,365	5,153	10,442	8,621
Prepayments		735	663	642	1,020	825
Inventory	18	154	12	140	855	1,061
Work in Progress	19	-	-	-	216	566
Financial Assets						
- Term deposits	14	-	1,250	-	2,910	1,016
- Investments in other entities	14	50	-	-	50	-
- Loans to other entities	14	2,804	3,447	4,507	386	3,099
Assets held for Sale	17	317	-	386	317	386
		12,043	12,786	11,388	20,366	19,127
Total Assets		1,048,174	942,351	929,715	1,109,423	984,015

Note – the Statement of Financial Position is continued on the following page

The accompanying Notes form part of these financial statements

Statement of Financial Position (continued)

As at 30 June 2021

	Notes	Council Only			Consolidated	
		2021 Actual \$000	2021 Budget \$000	2020 Actual \$000	2021 Actual \$000	2020 Actual \$000
Non-Current Liabilities						
Borrowings	20	10,500	5,000	-	11,514	1,077
Provisions	21	365	505	413	365	413
Employee Entitlement Liabilities	22	93	-	-	309	49
Finance Leases	23	-	-	-	498	304
Deferred Tax Liability	8	-	-	-	349	460
		10,958	5,505	413	13,035	2,303
Current Liabilities						
Trade and Other Payables	24	10,166	6,985	7,565	15,855	11,315
Employee Entitlement Liabilities	22	1,448	1,430	1,632	4,358	5,065
Provisions	21	256	65	154	266	161
Borrowings	20	5,521	3,000	7,400	6,172	7,460
Finance Leases	23	-	-	-	87	100
Occupational Right Agreements	25	-	-	-	18,922	15,947
Provision for Taxation		-	-	-	234	268
		17,391	11,480	16,751	45,894	40,316
Total Liabilities		28,349	16,985	17,164	58,929	42,619
Net Assets		\$1,019,825	\$925,366	\$912,551	\$1,050,494	\$941,396

The accompanying Notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2021

	Notes	Council Only		Consolidated		
		2021 Actual \$000	2021 Budget \$000	2020 Actual \$000	2021 Actual \$000	2020 Actual \$000
Cash Flows from Operating Activities						
Receipts from Rates Revenue		32,895	32,327	33,101	32,866	33,071
Interest received		744	968	899	783	940
Dividends received		631	500	1,004	-	100
Receipts from Other Revenues		23,552	23,634	17,027	71,724	61,722
Payments to Suppliers & Employees		(43,807)	(40,213)	(38,320)	(86,852)	(75,256)
Interest paid		(148)	(245)	(148)	(627)	(645)
Income tax Refund received / (Paid)		-	-	-	(47)	(224)
Net GST		(58)	(165)	513	74	666
Net Cash from Operating Activities		13,809	16,806	14,076	17,921	20,374
Continuing Operations		13,809	16,806	14,076	17,931	20,733
Discontinued Operations		-	-	-	(10)	(359)
Cash Flows from Investing Activities						
Proceeds from sale of Property, Plant & Equipment		586	68	1,021	1,356	1,339
Proceeds from sale of Investments		5,509	15,557	3,033	5,009	3,773
Purchase of Property, Plant & Equipment		(24,071)	(20,307)	(19,230)	(27,915)	(24,693)
Acquisition of Investments		(2,813)	(15,000)	(6,105)	(4,914)	(6,605)
Net Cash from Investing Activities		(20,789)	(19,682)	(21,281)	(26,464)	(26,186)
Cash Flows from Financing Activities						
Proceeds from Borrowing		33,400	13,750	15,525	33,629	16,291
Repayment of Borrowing		(24,800)	(10,450)	(8,125)	(25,057)	(8,383)
Net Cash from Financing Activities		8,600	3,300	7,400	8,572	7,908
Net Increase / (Decrease) in Cash		1,620	424	195	29	2,096
Cash Resources at 1 July		560	625	365	3,553	1,457
Total Cash Resources at 30 June	15	\$2,180	\$1,049	\$560	\$3,582	\$3,553

The accompanying Notes form part of these financial statements

Reconciliation of Net Operating Surplus to Cash Flows from Operating Activities

For the year ended 30 June 2021

	2021 Actual \$000	Council Only 2021 Budget \$000	2020 Actual \$000	Consolidated 2021 Actual \$000	2020 Actual \$000
Net Operating Surplus / (Deficit)	(4,392)	(883)	(3,124)	(2,692)	(3,517)
Add/(Less) non-cash items					
Depreciation & Amortisation	15,953	16,255	15,177	18,751	17,805
Interest compounded and accrued	(22)	(71)	(77)	(22)	(77)
Increase/(Decrease) in Provision for Doubtful Debts	117	-	(146)	86	(108)
Increase/(Decrease) in Provision for Closed Landfills	54	77	(89)	54	(89)
Increase/(Decrease) in ECLs on Investments	119	-	-	119	-
Net Loss / (Profit) on sale of Assets	2,055	-	1,377	1,726	1,230
Loss / (Gain) on Forestry revaluation	(71)	(55)	(18)	(71)	(18)
Vested Assets	(1,141)	-	(120)	(1,141)	(120)
Share of Associate's surplus / (Deficit)	31	-	(996)	31	(996)
Surrender of Carbon Units	-	2	1	-	1
Amortisation of Occupation Right Agreements	-	-	-	(1,683)	(1,124)
Revaluation of Investment Properties	-	-	-	(3,970)	(1,756)
Interest on leases included in lease repayments	-	-	-	72	74
Provision for impairment of Whitestone City assets	-	-	-	-	283
Increase / (Decrease) in Deferred Tax position	-	-	-	(111)	(95)
	17,095	16,208	15,109	13,841	15,010
Add/(Less) in other Working Capital items					
Decrease / (Increase) in Trade & Other Receivables	(770)	596	1,402	(2,340)	3,058
Decrease / (Increase) in Prepayments	(93)	(50)	(199)	(195)	(259)
Decrease / (Increase) in Inventories	(14)	-	(126)	206	(94)
Decrease / (Increase) in Work in Progress	-	-	-	350	(465)
Increase / (Decrease) in Trade & Other Payables	2,074	850	631	4,524	1,683
Increase / (Decrease) in Employee Entitlements	(91)	85	383	(449)	618
Increase / (Decrease) in Occupation Right Agreements	-	-	-	4,710	4,505
Increase / (Decrease) in Provision for Taxation	-	-	-	(34)	(165)
	1,106	1,481	2,091	6,772	8,881
Net Cash Flow from Operating Activities	\$13,809	\$16,806	\$14,076	\$17,921	\$20,374

The accompanying Notes form part of these financial statements

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 include the LGA and the Local Government (Rating) Act 2002.

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

- Whitestone Contracting Limited (100% owned),
- Waitaki District Health Services Limited (100% owned) and group
 - Waitaki District Health Services Trust
 - Observatory Village Charitable Trust and group
 - Observatory Village Lifecare Ltd
 - Observatory Village Care Ltd
- Tourism Waitaki Limited (100% owned)
- Waitaki Whitestone Geopark Trust.

Council's 50% investment in Ōmārama Airfield Limited is regarded as a joint arrangement 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 2021 and were authorised for issue by Council on 21 December 2021.

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 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 disclosed at Note 29. The functional currency of Council and the group is New Zealand dollars.

Statement of Accounting Policies

Standards issued and not yet effective that have been early adopted

Standards and amendments issued but not yet effective that have been early adopted are:

- **PBE IPSAS 41 *Financial Instruments***

In March 2019, the External Reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments*, which supersedes both PBE IFRS 9 *Financial Instruments* and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The Council has early adopted PBE IPSAS 41 and the main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Information about the transition to PBE IPSAS 41 is disclosed in Notes 14, 16 and 20.

Other changes in accounting policies

There have been no other changes in accounting policies.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

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

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

- **PBE IPSAS 40 *PBE Combinations***

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

- **PBE FRS 48 *Service Performance Reporting***

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Statements* and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard.

In each case, Council has completed an initial assessment, and does not expect any significant changes to accounting treatment or presentation will result from the application of these new or revised standards.

Statement of Accounting Policies

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.

Other more general accounting policies and practices are detailed below:

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. The consolidation of an entity begins from the date when the Council obtains control of the entity and ceases when the Council loses control of the entity.

Control over an entity is determined when the Council has exposure, or rights, to variable benefits from its involvement with the entity and has the ability to affect the nature or amount of those benefits through its power over the other entity. The Council considers all relevant facts and circumstances in assessing whether it has power over another entity. For example, 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. The Council reassesses whether or not it controls another 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.

The following entities are consolidated as subsidiaries, and the bases of their inclusion for consolidation in these financial statements are as follows:

- Whitestone Contracting Limited Group (which has three non-trading, fully owned subsidiaries: Whitestone Quarries and Landfill Limited, Dunstan Sprayers Ltd and Dunstan Contracting Ltd)
- Tourism Waitaki Limited
- Waitaki District Health Services Limited Group (which includes the activities of the Observatory Village Charitable Trust Group)
- Waitaki Whitestone Geopark Trust (Council was instrumental in establishing the Trust, and provides financial support as part of its economic development activity)

These entities are Council Controlled Organisations as defined by Part 5 of the LGA, with Whitestone Contracting Limited being a Council Controlled Trading Organisation. With the exception of the Waitaki Whitestone Geopark Trust, which has no issued shares, Council holds 100% of the shares in these entities.

Joint Arrangement

A joint arrangement 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). For jointly controlled operations, Council adjusts the value of its investment to reflect its share of the entity's net assets (equity).

- Ōmārama Airfield Limited

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

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

Statement of Accounting Policies

Goods and Services Tax (GST)

These accounts have been prepared on a GST-exclusive basis, except for receivables and payables which are presented on a GST-inclusive basis. Any net GST due or owing at balance date is included as part of receivables or payables in the Statement of Financial Position as appropriate. Any 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

The budget figures are those approved by Council in the 2020-21 Annual Plan, with minor changes to achieve consistency with prior period actual results, and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

Groups of Activities

Groups of Activities, as provided in the Annual Plan, report the net cost of services for each significant activity of Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities. The net cost of service for each significant Council activity has been derived using the cost allocation system outlined below:

- Direct costs are directly attributable to a significant activity and are charged accordingly.
- Indirect costs are those that cannot be attributed in an economically feasible manner to a specific significant activity, and are instead allocated as overheads using appropriate cost drivers such as actual usage, staff numbers, floor area occupied, etc.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Fair value of land, buildings and infrastructural assets – refer to Note 10 for information about estimates and assumptions applied in determining the fair value of infrastructural assets, including donated and vested assets.
- Fair value of investment property – refer to Note 11 for information about methodologies employed in determining the fair value of investment property held as part of the retirement village operations
- Fair value of forestry holdings – refer to 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 – refer to 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 – refer to Note 25 for information on methods used to determine the fair value of liabilities owing to retirement village residents.
- Classification of property, and of unoccupied land – refer to Note 10 for Council's approach to the appropriate classification of unoccupied land and property which is not regarded as investment property.

Critical judgements in applying accounting policies

- Fair value of Long Service entitlement – refer note 22 for methods used and judgements employed to determine fair values for this provision.

Statement of Accounting Policies

General Revenue Recognition - Policy

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
 - The 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
- **Southern District Health Board**
 - Revenue earned under the contract with the Southern District Health Board is recognised when eligibility has been established
- **Resident's Fees and Contributions**
 - Serviced apartment, villa, hospital and rest home fees are recognised in the period in which the service is rendered
 - Revenue from Village contributions is recognised on a straight-line basis over the expected period of occupancy
- **Petrol Tax**
 - Petrol Tax is recognised when earned
- **Development and financial contributions**
 - Development and financial contributions are 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 and Fines**
 - Infringement fees and fines are recognised when an infringement notice is issued, but the degree to which income is recognised takes into account the likelihood that the fee or fine will be collected
- **Dividends and subvention payments**
 - Dividends, and subvention payments from subsidiaries, are recognised when the right to receive payment is established
- **Vested or Donated physical Assets**
 - Vested Infrastructural Assets – assets received for no or nominal consideration are recognised at their fair value when Council obtains control of the asset. Fair value may be determined by reference to the cost of constructing the asset which may be based either on information provided by the property developer, or on certified engineers' certificates.

Notes 1 to 4 provide analysis in relation to specific types of Revenue and include detail of accounting policies particular to those items.

Notes to the Financial Statements

	2021	Council Only 2021 Budget	2020	Consolidated 2021	Consolidated 2020
	\$000	\$000	\$000	\$000	\$000

Note 1: Operating Revenue - Rates

Rates revenue – Policies

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 and invoicing in 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 remission policy.

Analysis of revenue from Rates:

General Rates	6,447	6,440	6,695	6,305	6,581
Targeted rates attributable to activities					
Roading	7,224	7,221	7,293	7,224	7,293
Metered water supply	558	719	485	558	485
Other Water rates	6,661	6,661	6,393	6,661	6,393
Sewerage	2,103	2,103	1,923	2,103	1,923
Stormwater	491	491	491	491	491
Arts, Culture and Community	3,598	3,598	3,460	3,598	3,460
Parks and Recreation	2,840	2,838	3,297	2,840	3,297
Democracy and Accountability	1,951	1,949	1,945	1,951	1,945
Economic Development	953	951	711	953	711
Rates Penalties charged	277	390	392	277	392
Less Rates Remitted	(257)	(255)	(252)	(257)	(252)
	\$32,846	\$33,106	\$32,833	\$32,704	\$32,719

Ratepayers may make payments towards their future rates liability in advance of those rates being due for payment. Such payments of rates in advance are included as part of Revenue Charged or Received in Advance – refer note 24 Trade and Other Payables.

LGFA Guarantee and Indemnity Deed

Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) 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 by the Council from other local authorities for services provided by the Council for which those other local authorities rate. The annual rates income for the Council for the year ended 30 June 2021 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is below:

	Council only	
	2021	2020
	\$000	\$000
Rates	32,846	32,833
Total annual rates income	\$32,846	\$32,833

Notes to the Financial Statements

		Council Only		Consolidated	
	2021	2021	2020	2021	2020
		Budget			
	\$000	\$000	\$000	\$000	\$000

Note 2: Operating Revenue – Government Grants and Subsidies

Government grants and 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 road maintenance and capital projects which is recognised as revenue when conditions pertaining to eligibility have been met.
- The Ministry of Business, Innovation and Employment (MBIE) administers the NZ Cycletrails Fund and the Tourism Infrastructure and Provincial Growth Funds which support tourism and other economic initiatives.
- The Department of Internal Affairs (DIA) provided funding for 3 Waters projects as part of the Water Sustainability Programme. Revenue is recognised as work on the specific projects is completed.
- DIA also provided funding as part of the Libraries Partners Programme.
- The NZ Lotteries Grants Board provided funding for the Cultural Facilities development project.
- The Department of the Prime Minister provided funding for a Mayoral Relief fund to support residents affected by the Lake Ōhau Village fire event.
- Government provided wages subsidies to eligible entities in 2020 as a response to the COVID-19 pandemic.
- A group member was provided a Strategic Tourism Asset Protection grant.

Analysis of revenue from Government Grants:

Waka Kotahi NZ Transport Agency Rooding Subsidy	8,220	8,338	7,015	8,220	7,015
Ministry of Business, Innovation & Employment	1,306	765	762	1,306	822
Department of Internal Affairs - Three Waters Reform	2,544	-	-	2,544	-
Department of Internal Affairs - Libraries Partnership	179	-	-	179	-
Ministry for the Environment	81	87	79	81	79
Oranga Tamariki - Ministry for Children	34	68	68	34	68
Ministry of Social Development	125	-	102	125	102
Prime Minister's Department - Lake Ohau Village fire event	100	-	-	100	-
NZ Lotteries Grants Board - Cultural Facilities project	179	17	-	179	-
Other Grants - Cultural Facilities project	-	2,047	-	-	-
Land Information NZ	-	-	50	-	50
Covid-19 Wages Subsidy	-	-	-	46	965
Strategic Tourism Asset Protection Grants	-	-	-	544	-
Other Government grants and subsidies	60	104	38	60	40
Total Government Grants	\$12,828	\$11,426	\$8,114	\$13,418	\$9,141

Notes to the Financial Statements

	2021	Council Only 2021 Budget	2020	Consolidated 2021	2020
	\$000	\$000	\$000	\$000	\$000

Note 3: Operating Revenue – Other Grants and Donations

Other Grants and 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 and Donations:

Ōhau fire event - Meridian Energy	100	-	-	100	-
Ōhau fire event - other community support	30	-	-	30	-
Ultrasound equipment - Lion Foundation	-	-	-	149	-
Ultrasound equipment - Healthcare Otago Charitable Trust	-	-	-	50	-
Christmas lights - Lion Foundation	28	-	-	28	-
Christmas lights - Network Waitaki	20	-	-	20	-
North Otago Rugby	33	34	33	33	33
Residents Association of Omarama	25	-	215	25	215
Cultural Facilities development - Friends of the Forrester	65	-	-	65	-
Cultural Facilities development - general donations	16	1,762	-	16	-
Mayors Taskforce for Jobs	73	-	-	73	-
Bequest - Est Mitchell	63	-	-	63	-
Otago Community Trust - Council	5	-	30	5	30
Alps2Ocean Cycletrail - general donations	-	180	-	-	30
Alps2Ocean Cycletrail - Mackenzie District Council	-	-	-	20	30
Other grants and donations	141	211	147	247	184
Total Grants and Donations	\$599	\$2,187	\$425	\$924	\$522

Notes to the Financial Statements

	2021	Council Only 2021 Budget	2020	Consolidated 2021	2020
	\$000	\$000	\$000	\$000	\$000

Note 4: Finance Revenue and Finance Expense

Finance Revenue & Expense – Policy

Interest revenue is recognised when earned.

Interest 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	8	30	5	46	33
North Otago Irrigation Co Ltd	300	518	467	300	467
Observatory Village Group	384	357	396	-	-
Kurow-Duntroon Irrigation Co Ltd	70	101	77	70	77
Advances to other entities	23	38	30	5	20
LGFA Borrower Notes	1	-	-	1	-
Sundry interest	1	-	1	1	1
Total Finance income	787	1,044	976	423	598

Analysis of Finance Expense

Bank overdraft	-	5	3	47	62
Bank borrowings	90	240	145	140	191
LGFA borrowings	79	-	-	79	-
Other external borrowings	-	-	-	12	5
Total Finance expense	169	245	148	278	258
Net Finance revenue/(expense)	\$618	\$799	\$828	\$145	\$340

Notes to the Financial Statements

	2021	Council Only 2021 Budget	2020	Consolidated 2021	Consolidated 2020
	\$000	\$000	\$000	\$000	\$000

Note 5: Personnel Costs

Personnel costs – Policy

Salaries and wages are recognised as an expense as employees provide services.

Superannuation Schemes

- Defined contribution schemes - obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.
- Multi-employer defined benefit schemes - Council belongs to a Defined Benefit Plan Contributors Scheme managed by the Board of Trustees of the National Provident Fund, which is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting. It is not possible to determine, from the terms of the scheme, the extent to which the surplus or deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Analysis of Personnel Costs:

Salaries and wages	14,226	13,847	12,862	38,537	35,090
Severance payments	30	-	7	77	55
Defined contribution plan employer contributions	402	410	363	1,033	899
Fringe Benefit Taxes	44	41	39	186	169
	14,702	14,298	13,271	39,833	36,213
Less recoveries from capital works	(1,491)	(1,765)	(1,209)	(1,491)	(1,209)
Total personnel costs	\$13,211	\$12,533	\$12,062	\$38,342	\$35,004

The 2020-21 Annual Plan included Elected Members' Remuneration as part of Salaries and wages. The 2020 Annual Report included this expense within the Other Expenses category. Budgets have been changed to achieve consistency of presentation. Refer Note 6 for further information.

Key Management Personnel

Council considers the Mayor and Councillors, the Chief Executive and the five Group Managers to be 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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Senior management team, including Chief Executive	1,156	1,212	3,618	2,953
Full-time equivalent members (number)	6	6	21	16
Councillors / Directors / Trustees	432	424	854	773
Full-time equivalent members (number)	11	11	34	33
Total remuneration	\$1,588	\$1,636	\$4,472	\$3,726
Total Full-time equivalent members	17	17	55	49

Notes to the Financial Statements

Note 5: Personnel Costs (continued)

Remuneration of the Chief Executive Officer

	Council only	
	2021	2020
	\$	\$
Fergus Power (until 4 June 2021)	281,604	274,270
Paul Hope (acting from 4 June 2021)	16,093	-
Total remuneration	\$297,697	\$274,270

Employee Staffing Levels and Remuneration

At 30 June 2021, Council had 140 full-time employees (2020: 132), and casual and part-time employees equating to 37.38 full-time equivalent (FTE) staff (2020: 35 FTE). These figures include approximately 14.45 FTE positions on a fixed-term basis (2020: 9 FTE). These figures are disclosed based on 37.5 hours per week being full time employment.

131 employees received annual remuneration of less than \$60,000 (2020: 128), and 111 staff (2020: 100) 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:

Remuneration band	Council Employees	
	2021 Number	2020 Number
\$160,000 – \$279,999	4	6
\$120,000 – \$159,999	9	7
\$100,000 – \$119,999	12	14
\$80,000 – \$99,999	41	34
\$60,000 – \$79,999	45	39
< \$60,000	131	128
Total staff	242	228

Severance Payments (Clause 33)

Council made two severance payments amounting to \$30,000 (\$18,000 and \$12,000) during the financial year (2020: 1 payment, \$6,637).

Notes to the Financial Statements

	2021	Council Only 2021 Budget	2020	Consolidated 2021	Consolidated 2020
	\$000	\$000	\$000	\$000	\$000

Note 6: Other Expenses

Operating costs - Policy

- Community Grants and 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 has no obligation to award and are recognised as expenditure when approved by Council and when that approval is communicated to the applicant.
- 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 funds are received.

- Leases**

Operating 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

Audit Fees - Audit New Zealand

Audit Current Year Annual Report	171	161	157	255	258
Audit Prior Year Annual Report	38	-	11	126	11
Audit 2021-31 Long Term Plan	139	112	-	139	-
<i>Audit Fees - Other audit providers</i>					
Audit Current Year Annual Report	-	-	-	71	78
Other Services provided	-	-	-	-	-
Community grants and donations	1,234	1,071	878	1,302	940
Consultants	2,231	1,569	2,041	3,454	4,656
Contractors	17,493	16,872	14,090	19,807	16,079
Directors' Fees	-	-	-	483	402
Elected Members' Remuneration	501	538	493	501	493
Electricity supply	2,037	1,759	1,814	2,413	2,016
Expected Credit Losses on Investments	119	-	-	119	-
Impairment of Receivables	90	150	327	71	364
Insurance premiums	749	767	702	1,183	1,127
Legal Fees	235	157	260	311	323
Operating lease expense	208	136	106	544	431
Provision for closed landfill	55	(63)	(90)	55	(90)
Valuation Expenses	259	232	247	262	250
Other Expenditure	5,629	4,910	5,117	16,695	12,327
Total Other Operating Expenses	\$31,188	\$28,371	\$26,153	\$47,791	\$39,665

As detailed in Note 5, the budget for Elected Members' Remuneration was included in Personnel costs in the 2020-21 Annual Plan. In the 2020 Annual Report, this expense was included in Other Operating Expenses and, to maintain consistency, the budget has been moved from Personnel Costs to Other Expenses in the analysis above.

Notes to the Financial Statements

Note 6: Other Expenses (continued)

Elected Members' Remuneration

	Council only	
	2021	2020
	\$	\$
<u>Waitaki District Council</u>		
<u>Mayor:</u>		
Gary Kircher	110,925	109,447
<u>Elected Members:</u>		
Jeremy Holding	31,000	30,118
Jim Hopkins	31,000	30,118
William Kingan	36,000	34,380
Guy Percival	31,000	30,118
Melanie Tavendale (Deputy Mayor)	42,776	40,206
Colin Wollstein	36,000	34,380
Hana Halalele (from 12 October 2019)	31,000	21,343
Ross McRobie (from 12 October 2019)	31,000	21,343
Kelli Williams (elected as Kelli Milmine) (from 12 October 2019)	31,000	21,343
Peter Newton (from 12 October 2019, resigned 9 December 2020)	14,070	21,343
James Thomson (from 19 April 2021)	5,776	-
Craig Dawson (to 12 October 2019)	-	8,775
Peter Garvan (resigned 9 August 2019)	-	3,332
Hugh Perkins (to 12 October 2019)	-	9,729
Janice Wheeler (to 12 October 2019)	-	8,457
Total Remuneration – Mayor and Elected Members	\$431,547	\$424,432
<u>Ahuriri Community Board</u>		
<u>Chair:</u>		
Vicky Munro (Chair from 12 October 2019)	11,639	8,103
Graham Sullivan (to 12 October 2019)	-	3,537
<u>Elected Members:</u>		
Brent Cowles	5,820	5,820
Stephen Dalley (from 2 September 2020)	4,768	-
Peter Ellis (from 10 February 2020 – leave of absence from 3 May 2021)	4,925	2,239
Ross Menzies (from 12 October 2019)	5,820	4,052
Dr June Slee (from 12 October 2019, resigned 15 May 2020)	-	3,380
Antony Chapman (to 12 October 2019)	-	1,768
Vicky Munro (Chair from 12 October 2019, see above)	-	1,768
Calum Reid (to 12 October 2019)	-	1,768
Total Remuneration – Ahuriri Community Board	\$32,972	\$32,435
<u>Waihemo Community Board</u>		
<u>Chair:</u>		
Heather McGregor (Chair from 12 October 2019)	12,087	8,452
Kathleen Dennison (to 12 October 2019)	-	3,672
<u>Elected Members:</u>		
Ken Brown (to 12 October 2019)	-	1,836
Heather McGregor (Chair from 12 October 2019, see above)	-	1,836
Katrina Dodd (from 12 October 2019)	6,044	4,208
Casey Linklater (from 12 October 2019)	6,044	4,208
Paul Roy	6,044	6,044
Carol Watson	6,044	6,044
Total Remuneration – Waihemo Community Board	\$36,263	\$36,300
Total Elected Member Remuneration	\$500,782	\$493,167

Notes to the Financial Statements

		Council Only		Consolidated	
	2021	2021	2020	2021	2020
		Budget			
	\$000	\$000	\$000	\$000	\$000

Note 7: Non-trading Losses / (Gains)

Non-trading Losses / (Gains) - Policy

- Gains or losses realised on the disposal of Property, Plant and Equipment, including depreciation recovered on disposal, are recognised as non-trading gains or losses upon completion of the sale transaction.
- Any change in value arising from the annual revaluation of Council's forestry holdings is recognised upon completion of the revaluation process.
- The annual revaluation of investment property held by Observatory Village Charitable Trust 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	2,154	-	1,404	2,049	1,389
Depreciation recovered on disposal	(99)	-	(27)	(328)	(159)
Loss / (Gain) on revaluation of Forestry Assets	(71)	-	(18)	(71)	(18)
Loss / (Gain) on revaluation of Investment Properties	-	-	-	(3,970)	(1,756)
Impairment of Tourism Waitaki Ltd assets	-	-	-	-	284
Total Non-trading Losses / (Gains)	\$1,984	\$ -	\$1,359	(\$2,320)	(\$260)

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 8: Taxation

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	(4,392)	(3,124)	(2,692)	(3,433)
Prima facie taxation at 28%	(1,230)	(875)	(754)	(981)
Plus/(Less) Taxation Effect of Differences				
- Revenue not liable for taxation	1,230	875	696	1,094
- Tax effect of other differences	-	-	(40)	(101)
Income Tax Expense	\$ -	\$ -	(\$98)	\$12
<i>This is represented by:</i>				
Current taxation	-	-	(11)	73
Prior year adjustment	-	-	24	-
Deferred taxation provision	-	-	(111)	(61)
Income Tax Expense	\$ -	\$ -	(\$98)	\$12

Whitestone Contracting Ltd has imputation credits of \$2,147,434 (2020: \$2,345,968) which can be used to impute dividend payments made to Council. Imputation credit balances are not recorded in the financial statements.

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

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 8: Taxation (continued)

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.

Deferred taxation liability/(benefit)

Opening balance

- Property Plant and Equipment	-	-	445	498
- Employee entitlements	-	-	(224)	(217)
- Provisions	-	-	239	109
Balance at 1 July	-	-	460	390

Movements during the year

- Property Plant and Equipment	-	-	(52)	(53)
- Employee entitlements	-	-	(4)	(7)
- Provisions	-	-	(44)	130
Total change	-	-	(100)	70

Closing balance

- Property Plant and Equipment	-	-	393	445
- Employee entitlements	-	-	(228)	(224)
- Provisions	-	-	184	239
Total Deferred Tax	\$ -	\$ -	\$349	\$460

Deferred taxation comprises:

Short term temporary differences	-	-	349	460
	\$ -	\$ -	\$349	\$460

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 9: Equity

Equity – Policy

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 by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the 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 (where applicable) to meet expenditure needs identified in those plans, and sets out factors that must 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	\$310,208	\$310,208	\$310,208	\$310,208

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 9: Equity (continued)

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.

Balance at 1 July	564,372	480,934	577,752	492,879
Water & Wastewater revaluation	111,666	-	111,790	-
Roading revaluation	-	45,785	-	45,785
Property revaluation		38,711		40,146
Transfers to Operating Reserve	(1,803)	(1,058)	(1,271)	(1,058)
Balance at 30 June	\$674,235	\$564,372	\$688,271	\$577,752

Represented by

Infrastructural Assets	581,726	471,184	582,660	471,184
Council Property	92,384	93,063	92,384	93,063
Council Other (Museum)	125	125	125	125
Waitaki District Health Services Ltd	-	-	9,845	9,845
Whitestone Contracting Ltd	-	-	3,257	3,535
Balance at 30 June	\$674,235	\$564,372	\$688,271	\$577,752

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.

Balance at 1 July	22,615	24,725	38,080	40,583
Net surplus/(deficit) after tax	(4,392)	(3,124)	(2,692)	(3,517)
Transfer from Revaluation Reserves	1,803	1,058	1,271	1,058
Transfer from Other Reserves	2,780	2,374	2,780	2,374
Transfer to Other Reserves	(3,629)	(2,418)	(3,629)	(2,418)
Balance at 30 June	\$19,177	\$22,615	\$35,810	\$38,080

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

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 9: Equity (Continued)

Other Reserves

Reserves and Trust Funds created or received by Council under terms that 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	13,038	13,263	13,038	13,263
Trust Funds	2,302	2,048	2,302	2,048
Loan Funds	1	1	1	1
SPARC and Creative Communities funds	15	-	15	-
Total Balance at 1 July	\$15,356	\$15,312	\$15,356	\$15,312

Movements in Other Reserves

Transfers from Operating Reserves	3,629	2,443	3,629	2,443
Transfers to Operating Reserves	(2,780)	(2,399)	(2,780)	(2,399)
Net movement	849	44	849	44

Balance at 30 June

Special Funds	13,718	13,038	13,718	13,038
Trust Funds	2,482	2,302	2,482	2,302
Loan Funds	1	1	1	1
SPARC and Creative Communities funds	4	15	4	15
Balance at 30 June	\$16,205	\$15,356	\$16,205	\$15,356

- Special Funds
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 and Creative Communities funds
Funds are 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.

Additional analysis of the movements in Other Reserves, and specifics of the purpose of significant types of Other Reserves, are provided in the table appearing on the following page.

Notes to the Financial Statements

Note 9: Equity (Continued)

Other Reserves (Continued)

Type of Reserve	Purpose of Reserve		Balance at 1 July 2019 \$000	Transfers to Reserves \$000	Transfers from Reserves \$000	Balance at 30 June 2020 \$000	Transfers to Reserves \$000	Transfers from Reserves \$000	Balance at 30 Jun 2021 \$000
Special Reserves									
<u>Development Funds</u>									
Roading	Future expansion and upgrading infrastructure for grow th		511	246	(273)	484	241	(334)	391
Water			850	390	(345)	895	793	(729)	959
Sewer			2,695	211	(748)	2,158	401	-	2,559
Total Development Funds		A	4,056	847	(1,366)	3,537	1,435	(1,063)	3,909
<u>Other Council-created Funds</u>									
Disaster & Insurance Excess Funds	Contingency for rapid response	B	3,830	90	(139)	3,781	120	(971)	2,930
Land Endowment Fund	Operational funding	C	720	164	(25)	859	275	(39)	1,095
Community Housing Fund	Community housing projects & upgrades	D	787	19	-	806	16	(9)	813
Forestry Planting Fund	Net proceeds from forestry activities	E	1,399	43	-	1,442	35	(3)	1,474
Other Council-created funds	Established for other specific purposes		2,471	865	(723)	2,613	1,024	(140)	3,497
Total Special Reserves			13,263	2,028	(2,253)	13,038	2,905	(2,225)	13,718
Trust Funds									
Waitaki Heritage Fund	Support for heritage projects	F	271	29	(35)	265	3	(105)	163
RMA Reserve	Future recreational developments		1,237	331	(81)	1,487	445	(289)	1,643
Ōamaru Public Gardens	Grants, donations, bequests and other gifts for specific purposes		155	5	-	160	6	-	166
North Otago Museum			154	5	(1)	158	25	(97)	86
Other community purposes			231	7	(6)	232	200	(8)	424
Total Trust Funds			2,048	377	(123)	2,302	679	(499)	2,482
Reserved Funds									
SPARC and Creative NZ Funds	Funds for community organisation grants		-	38	(23)	15	45	(56)	4
Loan Funds	Repayments of heritage loans		1	-	-	1	-	-	1
Total Reserved Funds			1	38	(23)	16	45	(56)	5
Total Restricted Reserves			\$ 15,312	\$ 2,443	(\$ 2,399)	\$ 15,356	\$ 3,629	(\$ 2,780)	\$ 16,205

Note A - Development Contributions fund infrastructure projects that provide expanded service capacity resulting from or in anticipation of growth

Note B - Council-created funds may only be accessed by Council resolution. Disaster & Insurance Excess funds are for use in an emergency

Note C - Endowment Funds provide additional operational funding for specific Council activities

Note D - Funds from the sale of community housing units are held for other community housing initiatives

Note E - Proceeds from Forestry activities held to fund future re-planting requirements

Note F - Financial contributions received from developers under the Resource Management Act provide and upgrade parks and green spaces to service new subdivisions

Notes to the Financial Statements

Note 10: Property, Plant and Equipment

Property, Plant and Equipment – Policy

Property, Plant and Equipment consists of:

Operational assets – including land, buildings, landfill (post closure), library books, plant and equipment, furniture and fittings, and motor vehicles.

Restricted assets – mainly parks, reserves and other property owned by Council and the group for benefit or service to the community and which cannot be disposed of because of legal or other restrictions.

Infrastructure assets – fixed utility systems owned by Council and the group. Each asset class includes all items required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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 are 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 not recognised in other comprehensive revenue and expense but is recognised 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 balance date are regarded as Work in Progress and included in Property, Plant and Equipment. Such assets are not depreciated until they are complete and commissioned. Work in Progress is recognised at cost less any impairment. Movements into Work in Progress represent the value of work done on incomplete capital projects, while movements out of Work in Progress represent the final capitalisation of the completed project.

Subsequent Costs

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

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

Property, Plant and Equipment – Policy (continued)

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals 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 live	Depreciation
Buildings	11 – 100 years	1% - 9%
Improvements	4 – 100 years	1% - 25%
Infrastructure Assets		
Roading		
Formation, sub-base course	Not depreciated	N/A
Pavement structure	20 – 70 years	1.43% - 5%
Surfacing	2 – 30 years	3.33% - 50%
Drainage, Footpaths	10 – 100 years	1% - 10%
Bridges, retaining structures	25 – 100 years	1% - 4%
Streetlights, railings and markers	4 – 35 years	2.85% - 25%
Signage and parking meters	5 – 15 years	6.67% - 20%
Water Schemes		
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		
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	1.5 – 40 years	2.5% - 67%
Office equipment	2 – 20 years	5% - 50%
Office furniture & fittings	1.5 – 30 years	3.33% - 67%
Cultural and heritage assets – library books	5 – 7 years	14.29% - 20%

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

Property, Plant and Equipment – Policy (continued)

Diminishing Value depreciation

Asset category / type	Depreciation
Buildings	2% - 100%
Plant and Equipment	4% - 67%
Office Equipment	8% - 67%
Furniture and Fittings	3% - 80.4%
Computer hardware	30% - 50%
Motor Vehicles	20% - 30%

Depreciation

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 and Buildings

Property holdings, including Parks, the Aquatic Centre and the Ōamaru Airport, were valued at 1 July 2019 by Luke van den Broek of Aon Valuation Services and the values established were recognised by Council at 30 June 2020. Aon have completed a fair value assessment at 30 June 2021 and determined that, in their opinion, no significant variations have occurred.

Property held by other group members was revalued in line with Council at 30 June 2020 by professional external valuers.

Roading Network

Council's roading network was valued at 30 June 2020 by Tui Craven, Asset Data Manager, and reviewed by Aaron Hartland, Team Leader – Asset and Information Management, both of WSP New Zealand Ltd. Bridges and retaining structures were valued separately at the same date by David Charters of DCL Consulting Ltd. A fair value assessment has been performed at 30 June 2021 to gain assurance that no significant variations in underlying assumptions and unit rates have occurred.

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. The methods used in determining the value of wastewater oxidation ponds has changed, resulting in a significant increase in value of approximately \$60 million. Wastewater oxidation ponds and their wavebands/liners, together with the Stoneburn earth reservoir, were repriced by a quantity surveyor specific for each site. Values ascribed allow for topography and current earthquake requirements and increased environmental standards which require greater geotechnical consideration such as significant lining to prevent infiltration. The significant increase in value is balanced by the fact that these assets will no longer be depreciated.

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

Property, Plant and Equipment – Policy (continued)

Valuation Methodology, and 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.

Because of the pandemic, valuations in particular of land and buildings are inherently uncertain. In terms of property markets, it is difficult at the current time to determine if this is a short-term liquidity issue or a longer-term concern. Illiquidity on the property markets means there will be a time delay in establishing transactional evidence to demonstrate actual pricing and what any adjustment from pre-pandemic values is likely to be.

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 Limited, 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 Head Librarian and are not subject to independent review because they are based on readily available market prices.

Cultural and Heritage Assets

These assets provide a cultural or heritage service to the community, and include artefacts held in the Waitaki Museum & Archive, 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, and 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 5 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 17. 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.

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (Council Only)

2021 Council Only	Cost/ Valuation 01-Jul-20	Current Year Assets Constructed by WDC \$000	Current Year Assets Transferred to WDC \$000	Current Year Disposals \$000	Revaluation \$000	Cost/ Valuation 30-Jun-21 \$000	Accum Depn & Impairment Charges 01-Jul-20 \$000	Current Year Depreciation \$000	Current Year Disposals \$000	Revaluation \$000	Current Year Impairment Charges \$000	Accum Depn & Impairment Charges 30-Jun-21 \$000	Book Value 30-Jun-20 \$000	Book Value 30-Jun-21 \$000
Land	62,032	32	1	(329)		61,736							62,032	61,736
Buildings and Improvements	64,564	1,513	98	(205)		65,970	3,618	3,258	(67)			6,809	60,946	59,161
Infrastructural Assets														
- Roadings	555,361	6,761	1,018			563,140	438	6,736				7,174	554,923	555,966
- Bridges	20,171	1,968	22			22,161		619				619	20,171	21,542
- Water Supply Schemes:														
Treatment Plants and Facilities	21,223	426		(942)	4,410	25,117	1,698	872	(199)	(2,371)			19,525	25,117
Other Assets (ie Reticulation)	58,708	3,976		(840)	17,105	78,949	2,235	1,232	(76)	(3,391)			56,473	78,949
- Sewerage Schemes:														
Treatment Plants and Facilities	12,118	53		(321)	65,109	76,959	684	479	(50)	(1,113)			11,434	76,959
Other Assets (ie Reticulation)	39,704	453		(99)	12,325	52,383	1,590	815	(37)	(2,368)			38,114	52,383
- Drainage Schemes	18,060				2,660	20,720	542	273		(815)			17,518	20,720
- Solid Waste Facilities	1,300	6				1,306	1,173	23				1,196	127	110
- Oamaru Harbour	32,509	321				32,830	6,405	343				6,748	26,104	26,082
- Alps to Ocean	5,183	1,514				6,697	892	213				1,105	4,291	5,592
Total Infrastructural Assets	764,337	15,478	1,040	(2,202)	101,609	880,262	15,657	11,605	(362)	(10,058)		16,842	748,680	863,420
Operational Assets														
- Plant, Equipment and Vehicles	1,960	616		(218)		2,358	1,072	179	(93)			1,158	888	1,200
- Office Equipment and Fittings	4,817	1,115		(67)		5,865	3,779	495	(58)			4,216	1,038	1,649
Total Operational Assets	6,777	1,731		(285)		8,223	4,851	674	(151)			5,374	1,926	2,849
Collections	2,054	120	2	(78)		2,098	550	109	(68)			591	1,504	1,507
Capital Works in Progress	5,961	7,604		(3,048)		10,517							5,961	10,517
	905,725	26,478	1,141	(6,147)	101,609	1,028,806	24,676	15,646	(648)	(10,058)		29,616	881,049	999,190

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (Council Only)

2020 Council Only	Cost/ Valuation 01-Jul-19 \$000	Current Year Assets Constructed by WDC \$000	Current Year Assets Transferred to WDC \$000	Current Year Disposals \$000	Revaluation \$000	Cost/ Valuation 30-Jun-20 \$000	Accum Depn & Impairment Charges 01-Jul-19 \$000	Current Year Depreciation \$000	Current Year Disposals \$000	Revaluation \$000	Current Year Impairment Charges \$000	Accum Depn & Impairment Charges 30-Jun-20 \$000	Book Value 30-Jun-19 \$000	Book Value 30-Jun-20 \$000
Land	46,852	17		(457)	15,620	62,032							46,852	62,032
Buildings and Improvements	47,781	1,779		(91)	15,095	64,564	8,273	3,297	44	(7,996)		3,618	39,508	60,946
Infrastructural Assets														
- Roading	519,455	7,006			28,900	555,361	12,338	6,149	268	(18,317)		438	507,117	554,923
- Bridges	23,475	21			(3,325)	20,171	1,260	634		(1,894)			22,215	20,171
- Water Supply Schemes:														
Treatment Plants and Facilities	20,646	714		(137)		21,223	846	866	(14)			1,698	19,800	19,525
Other Assets (ie Reticulation)	57,304	2,062	59	(717)		58,708	1,066	1,229	(60)			2,235	56,238	56,473
- Sewerage Schemes:														
Treatment Plants and Facilities	8,804	3,397		(83)		12,118	359	360	(35)			684	8,445	11,434
Other Assets (ie Reticulation)	39,165	610	57	(128)		39,704	804	811	(25)			1,590	38,361	38,114
- Drainage Schemes	18,063	36		(39)		18,060	270	273	(1)			542	17,793	17,518
- Solid Waste Facilities	1,300					1,300	1,150	23				1,173	150	127
- Oamaru Harbour	32,509	27		(27)		32,509	6,093	339	(27)			6,405	26,416	26,104
- Alps to Ocean	4,883	300				5,183	709	183				892	4,174	4,291
Total Infrastructural Assets	725,604	14,173	116	(1,131)	25,575	764,337	24,895	10,867	106	(20,211)		15,657	700,709	748,680
Operational Assets														
- Plant, Equipment and Vehicles	2,406	(218)		(228)		1,960	1,364	192	(484)			1,072	1,042	888
- Office Equipment and Fittings	4,422	453		(58)		4,817	3,392	441	(54)			3,779	1,030	1,038
Total Operational Assets	6,828	235		(286)		6,777	4,756	633	(538)			4,851	2,072	1,926
Collections	2,049	103	4	(102)		2,054	542	102	(94)			550	1,507	1,504
Capital Works in Progress	3,120	4,849		(2,008)		5,961							3,120	5,961
	832,234	21,156	120	(4,075)	56,290	905,725	38,466	14,899	(482)	(28,207)		24,676	793,768	881,049

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (Consolidated)

2021 Consolidated	Cost/ Valuation 01-Jul-20	Current Year Assets Constructed by WDC	Current Year Assets Transferred to WDC	Current Year Disposals	Revaluation	Cost/ Valuation 30-Jun-21	Accum Depn & Impairment Charges 01-Jul-20	Current Year Depreciation	Current Year Disposals	Revaluation	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-21	Book Value 30-Jun-20	Book Value 30-Jun-21
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	68,192	32	1	(504)		67,721							68,192	67,721
Buildings and Improvements	83,074	1,638	98	(364)		84,446	3,690	3,910	(75)			7,525	79,384	76,921
Infrastructural Assets														
- Roadings	555,361	6,616	1,018			562,995	438	6,736				7,174	554,923	555,821
- Bridges	20,171	1,968	22			22,161		619				619	20,171	21,542
- Water Supply Schemes														
Treatment Plants and Facilities	21,223	426		(942)	4,410	25,117	1,698	872	(199)	(2,371)			19,525	25,117
Other Assets (ie Reticulation)	58,708	3,976		(840)	17,105	78,949	2,235	1,232	(76)	(3,391)			56,473	78,949
- Sewerage Schemes														
Treatment Plants and Facilities	12,118	53		(321)	65,109	76,959	684	479	(50)	(1,113)			11,434	76,959
Other Assets (ie Reticulation)	39,704	453		(99)	12,325	52,383	1,590	815	(37)	(2,368)			38,114	52,383
- Drainage Schemes	18,060				2,660	20,720	542	273		(815)			17,518	20,720
- Solid Waste	1,300	6				1,306	1,173	23				1,196	127	110
- Oamaru Harbour	32,509	320				32,829	6,405	343				6,748	26,104	26,081
- Alps to Ocean	5,183	1,514				6,697	892	213				1,105	4,291	5,592
Total Infrastructural Assets	764,337	15,332	1,040	(2,202)	101,609	880,116	15,657	11,605	(362)	(10,058)		16,842	748,680	863,274
Operational Assets														
- Plant, Equipment and Vehicles	29,848	3,405		(1,569)		31,684	19,367	2,025	(1,284)			20,108	10,481	11,576
- Office Equipment and Fittings	7,413	1,215		(144)		8,484	4,959	712	(134)			5,537	2,454	2,947
Total Operational Assets	37,261	4,620		(1,713)		40,168	24,326	2,737	(1,418)			25,645	12,935	14,523
Collections	2,054	120	2	(78)		2,098	550	109	(68)			591	1,504	1,507
Capital Works in Progress	6,172	7,604		(3,234)		10,542							6,172	10,542
	961,090	29,346	1,141	(8,095)	101,609	1,085,091	44,223	18,361	(1,923)	(10,058)		50,603	916,867	1,034,488

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (Consolidated)

2020 Consolidated	Cost/ Valuation 01-Jul-19	Current Year Assets Constructed by WDC	Current Year Assets Transferred to WDC	Current Year Disposals	Revaluation	Cost/ Valuation 30-Jun-20	Accum Depn & Impairment Charges 01-Jul-19	Current Year Depreciation	Current Year Disposals	Revaluation	Current Year Impairment Charges	Accum Depn & Impairment Charges 30-Jun-20	Book Value 30-Jun-19	Book Value 30-Jun-20
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	52,676	17		(457)	15,956	68,192							52,676	68,192
Buildings and Improvements	65,963	1,908		(91)	15,294	83,074	8,780	3,926	44	(9,060)		3,690	57,183	79,384
Infrastructural Assets														
- Roading	519,455	7,006			28,900	555,361	12,338	6,149	268	(18,317)		438	507,117	554,923
- Bridges	23,475	21			(3,325)	20,171	1,260	634		(1,894)			22,215	20,171
- Water Supply Schemes														
Treatment Plants and Facilities	20,646	714		(137)		21,223	846	866	(14)			1,698	19,800	19,525
Other Assets (ie Reticulation)	57,304	2,062	59	(717)		58,708	1,066	1,229	(60)			2,235	56,238	56,473
- Sewerage Schemes														
Treatment Plants and Facilities	8,804	3,397		(83)		12,118	359	360	(35)			684	8,445	11,434
Other Assets (ie Reticulation)	39,165	610	57	(128)		39,704	804	811	(25)			1,590	38,361	38,114
- Drainage Schemes	18,063	36		(39)		18,060	270	273	(1)			542	17,793	17,518
- Solid Waste	1,300					1,300	1,150	23				1,173	150	127
- Oamaru Harbour	32,509	27		(27)		32,509	6,093	339	(27)			6,405	26,416	26,104
- Alps to Ocean	4,883	300				5,183	709	183				892	4,174	4,291
Total Infrastructural Assets	725,604	14,173	116	(1,131)	25,575	764,337	24,895	10,867	106	(20,211)		15,657	700,709	748,680
Operational Assets														
- Plant, Equipment and Vehicles	29,397	1,716		(1,265)		29,848	18,483	1,952	(1,352)		284	19,367	10,914	10,481
- Office Equipment and Fittings	6,786	710		(83)		7,413	4,398	639	(78)			4,959	2,388	2,454
Total Operational Assets	36,183	2,426		(1,348)		37,261	22,881	2,591	(1,430)		284	24,326	13,302	12,935
Collections	2,049	103	4	(102)		2,054	542	102	(94)			550	1,507	1,504
Capital Works in Progress	3,120	5,060		(2,008)		6,172							3,120	6,172
	885,595	23,687	120	(5,137)	56,825	961,090	57,098	17,486	(1,374)	(29,271)	284	44,223	828,497	916,867

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

Capital Work in Progress

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

	2021 \$000	2020 \$000
Infrastructural Assets – roading and bridges	110	279
Infrastructural Assets – water supply schemes	8,439	2,848
Infrastructural Assets – sewerage schemes	174	154
Infrastructural Assets – drainage schemes	66	64
Property and other assets	1,728	2,616
Total	\$10,517	\$5,961

Restricted Assets

Asset categories Land, and Buildings and Improvements, include restricted properties. These restrictions affect Council's right to use, or dispose of, the asset, and may 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 \$15,884,337 (2020: \$15,860,403).

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, in particular, remain available for use, and must consider carefully ways of managing risk effectively and making the best use of insurance and other mitigation tools.

- Water, Wastewater and Stormwater Assets

Total carrying value \$254,125,656 (2020: 143,062,110). Individual assets valued in excess of \$1,000,000 are insured – value of these assets for insurance purposes is \$41,128,623 (2020: \$41,128,623). 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 \$404,318,826, 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	\$176,556,717
Wastewater (Sewerage) schemes	\$189,226,962
Storm Water (Drainage) schemes	\$38,535,147

- Land and Buildings

Council's land has a carrying value of \$61,737,818 (2020: \$62,032,400) and cannot be insured. Restoration might be funded by the Earthquake Commission if the loss occurred as a result of earthquake or landslide.

Council's buildings have a carrying value of \$59,160,720 (2020: \$60,945,996), and a value of \$158,268,723 (2020: \$148,672,543) 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).

- Roothing Assets, including bridges and footpaths

Total carrying value \$577,507,948 (2020: \$575,093,922). These are not specifically insured, but significant loss or damage would be subsidised by Waka Kotahi NZ 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 \$756,258,272 based on the valuation at 1 July 2020.

- Solid Waste facilities, Ōamaru Harbour and the Alps2Ocean Cycle Trail

Total carrying value of \$31,783,968 (2020 30,522,901). Not specifically insured. Replacement or reinstatement would be funded from operational budgets or depreciation reserves.

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

- Art Works, Museum Collections, Library Books

Total carrying value \$1,507,936. Valued at \$4,000,550 for insurance purposes (2020: \$4,000,550), being \$3,000,550 for Council's own art works (2020: \$3,000,550), and \$1,000,000 for art works on loan to Council (2020: \$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.

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

- Vehicles, Plant and Equipment, Furniture and Fittings

Council's vehicles have a carrying value of \$1,201,045, and a value for insurance purposes of \$855,124 (2020: \$848,108). All are insured for replacement value.

Other items appearing as Council's assets with a carrying value of \$1,650,236 are not insured. Individual items are not generally of material value, and depreciation reserves would provide funding for replacement.

- Summary of Insurance Cover arranged by Council

Total carrying value of Property Plant and Equipment	\$999,190,064
Total value of cover for insurance purposes	<u>\$204,253,020</u>
Total value of uninsured assets	<u>\$794,937,044</u>

Significant uninsured assets include:

Road Network (NZTA subsidies, Council reserves)	\$577,507,948
Water, Wastewater and stormwater assets (LAPP assistance)	\$212,997,023
Land holdings (uninsurable, potential Earthquake Commission funding)	\$61,737,818
Solid Waste, Harbour, Cycle Trail	\$31,783,968

In the event of the destruction of or significant damage to uninsured assets as a result of a natural disaster, financial support might be provided from Waka Kotahi NZTA subsidies, the LAPP fund, the Earthquake Commission and Council's own reserves, including the Disaster Fund and the Insurance Excess Fund (details below). Furthermore, assets that were destroyed might not be rebuilt or, if reconstructed, might not be in the same configuration as the previous asset, in order 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 provide a reserve to meet uninsured losses that may arise. At 30 June 2021, the Disaster Fund stood at \$2,727,425 (2020: \$3,577,998), and the Insurance Excess Fund remained at \$203,094 (2020: \$203,094). Council maintains committed cash facilities with its bankers to provide additional and immediate funding to meet any shortfall.

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings, and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer as at 30 June 2020. That valuation was reassessed by the same valuer to determine fair value at the current balance date, with the result that the present carrying values do not differ significantly from market value.

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 2020 valuation include:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations
- The replacement cost is derived from recent construction contracts of modern equivalent assets and Property Institute of New Zealand cost information. Construction costs range from \$955 to \$3,080 per square metre, depending on the nature of the specific asset valued
- There are no significant asbestos issues associated with the buildings
- There are no significant earthquake-prone issues associated the buildings
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset
- Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market-based evidence.

Significant assumptions in the 30 June 2020 valuation include:

- 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 has assumed market rental with standard terms, including a 6 year lease term and rent review every 2 years.

Infrastructural asset classes

Roads and Bridges

As noted previously, the most recent valuation of roads and bridges was performed as at 30 June 2020 by an independent registered valuer at 30 June 2020. This valuation was reassessed at 30 June 2021 to determine whether the present carrying values reflected fair value of the assets. That reassessment concluded that present carrying values reflected fairly the present value of the assets concerned.

Water, Sewerage and Stormwater infrastructure

As noted previously, the most recent valuation of sewerage, water and stormwater infrastructural assets was performed by an independent registered valuer as at 30 June 2021.

Notes to the Financial Statements

Note 10: Property, Plant and Equipment (continued)

Critical accounting estimates and assumptions (continued)

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. The Council has determined that there is no significant surplus capacity in its sewerage and water assets.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Those unit rates are applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2021 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions, such as weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council might be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been 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 past experience. Asset inspections, deterioration, and condition-modelling are also 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. Given the uncertainty over the future intended use of the land, Council has not classified the land as investment property.
- Reliability of asset valuations
As previously stated, the COVID-19 pandemic has introduced a level of uncertainty, particularly in terms of property markets. As a consequence, there is a degree of uncertainty around the values of assets held by Council and the group, particularly those related to non-specialised land and buildings. 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. In the event that such a fair value assessment indicated a significant variation, Council would recognise the effect of the adjustment required to correct the situation in that year's statement of comprehensive Revenue and expense.

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 11: Investment Property

Investment property – policy

Investment property includes land and buildings related to the retirement village operation which are held 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 the fair values are included in the Statement of Comprehensive Revenue and Expense in the year in which 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.

Development in progress is cost incurred for buildings that had not yet been completed and professional fees for developments that have not yet commenced at balance date. This is transferred to Investment Property on completion of each relevant stage.

Investment Property

Balance at 1 July	-	-	26,165	21,675
Additions and transfers	-	-	1,315	2,734
Revaluation Gain / (Loss)	-	-	3,970	1,756
Balance at 30 June	\$-	\$-	\$31,450	\$26,165

Development in Progress

Balance at 1 July	-	-	-	49
Development costs incurred	-	-	-	3,124
Transferred to Investment Property	-	-	-	(3,124)
Transferred to Property, Plant & Equipment	-	-	-	(49)
Balance at 30 June	\$-	\$-	\$-	\$-
Total at 30 June	\$-	\$-	\$31,450	\$26,165

Investment property was valued by W J Glassey FNZIV, AREINZ, FPINZ MNZIM, and S J Stark, Bbus Prop (VAL), MPINZ, Registered Valuers of CVAS (CHC) Limited trading as Colliers at 30 June 2021. The valuation was prepared in accordance with PBE IPSAS 16 Investment Properties along with PBE IAS 17 Property, Plant and Equipment. Colliers is appropriately qualified and experienced in valuing retirement village properties in New Zealand.

Fair values were determined using a two-step approach. The determination of the value of the care facility is complex and is based on income capitalisation of the market rent adopting a 7.5% yield (2020: 7.75%).

Care suites, Apartments and Villas are valued using the discounted cash flow approach. The major assumptions used in the discounted cash flow analysis are the discount rate of 14.75% (2020 15.25%), growth rates in unit values which range from 0% for year 1, 1% for year 2 and 2.5% from year 3 onwards over the term of the cash flow, with compounded growth rate of 2.34% (2020: 2.27%) per annum. For independent villas, a market value compounded growth rate of 2.84% (2020: 2.68%) has been adopted. This growth rate reflects a growth rate of 0% for year 1, 2% for year 2 and then 3% from year 3 onwards. A deduction for expenses such as refurbishment costs, marketing and capital expenditure has also been adopted.

Notes to the Financial Statements

Note 11: Investment Property – continued

Occupation Right Agreement contracts were also reviewed, and the valuation adjusted for residents' share, if any, of capital gains when determining the market value to the proprietor. Other assumptions used by the valuer include the average age at 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 the Observatory Village Charitable Trust which is then adjusted to take into account the residents' Occupation Right Agreement liability as recorded in the Statement of Financial Position to determine the overall land and improvement value.

There is approximately 48,635 square metres of excess land remaining as undeveloped and as shown in the report, this has been valued at \$15.00 (2020: \$13.25) per square metre.

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, the specific adjustments made to discount rates and near-term growth rates for COVID-19 in the prior year valuations have been critically analysed and adjusted when determining value at 30 June 2021. 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.

Notes to the Financial Statements

Note 12: Intangible Assets

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 are 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 are derecognised when they are surrendered to satisfy carbon emission obligations.

Credits have been purchased to meet future obligations related to emissions at the Palmerston landfill facility. These obligations are satisfied by surrendering credits based on volumes of waste accepted at the facility. Remaining units are held firstly to meet ongoing obligations related to the Palmerston landfill facility, 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:

- Goodwill

Goodwill arising as part of a business combination is measured at the date of acquisition at fair value of consideration transferred, less fair value of assets acquired, less liabilities assumed, and is subsequently assessed for impairment, and its value adjusted accordingly, annually, or more frequently as indicators of impairment become apparent.

- Resource consents

Resource consents are initially valued at cost, and subsequently amortised on a straight-line basis over the term of the specific consent.

- Other

Other intangible assets with an identifiable useful life of 25 years, which are amortised on a straight-line basis.

Amortisation

Intangible assets are amortised on the following bases

	Economic life	Amortisation rate
• Software	2 – 10 years	10% – 50%
• Carbon credits	no amortisation, credits are disposed of when surrendered	
• Other items	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.

Notes to the Financial Statements

Note 12: Intangible Assets (continued)

	2021				2020			
	Software	Carbon Credits	Other	Total	Software	Carbon Credits	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council only								
Balance at 1 July								
Cost	2,992	14	165	3,171	2,837	14	165	3,016
Accumulated Amortisation	(2,221)	-	(165)	(2,386)	(1,950)	-	(158)	(2,108)
Opening Book Value	771	14	-	785	887	14	7	908
Movements for the year								
Additions	1,047	-	-	1,047	155	-	-	155
Disposals - cost	(2)	-	(165)	(167)	-	-	-	-
Amortisation charge	(307)	-	-	(307)	(271)	-	(7)	(278)
Disposals - accum amortisation	2	-	165	167	-	-	-	-
Net movement for the year	740	-	-	740	(116)	-	(7)	(123)
Balance at 30 June								
Cost	4,037	14	-	4,051	2,992	14	165	3,171
Accumulated Amortisation	(2,526)	-	-	(2,526)	(2,221)	-	(165)	(2,386)
Closing Book Value	\$1,511	\$14	\$ -	\$1,525	\$771	\$14	\$ -	\$785
Consolidated								
Balance at 1 July								
Cost	3,352	14	788	4,154	3,220	14	988	4,222
Accumulated Amortisation	(2,435)	-	(704)	(3,139)	(2,162)	-	(881)	(3,043)
Opening Book Value	917	14	84	1,015	1,058	14	107	1,179
Movements for the year								
Additions	1,138	-	-	1,138	155	-	-	155
Disposals - cost	(176)	-	(165)	(341)	(23)	-	(200)	(223)
Amortisation charge	(322)	-	(16)	(338)	(296)	-	(23)	(319)
Disposals - accum amortisation	8	-	165	173	23	-	200	223
Net movement for the year	648	-	(16)	632	(141)	-	(23)	(164)
Balance at 30 June								
Cost	4,314	14	623	4,951	3,352	14	788	4,154
Accumulated Amortisation	(2,749)	-	(555)	(3,304)	(2,435)	-	(704)	(3,139)
Closing Book Value	\$1,565	\$14	\$68	\$1,647	\$917	\$14	\$84	\$1,015

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 13: Forestry Assets

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	286	269	286	269
Gains / (Losses) arising from changes in fair value less estimated point of sale costs	71	17	71	17
Balance at 30 June	<u>\$357</u>	<u>\$286</u>	<u>\$357</u>	<u>\$286</u>

Council has several forest stands covering a net stocked area of 113.8ha (2020: 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 2021, was performed by David Janett, B.For.Sc, MNZIF, a registered forestry consultant, on behalf of Forestry Management Limited. A pre-tax discount rate of 9.0% (2020: 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 \$268,816 (2020: \$268,815) for the forestry plantations, up to \$250,000 (2020: \$250,000) for fire-fighting costs and up to \$111,800 (2020: \$111,800) for replanting and other re-establishment costs.

Emissions Trading Scheme

The 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).

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 14: Financial Assets

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 records 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, LGFA borrower notes and the investment in the joint arrangement.

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- Loans and receivables at amortised cost (included term deposits and loans to other entities);
- Held-to-maturity investments at amortised cost (included listed bonds); and
- Fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, likely bankruptcy, receivership or liquidation, and default in payments were indicators the asset was impaired.
- Impairment losses on shares were recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense was transferred from equity to surplus or deficit on disposal of the investment.

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 14: Financial Assets (Continued)

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.

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

Investment in subsidiaries

Council consolidates in the group financial statements all entities where Council can control financing and operating policies so as 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. Council holds 100% ownership of these entities which, with the Waitaki Whitestone Geopark Trust in which Council has a beneficial interest, form Council's consolidated group.

Whitestone Contracting Ltd	4,600	4,600	-	-
Tourism Waitaki Ltd	103	103	-	-
Waitaki District Health Services Ltd	-	-	-	-
Total Investment in Subsidiaries	\$4,703	\$4,703	-	-

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 14: Financial Assets (continued)

Interest in Joint Venture (Fair value through surplus and deficit)

Council retains 50% ownership of Ōmārama Airfield Ltd for strategic reasons and adjusts the value of its holdings by its share of the company's surplus or deficit at each balance date.

Opening balance	1,675	679	1,675	679
Share of reported surplus / (deficit)	(31)	996	(31)	996
Closing balance	\$1,644	\$1,675	\$1,644	\$1,675

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

<i>Operating Revenue</i>	97	156	97	156
<i>Operating Expenditure</i>	(159)	(173)	(159)	(173)
<i>Provision for Taxation</i>	-	(3)	-	(3)
<i>Revaluation of Properties</i>	-	2,012	-	2,012
Annual Surplus / (Deficit)	(\$62)	\$1,992	(\$62)	\$1,992
Council's share of Surplus / (Deficit)	(\$31)	\$996	(\$31)	\$996
<i>Total Assets</i>	\$3,323	\$3,381	\$3,323	\$3,381
<i>Total Liabilities</i>	(\$36)	(\$32)	(\$36)	(\$32)

Listed and unlisted shares, LGFA borrower notes (Fair value through surplus and deficit)

Council holds 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:

Civic Financial Services Limited

120,000 shares (1.07% ownership)	114	114	114	114
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Lower Waitaki Irrigation Co Limited

2,909 Shares (11.5% ownership)	31	31	31	31
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Local Government Funding Agency (held as a condition of borrowing from the LGFA)

LGFA Borrower Notes – non-current	263	-	263	-
LGFA Borrower Notes – current	50	-	50	-
Total LGFA Borrower Notes	313	-	313	-
Total Investments in and with other entities	\$458	\$145	\$458	\$145
Categorised as Non-current	408	145	408	145
Categorised as Current	50	-	50	-
Total Investments in and with other entities	\$458	\$145	\$458	\$145

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 14: Financial Assets (continued)

Term deposits (Amortised Cost)

Council and members of its consolidated group may place surplus funds on deposit with trading banks. Deposits with 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.

Current

Term Deposits maturing between 3 & 12 months	-	-	2,910	1,016
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Loans to other entities (Amortised Cost)

Funds advanced to external entities to promote community well-being and economic development within the Waitaki district.

North Otago Irrigation Co Ltd	14,698	17,000	14,698	17,000
Observatory Village Charitable Trust Group	10,959	11,657	-	-
Kurow-Duntroon Irrigation Co Ltd	3,112	3,076	3,112	3,076
Advances to other entities	1,308	1,308	608	608
Loans to other entities	\$30,077	\$33,041	\$18,418	\$20,684
Expected Lifetime Credit Losses**	(119)	-	(119)	-
Loans to other entities	\$29,958	\$33,041	\$18,299	\$20,684
Categorised as Non-current	27,154	28,534	17,913	17,585
Categorised as Current	2,804	4,507	386	3,099
Total	\$29,958	\$33,041	\$18,299	\$20,684

Interest owing on loans at balance date is added to the outstanding loan balance for reporting purposes. Despite parts of three loans being granted interest-free, no adjustment has been made to the loan balances involved, and any such adjustment required by the new Standard would be trivial in value.

The largest advances are:

North Otago Irrigation Co Ltd - General Security Agreement over Company assets including Water Supply Contracts and Memoranda of Encumbrances between NOIC and the irrigators. Fully repaid by January 2031.

Observatory Village Charitable Trust Group - General Security Agreement over assets of the company. Fully repaid by June 2028. A portion of this advance has been made free of interest.

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

**Council has recognised a provision for lifetime ECL because of difficulties encountered by borrowers due to the ongoing impacts of the Covid 19 pandemic. Council monitors external loans for indicators of financial stress and hardship and engages with borrowers at the earliest possible stage in order to resolve issues.

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 14: Financial Assets (continued)

Loans to other entities (continued)

Maturity Profile of Lending

Due within one year	2,804	4,507	386	3,099
Due between one and two years	2,319	3,047	711	1,339
Due between two and five years	7,920	9,741	3,970	4,017
Due beyond five years	16,915	15,746	13,232	12,229
Total	\$29,958	\$33,041	\$18,299	\$20,684

The effective interest rate on secured loans at year end was 2.63% (2020: 3.03%).

Movements in Loans to other entities

Balance at 1 July	33,041	29,292	20,684	17,635
New or increased loans made during the period	35	,3,782	35	3,082
Interest accrued at balance date	10	-	-	-
Payments made in reduction of loans	(3,009)	(33)	(2,301)	(33)
ECL allowance recognised	(119)	-	(119)	-
Balance at 30 June	\$29,958	\$33,041	\$18,299	\$20,684

Note 15: Cash and Cash Equivalents

Cash and 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 and cash equivalents

Cash at bank and in hand	180	105	1,309	1,564
Deposits with initial terms of 3 months or less	2,000	455	2,861	1,989
Total Cash and Cash Equivalents	\$2,180	\$560	\$4,170	\$3,553
<i>Bank overdrafts (refer note 20)</i>	-	-	(588)	-
Total per Statement of Cash Flows	\$2,180	\$560	\$3,582	\$3,553

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 16: Trade and Other Receivables

Trade and 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).

Council and group members apply a simplified ECL model for recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into Rate receivables, and other receivables, and 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.

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

Receivables from non-exchange transactions				
<i>Outstanding debt related to rates, external grants, infringements and fees and charges for services that are partly subsidised from rates</i>	4,245	3,591	5,846	5,041
Receivables from exchange transactions				
<i>Outstanding debt related to commercial sales, and fees and charges that are not subsidised from rates</i>	1,558	1,562	4,596	3,580
Total Receivables	\$5,803	\$5,153	\$10,442	\$8,621

Analysis of Receivables, and other information

Rates	1,405	1,248	1,405	1,248
Sundry Debtors	2,906	2,189	7,630	5,825
Accrued Revenue	1,727	1,824	1,728	1,827
Infringements	69	55	69	55
Inter-company	43	67	-	-
Total Receivables	6,150	5,383	10,832	8,955
Less Allowance for Credit Losses	(347)	(230)	(390)	(334)
Total Receivables	\$5,803	\$5,153	\$10,442	\$8,621

The only significant concentrations of credit risk outside the group are with Waka Kotahi New Zealand Transport Agency and for a group member, the Southern District Health Board. Given the nature of these organisations and their trading history over many years, the risk is considered very low.

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 16: Trade and Other Receivables (continued)

Aging profile of Sundry Debtors

Not yet overdue	1,885	1,532	5,831	4,821
Overdue 0 – 30 days	267	88	892	231
Overdue 30 – 60 days	134	27	161	123
Overdue more than 61 days	620	542	746	650
Total Sundry Debtors	\$2,906	\$2,189	\$7,630	\$5,825

Expected Credit Loss Allowance (Provision for Impairment)

Rates Debtors – Council has powers under the Local Government (Rating) Act 2002 which enable it to recover outstanding debts including, as the ultimate sanction, the ability to sell the rating unit to which unpaid rates relate. Council recognises that overdue rates are a cost on the community and that invoking its powers in relation to selling property to pay the outstanding rates rarely results in a satisfactory outcome and usually leaves a balance outstanding to be written off, so has decided that it remains appropriate to continue with past practice of providing as doubtful 50% of overdue rates and related penalty interest charges at balance date.

Infringement Debtors – Infringements remaining unpaid after thirty days are transferred to the Ministry of Justice courts system for further collection action. Council's experience has been that collection of outstanding infringements, even utilising the court's auspices, is a long-drawn out process with no certainty of success, so believes it is appropriate to continue to recognise 50% of unpaid infringements lodged with the courts as doubtful of collection.

Other receivables – Council is required to deal with a broad spectrum of its community without the benefit of being able to refuse credit. However, Council's experience is that the majority of its debtors deal professionally with Council and make payments as and when required. Accordingly, Council bases its ECL on a review of outstanding receivables at balance date and adjusts the provision for impairment based on that review. Group members are able, within certain limitations, to 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 Allowance for Credit Losses

Individual provision	37	4	80	108
Collective provision	310	226	310	226
Total Allowance for Credit Losses	\$347	\$230	\$390	\$334

General receivables are assessed for impairment and individual provisions are applied. The collective impairment relates to rates outstanding over 12 months and to a portion of current year rate penalties.

Movements in the Allowance for Credit Losses

Opening balance	230	376	334	383
Increase / (Decrease)	207	182	206	282
Less Receivables written off	(90)	(328)	(150)	(331)
Total Allowance for Credit Losses	\$347	\$230	\$390	\$334

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 17: Non-current Assets Held for Sale

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 non-current 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

Land – North End Industrial Park, 3 sites	1,150	1,150	1,150	1,150
Land – 5 residential sections (2020: 2 residential, 1 industrial)	261	330	261	330
Motor vehicles – 2 (2020: 5)	56	56	56	56
Total Assets held for Sale	<u>\$1,467</u>	<u>\$1,536</u>	<u>\$1,467</u>	<u>\$1,536</u>

Classification of Assets held for Sale

Non-current asset	1,150	1,150	1,150	1,150
The North End Industrial Park sites are subject to a sale and purchase agreement, with settlement deferred until June 2023 (at the latest). Interest is charged on the outstanding balance.				
Current asset	317	386	317	386
Five residential sections in Palmerston and a property in Isis Street, Oamaru were subject to agreements for sale and purchase which settled subsequent to year end. (2020: 3 properties) Two motor vehicles were scheduled for sale at year end (2020: 5 motor vehicles)				
Total Assets held for Sale	<u>\$1,467</u>	<u>\$1,536</u>	<u>\$1,467</u>	<u>\$1,536</u>

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 18: Inventories

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	18	23	64	92
Metal and Soil Stocks	136	117	403	642
Other Supplies	-	-	388	371
Total Inventory	154	140	855	1,091
Less: Provision for obsolescence	-	-	-	(30)
Total Inventory, classified as Current	\$154	\$140	\$855	\$1,061

Note 19: Construction contracts

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. This is measured by reference to 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	-	-	6,655	2,441
Profit recognised to date	-	-	1,296	580
Gross construction work in progress	-	-	7,951	3,021
Less progress billings	-	-	(8,382)	(2,656)
Construction work in progress	-	-	(432)	365
Add back Income charged in advance	-	-	607	13
Net Construction Work in Progress	-	-	175	378
Other contracts	-	-	41	188
Total Work in Progress	-	-	\$216	\$566

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 20: Borrowings

Borrowings - Policy

Interest bearing borrowings are classified as other non-derivative financial instruments and are initially recognised at the amount borrowed. As a consequence of early adopting PBE IPSAS 41, interest due but unpaid at balance date is subsequently accrued and added to the outstanding balance as a current liability.

Borrowings are classified as current liabilities when their settlement is contractually due within 12 months after balance date. In all other circumstances, borrowings are classified as term liabilities.

Analysis of Borrowings

Non-Current Borrowing

LGFA Loans	10,500	-	10,500	-
Bank Loans	-	-	1,014	1,077
Total	\$10,500	\$-	\$11,514	\$1,077

Current Borrowing

LGFA Loans	4,500	-	4,500	-
LGFA Loans – accrued interest	21	-	21	-
Bank Overdrafts	-	-	588	-
Bank Loans	1,000	7,400	1,063	7,460
Total	\$5,521	\$7,400	\$6,172	\$7,460
Total Borrowings	\$16,021	\$7,400	\$17,686	\$8,537

Repayment Terms

The following is a maturity analysis of total debt:

Payable no later than one year	5,521	7,400	6,172	7,460
Payable between one and five years	8,500	-	8,782	240
Later than five years	2,000	-	2,732	837
	\$16,021	\$7,400	\$17,686	\$8,537

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 interest is re-set by the lender quarterly.

Financial Guarantee obligations

The Council is an unrated guarantor for the LGFA. Full details concerning this contingent liability are to be found in Note 27 Contingencies. Council has no other financial guarantees in place.

Notes to the Financial Statements

Note 20: Borrowings and other financial liabilities (continued)

Internal Loans (Council Only)

Council's Liability Management and Investment Policy established an internal loan system using surplus cash reserves to fund activities in preference to raising external debt.

Internal loans are regarded as 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 to replace those used internally. Council reached the position of increasingly relying on external loans in the 2020 financial year.

Internal loans are eliminated on consolidation of Council's activities.

Internal loan balances outstanding at 30 June 2021 were \$31,838k (2020: \$26,045k), as below:

Movements for the year ended 30 June 2021

	Interest Expense \$000	Opening Balance \$000	Increased Borrowing \$000	Principal Repaid \$000	Closing Balance \$000
Roads and Footpaths	12	397	-	(74)	323
Waste Water	85	2,215	1,906	(82)	4,039
Stormwater Drainage	-	-	-	-	-
Water Supply	395	10,556	3,902	(1,690)	12,768
Waste Management and minimisation	5	156	-	(14)	142
Arts, Heritage and Culture	3	88	-	(10)	78
Parks and Recreation	19	566	135	(86)	615
Community amenities	26	592	884	(49)	1,427
Ōamaru Harbour and Historic Precinct	98	2,836	885	(200)	3,521
Commercial and Development Activities	256	8,639	684	(650)	8,673
Environment and Regulatory	-	-	252	-	252
Support Services	(898)	-	-	-	-
	-	\$26,045	\$8,648	(\$2,855)	\$31,838

Movements for the year ended 30 June 2020

	Interest Expense \$000	Opening Balance \$000	Increased Borrowing \$000	Principal Repaid \$000	Closing Balance \$000
Roads and Footpaths	16	457	-	(60)	397
Waste Water	49	437	1,808	(30)	2,215
Water Supply	370	10,473	1,307	(1,224)	10,556
Waste Management and minimisation	6	184	46	(74)	156
Arts, Heritage and Culture	3	91	5	(8)	88
Parks and Recreation	21	569	29	(32)	566
Community amenities	16	454	202	(64)	592
Ōamaru Harbour and Historic Precinct	84	1,891	1,244	(299)	2,836
Commercial and Development Activities	277	7,991	1,171	(523)	8,639
Support Services	(841)	-	-	-	-
	-	\$22,547	\$5,812	(\$2,314)	\$26,045

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000

Note 21: Provisions

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 and Site Restoration

Opening	567	656	574	679
Provision utilised	(8)	(30)	(8)	(46)
Additions to / Reduction in Provision	62	(59)	65	(59)
Total Provisions	\$621	\$567	\$631	\$574

Analysed:

Non-Current	365	413	365	413
Current	256	154	266	161
Total Provisions	\$621	\$567	\$631	\$574

Estimating Landfill aftercare costs – Critical accounting estimates and assumptions

Council has operated landfills in Ōamaru and Palmerston. As a condition of its consents Council 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.

Council has engaged an independent consultant, David Brown, NZCE-Civil, REA, of Waugh Consultants Ltd, to assess and value Council's landfill aftercare provision.

Cash outflows for post-closure costs in relation to the Ōamaru landfill, which closed in April 2017, will be incurred over the next twenty years, commencing in 2018, while those related to the Palmerston landfill are expected to occur over a twenty-year period commencing in 2027. 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 changes to 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 monitoring both sites. Gross projected costs, before being discounted to present value using a discount rate of 5.0% (2020: 5%), amount to \$1,073,450 (2020: \$856,950).

The provision has increased because works not completed in the 2021 financial year have been rescheduled in 2022 and, following a reassessment of projected future works, elements of the capping process have been brought forward from later years.

Site Restoration

This provision allows for the restoration of land used by a Group member for quarrying and other processes.

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 22: Employee Entitlements

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, years to entitlement.
- Likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- Present value of estimated future cash flows, using appropriate discount rates and inflation factors.

Long Service Leave was not reported by Council in the 2020 Annual Report as, prior to the current year, Council did not have a Long Service Leave policy. Upon adoption, Council's policy was applied retrospectively to benefit current staff members who had achieved qualifying service thresholds.

Analysis of Employee Entitlements

Current Liabilities

Accrued Salaries and Wages	202	579	801	1,791
Annual Leave	1,168	1,053	3,395	3,198
Long Service Leave	78	-	87	26
Sick Leave	-	-	33	38
Continuing Medical Education	-	-	42	12
Current Employee Entitlements	\$1,448	\$1,632	\$4,358	\$5,065

Non-current Liabilities

Annual Leave	-	-	26	-
Long Service Leave	93	-	197	49
Sick Leave	-	-	86	-
Non-current Employee Entitlements	93	-	309	49
Total Employee Entitlements	\$1,541	\$1,632	\$4,667	\$5,114

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

The present value of retirement and long service leave obligations depend 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% - 4.2%). Changes in these factors can materially affect the amount of the liability. A further important factor is the assumption made in respect of each individual employee of the likelihood that they will reach the thresholds necessary to enable them to access the entitlement.

Notes to the Financial Statements

	Council Only		Consolidated	
	2021	2020	2021	2020
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

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	-	-	87	100
Non-current portion	-	-	498	304
Total	\$-	\$-	\$585	\$404

Operating leases as a lessor

Council holds properties for cultural, social and economic development purposes and, where possible, leases those properties to individuals, businesses and community organisations for an economic return. The rental income arising is used to offset costs that might otherwise have been met from rates or, in the case of properties designated as Endowment properties, is credited to the appropriate Endowment 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's policy is to hold its property portfolio for the benefit of current and future ratepayers and the district as a whole. Total rental income earned in the 2021 financial year amounted to \$2,039k (2020: \$2,058k). This revenue includes rental from community and other residential properties – leases for such properties are generally not fixed term and are cancellable by either party on receipt of suitable notice as stipulated in the lease agreement.

Commercial leases are for terms ranging from 12 months to in excess of thirty years. Longer term leases are generally 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 consolidated position excludes revenue related to property leased to members of Council's consolidated group). Note this analysis does not include residential leases, for the reasons outlined above.

Revenue due within 1 year	1,123	1,099	957	1,012
Revenue due between 1 and 2 years	907	613	737	524
Revenue due between 2 and 5 years	2,315	1,057	1,867	746
Revenue due beyond 5 years	4,708	2,042	2,666	1,436
Total	\$9,053	\$4,811	\$6,227	\$3,718

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 24: Trade and Other Payables

Trade and other payables – Policy

Trade and other payables are recorded at face value, are non-interest bearing and are normally settled on 30-day terms.

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 and other payables

Sundry Creditors	5,119	4,592	10,552	8,205
Accruals	692	655	1,042	1,135
Owing to Subsidiaries	1,081	508	-	-
Revenue Charged or Received in Advance	3,061	1,672	4,048	1,837
Deposits	213	138	213	138
Total Trade and other payables	\$10,166	\$7,565	\$15,855	\$11,315

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 25: Occupational Right Agreements and Obligations to Residents

Residents make interest-free advances to the retirement village under Occupancy Right Agreements (ORA) in exchange for the right to occupy retirement village units. Under the ORA, an encumbrance is recorded over the land title by the statutory supervisor to secure the retirement village's obligations to the license holders which ranks ahead of any bank or other securities and is managed and overseen by Covenant Trustee Services Ltd as the first ranking charge holder in terms of the Retirement Villages Act 2003. The total ORA liability is the outstanding liability to be repaid to the estate of any resident who passes away. It is the purchase price, less revenue earned to date for the elapsed period of residency. The revenue earned by the village is capped at 24% of the purchase price. Estimated occupancy periods are three years for apartments, two years for care units, and eight years for villas.

The amortised value of the ORA is refundable on vacating the unit or apartment, or on termination of the licence (subject to a new agreement being issued), is classified as a Current Liability as the precise timing of terminating events is not predictable and the retirement village does not have a right to defer settlement, which must occur when there has been a terminating event and subsequent resale of the licence.

The retirement village also holds revenue received in advance in relation to ORAs, which is brought to account over the same estimated occupancy periods as detailed above.

Analysis of Occupation Right Agreements and other obligations to residents

Occupation Right Agreements	-	-	17,983	14,956
Revenue Charged or Received in Advance	-	-	939	991
Total	\$-	\$-	\$18,922	\$15,947

Critical accounting estimates and assumption

Village contributions are recognised as revenue on a straight-line basis, requiring management to estimate the period of occupancy of villas, apartments and care suites.

The Directors of Observatory Village Lifecare Ltd in conjunction with the valuer estimate that the average period of occupancy for apartments is three years (2020: four years), care suites is two years (2020: 3 years) and villas eight years (2020: eight years) based on industry norms due to the relative infancy stage of the village and believe a more accurate estimate will be able to be made over a longer period of time once actual re-sale history is evidenced based on trading.

The impact of this change in accounting estimate is that, from 1 July 2020, the period over which revenue from apartment and care suite operations is recognised has become shorter and, as a result, the proportion of total revenue recognised is greater than that for the 2020 year by approximately \$356,040.

Notes to the Financial Statements

Note 26: Commitments

Council and members of its consolidated 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.

At year end, the following commitments are reported:

Capital Commitments

Water infrastructure	1,283	6,621	420	6,621
Road infrastructure	321	934	-	882
Property, Plant & Equipment	437	377	2,131	1,320
Total Capital Commitments	\$2,041	\$7,932	\$2,551	\$8,823

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	132	126	293	160
Later than one year and not later than five years	149	17	384	17
Later than five years	-	-	-	-
Total Operating Lease commitments	\$281	\$143	\$677	\$177

Notes to the Financial Statements

Note 27: Contingencies

Council and Group

- Council belongs to the Local Authority Protection Programme (LAPP). Members may be called upon to make a contribution should a future major natural disaster negatively impact the LAPP. A liability will be recognised in relation to any future contributions when there is certainty over their amount and timing. Council is not aware of any such liability due at, or occurring subsequent to, balance date. See Note 10 – Insurance section – for further information.
- Council is not aware of any actual or potential personal grievance claims (2020: nil).
- Council owns and manages closed landfills whose contents are unknown. 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 Council believes defects at this site have been resolved and plans eventually to completely relocate the contents of this facility to the Palmerston landfill. Future changes to environmental conditions or land use may affect this position. Council has established an Aftercare Provision for Closed Landfills to reflect the estimated future cost of its obligation – see Note 21 for further information.
- Council owns several forestry plantations, all classified as pre-1990 forest in terms of the emissions trading scheme. If this land is permanently de-forested, a de-forestation penalty may be incurred, the potential amount of which is unknown, but which is unlikely to be incurred as Council has no current intention to de-forest any of its forest holdings. Council has been allocated and holds carbon credits related to its forestry asset. See Note 13 for further information.
- Council is an unrated guarantor member of the Local Government Funding Agency (LGFA) which was incorporated in December 2011 for the purpose of providing debt funding for local authorities in New Zealand. The LGFA has a local currency rating from Fitch Ratings of AA+ and S&P Global Ratings of AAA and a foreign currency rating of AA from Fitch and AA+ from S&P. At year end, Council is one of 30 local authority shareholders and 63 local authority guarantors. At year end the LGFA had \$20 million of uncalled capital which can be drawn on in the event that imminent default is identified. Together with the other shareholders and local authority guarantors, Council is a guarantor of all the LGFA's borrowings which, at 30 June 2021 amounted to \$13.6 billion (2020: \$11.9 billion). Council's guarantee is limited to 0.5% of the LGFA's borrowings. Financial reporting standards require the recognition of the potential liability related to this guarantee at fair value, but Council has been unable to determine a sufficiently reliable fair value for the guarantee and so has not recognised a liability. Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low because it is not aware of any local authority debt default events in New Zealand and because local government legislation would enable any local authority so affected to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required.
- A group member is subject to potential litigation in respect of a complaint made to the Health and Disability Commissioner. The company's insurer has been informed and solicitors instructed in relation to the matter. The company's insurance excess in relation to each complaint is \$20,000, which effectively represents the maximum potential loss to the company and group.
- A group member has established performance bonds amounting to \$1,820,642 (2020: \$1,241,577) to guarantee performance obligations under particular contracts. These bonds are released when performance criteria are met.
- In the 2020 financial year, Council resolved to utilise up to \$2,000,000 from the Disaster fund to support businesses and communities affected by the ongoing impacts of the pandemic. Following the Lake Ōhau Village fire disaster in October 2020, Council committed further funds to assist those impacted. That support has, to date, cost \$939,666 in the current financial year, but the actual amount that will ultimately be needed to provide that support cannot be determined with certainty.

Notes to the Financial Statements

Note 27: Contingencies (continued)

- As a significant property owner, Council faces a number of issues, including:
 - Depending on the scale and timing of any structural strengthening or other mitigation work required following an assessment of the findings of the Canterbury Earthquakes Royal Commission of Inquiry, and statutory deadlines for its completion, Council may have to reprioritise other capital projects; and
 - To mitigate the effect of extreme changes in insurance premiums after the Christchurch and Kaikoura earthquakes, Council has self-insured a range of assets, and assumed larger excesses in some cases. This strategy carries increased risk of financial loss, the potential 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.
- Council and the group have no contingent assets

Note 28: Financial Instruments

Council and 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 Balance Sheet, while related income and expenditure is recognised in the surplus or deficit

Early adoption of PBE IPSAS 41 Financial Instruments

Council and the group have elected to early adopt PBE IPSAS 41. In accordance with the transitional provisions in PBE IPSAS 41, Council and group have not re-stated comparative information, which continues to be reported under previous standards.

PBE IPSAS 41 requires debt instruments to be subsequently measured at Fair Value Through Surplus or Deficit (FVTSD), amortised cost or Fair Value Through Other Comprehensive Revenue and Expense (FVTOCRE). This classification is based on the business model for managing the debt instruments and whether then payments are solely payments of principal or interest on the principal amount outstanding.

Council assessed its business model for the classes of financial instruments in its portfolio at the date of initial application. Debt instruments are held solely for the purpose of generating contractual cash flows by way of payments of principal and interest in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD, but it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. Council has elected to subsequently measure all of its share investments at FVTOCRE.

Notes to the Financial Statements

Note 28: Financial Instruments (continued)

Accounting policies have been updated as follows for the year ended 30 June 2021 to comply with the requirements of PBE IPSAS 41:

- **Note 14 Financial Assets** – the policy has been updated to reflect:
 - New classification categories
 - Measurement and recognition of loss allowances based on the new expected credit loss (ECL) model
 - Removal of impairment loss considerations for equity investments measured at Fair Value Through Other Comprehensive Revenue and Expense (FVTOCRE)
 - Interest accrued but unpaid at balance date is added to the outstanding loan principal
- **Note 16 Receivables** – the policy has been updated to reflect that impairment of short-term receivables is determined by applying the simplified ECL model
- **Note 20 Borrowings** – the policy has been updated to indicate that interest accrued but unpaid at balance date is added to the outstanding loan principal as part of current borrowings rather than being included amongst accrued payables
- **Note 28 Financial Instruments** – as below and on the following pages, more detailed disclosures must be made concerning credit and other risk to which Council and the group are exposed.

FINANCIAL ASSETS	Measurement classification		PBE IPSAS 29 30-Jun-20 \$000	PBE IPSAS 41 01-Jul-20 \$000
	PBE IPSAS 29	PBE IPSAS 41		

COUNCIL ONLY

Listed & unlisted shares	FVTOCRE	FVTOCRE	145	145
Cash & Cash Equivalents	Loans & Receivables	Amortised Cost	560	560
Receivables	Loans & Receivables	Amortised Cost	3,905	3,905
Loans to other entities	Loans & Receivables	Amortised Cost	33,041	33,041

GROUP

Listed & unlisted shares	FVTOCRE	FVTOCRE	145	145
Cash & Cash Equivalents	Loans & Receivables	Amortised Cost	3,553	3,553
Receivables	Loans & Receivables	Amortised Cost	7,621	7,621
Term Deposits	Loans & Receivables	Amortised Cost	1,016	1,016
Loans to other entities	Loans & Receivables	Amortised Cost	20,684	20,684

Notes to the Financial Statements

Council Only		Consolidated	
2021	2020	2021	2020
<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>

Note 28: Financial Instruments (continued)

- 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.

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 \$1,559,000 (2020: \$1,250,000) and had utilised \$588,422 at balance date.

Council has uncommitted loan facilities of \$14,000,000 (2020: \$7,600,000), and other Group members hold a further \$2,718,933 (2020: \$3,296,140) for the purposes of meeting borrowing needs and had utilised \$1,077,160 (2020: \$1,137,510) of these facilities at balance date.

Subject to the continuance of satisfactory credit ratings, the facilities may be drawn down at any time.

Notes to the Financial Statements

Note 28: Financial Instruments (continued)

• 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, the New Zealand Transport Agency, \$1,528,432 (2020: \$930,138), while the largest receivable for Waitaki District Health Services Ltd is outstanding contractual payments due from the Southern District Health Board. 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 summarised in the table below.

Community and other loans (Note 14)	29,958	33,041	18,299	20,684
Term deposits (Note 14)	-	-	2,910	1,016
LGFA Notes (Note 14)	313	-	313	-
Cash at bank (Note 15)	2,180	560	4,170	3,553
Accounts Receivable (Note 16)*	4,398	5,153	9,072	8,621
Total Financial Instruments	\$36,849	\$38,754	\$34,764	\$33,874

* Accounts Receivable reported above exclude rates receivables, as these do 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	2,180	560	7,080	4,649
Borrower notes with LGFA	313	-	313	-
Advances to other entities with no default history	29,958	33,041	18,299	20,684
Total Cash Equivalents, Term Deposits and Loan	\$32,451	\$33,601	\$25,692	\$25,333

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 \$303,000 (2020: \$325,000).

Notes to the Financial Statements

Note 28: Financial Instruments (continued)

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 Amount \$000	Contractual Cash flows \$000	Due within 1 Year \$000	Due between 1 & 2 Years \$000	Due between 2 & 5 Years \$000	Due later than 5 Years \$000
Council only - 2021						
Other Financial Assets						
- Investments in Subsidiaries	4,703	-	-	-	-	-
- Investment in Joint Venture	1,644	-	-	-	-	-
- Investments in other entities	458	319	51	51	166	196
- Loans to other entities	29,958	36,456	3,659	3,174	10,203	19,420
Cash and Cash Equivalents	2,180	2,187	2,187	-	-	-
Trade and Other Receivables	5,803	5,803	5,803	-	-	-
Term Deposits	-	-	-	-	-	-
Total Financial Assets	44,746	44,765	11,700	3,225	10,369	19,616
Trade and Other Payables	10,166	10,166	10,166	-	-	-
Employee Entitlements	1,541	1,541	1,448	93	-	-
Borrowings	16,021	16,397	5,623	2,101	6,657	2,016
Total Financial Liabilities	27,728	28,104	17,237	2,194	6,657	2,016
Net Liquidity	\$ 17,018	\$ 16,661	(\$ 5,537)	\$ 1,031	\$ 3,712	\$ 17,600

Council only - 2020

Other Financial Assets						
- Investments in Subsidiaries	4,703	-	-	-	-	-
- Investment in Joint Venture	1,675	-	-	-	-	-
- Investments in other entities	145	-	-	-	-	-
- Loans to other entities	33,041	39,178	5,455	3,915	11,654	18,154
Cash and Cash Equivalents	560	560	560	-	-	-
Trade and Other Receivables	5,153	5,153	5,153	-	-	-
Term Deposits	-	-	-	-	-	-
Total Financial Assets	45,277	44,891	11,168	3,915	11,654	18,154
Trade and Other Payables	7,565	7,565	7,565	-	-	-
Employee Entitlements	1,632	1,632	1,632	-	-	-
Short-term Borrowings	7,400	7,600	7,600	-	-	-
Total Financial Liabilities	16,597	16,797	16,797	-	-	-
Net Liquidity	\$ 28,680	\$ 28,094	(\$ 5,629)	\$ 3,915	\$ 11,654	\$ 18,154

Notes to the Financial Statements

Note 28: Financial Instruments (continued)

Contractual Maturity Analysis (continued)

	Carrying Amount \$000	Contractual Cash flows \$000	Due within 1 Year \$000	Due between 1 & 2 Years \$000	Due between 2 & 5 Years \$000	Due later than 5 Years \$000
Group - 2021						
Other Financial Assets						
- Investment in Joint Venture	1,644	-	-	-	-	-
- Investments in other entities	458	319	51	51	166	196
- Loans to other entities	18,299	23,152	942	1,256	5,604	15,350
Cash and Cash Equivalents	4,170	4,183	4,183	-	-	-
Trade and Other Receivables	10,442	10,442	10,442	-	-	-
Term Deposits	2,910	2,925	2,925	-	-	-
Total Financial Assets	37,923	41,021	18,543	1,307	5,770	15,546
Trade and Other Payables	15,855	15,855	15,855	-	-	-
Employee Entitlements	4,667	4,667	4,358	-	309	-
Borrowings	17,686	18,094	6,276	2,169	6,879	2,770
Finance Leases	585	604	90	90	269	155
Total Financial Liabilities	38,793	39,220	26,579	2,259	7,457	2,925
Net Liquidity	(\$ 870)	\$ 1,801	(\$ 8,036)	(\$ 952)	(\$ 1,687)	\$ 12,621
Group - 2020						
Other Financial Assets						
- Investment in Joint Venture	1,675	-	-	-	-	-
- Investments in other entities	145	-	-	-	-	-
- Loans to other entities	20,684	26,821	4,047	2,207	5,930	14,637
Cash and Cash Equivalents	3,553	3,571	3,571	-	-	-
Trade and Other Receivables	8,621	8,621	8,621	-	-	-
Term Deposits	1,016	1,046	1,046	-	-	-
Total Financial Assets	35,694	40,059	17,285	2,207	5,930	14,637
Trade and Other Payables	11,315	11,315	11,315	-	-	-
Employee Entitlements	5,100	5,100	5,051	-	49	-
Borrowings	8,537	8,824	7,663	61	1,100	-
Finance Leases	404	420	100	100	100	120
Total Financial Liabilities	25,356	25,659	24,129	161	1,249	120
Net Liquidity	\$ 10,338	\$ 14,400	(\$ 6,844)	\$ 2,046	\$ 4,681	\$ 14,517

Notes to the Financial Statements

Note 29: Members' and Council Senior Management Interests Transactions

This information relates to elected members and to members of the senior management team who, through their business or other external relationships, have, or may have, dealings with Council in a commercial context.

All amounts are stated in whole dollars.

- Mayor Gary Kircher is a Trustee of the Observatory Village Charitable Trust Group which is developing a retirement village in Ōamaru - refer to Note 30: *Related Party transactions* for further details.
- Councillor Ross McRobie is a Trustee of the Waitaki Whitestone Geopark Trust which leads development of the proposed Geopark in the Waitaki district - refer to Note 30: *Related Party transactions* for further details.
- Councillor Colin Wollstein is a Director of North Otago Motor Group Ltd which provided vehicle maintenance services to Council amounting to \$6,386 (2020: \$8,823) and from which Council purchased a motor vehicle for \$41,035 (2020: no purchases). Council owed the company \$333 (2020: \$1,030) at year end.
- Councillor Jeremy Holding is a Trustee of the Waitaki Community Recreation Trust which operates the Waitaki Community Recreation Centre and received grants from, and provided services to, Council amounting to \$81,966 (2020: \$81,180). Councillor Holding is married to Cristy Holding who, in the current financial year, provided no design and creative services to Council (2020: \$2,957).
- Councillor Hana Halalele is a Trustee of the Waitaki Safer Community Trust which provided services to Council amounting to \$1,454 (2020: \$2,065 in the period since the October 2019 election). Council owed the Trust \$181 (2020: \$179) at year end.
- Councillor Peter Newton, who resigned effective 20 December 2020, is employed as Manager of Waihemo Wastebusters Resource Recovery Inc. which, until the date of his resignation, provided services to Council amounting to \$7,384 (2020: from the date of the by-election \$16,683).
- Carol Watson, a member of the Waihemo Community Board, is an owner of No.12 The Shed Ltd which, in 2021, undertook no contracting work for Council (2020: \$6,885)
- Peter Ellis is a member of the Ahuriri Community Board, and a Committee Member of the Waitaki Valley Community Society Inc. The Society operates the Kurow Museum and provided i-site and other promotional services to Council amounting to \$34,088 (2020: \$27,277). Council owed the Society \$Nil (2020: \$90) at year end.

Transactions with elected members, key management personnel and 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 member.

Notes to the Financial Statements

Note 30: Related Party Transactions

Council is the ultimate parent of the Group, controlling, directly or indirectly, five (2020: 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.

<u>Entity and details of transaction</u>	Council only	
	2021	2020
	\$000	\$000
• Waitaki District Health Services Limited		
Services provided by Council	81	80
Interest charged by Council on funds advanced (Note 4)	18	10
Balance owed to Council at year end	40	22
Outstanding balance of Council loan funding (Note 14)	700	700
Observatory Village Charitable Trust Group <i>(part of Waitaki District Health Services group)</i>		
Services provided by Council	165	82
Interest charged by Council on funds advanced (Note 4)	384	396
Rates paid to Council in advance	10	-
Balance owed to Council at year end	4	5
Outstanding balance of Council loan funding (Note 14)	10,959	11,657
• Tourism Waitaki Limited		
Services provided by Council	207	211
Balance owed to Council at year end	1	-
Services provided to Council	456	457
• Whitestone Contracting Limited and Group		
Services provided by Council	43	178
Balance owed to Council at year end	2	37
Services provided to Council	3,272	4,328
Balance owed by Council	1,081	508
Dividends paid to Council	631	904
Tax refund paid to Council	-	80
• Waitaki Whitestone Geopark Trust		
Grants provided by Council	130	81
• Ōmārama Airfield Limited (Joint Venture – 50% owned)		
Services provided by Council	23	22
Services provided to Council	4	2

No provision is required, and no expense has been recognised in relation to impairment of loans or other receivables due from related parties (2020: \$nil).

Notes to the Financial Statements

Note 31: Waitaki District Council: Funding Impact Statement for 30 June 2021 (whole of Council)

	2019/20 Annual Plan \$000	2019/20 Actual \$000	2020/21 Annual Plan \$000	2020/21 Actual \$000
Sources of Operating Funding				
General Rates, Uniform Annual General Charge, Rates Penalties	7,170	7,308	6,438	6,442
Targeted Rates	24,985	25,525	25,814	25,826
Rates Revenue	32,155	32,833	32,252	32,268
Subsidies and Grants for Operating Purposes	4,427	4,311	4,261	5,026
Fees and Charges	7,200	5,218	6,929	6,779
Interest and dividends from investments	1,565	1,980	1,544	1,417
Local Authorities' Fuel Tax, Fines, Infringement Fees and Other Receipts	1,356	959	1,363	1,333
Operating Revenue	14,548	12,468	14,097	14,555
Total Sources of Operating Funding	46,703	45,301	46,349	46,823
Applications of Operating Funding				
Payments to Staff and Suppliers	37,147	38,714	41,159	46,147
Finance Costs	10	148	245	169
Other Operating Funding Applications	-	-	-	-
Total Applications of Operating Funding	37,157	38,862	41,404	46,316
Surplus / (Deficit) of Operating Funding	9,546	6,439	4,945	507
Sources of Capital funding				
Subsidies and Grants for Capital Expenditure	5,505	4,434	9,473	8,680
Development and Financial Contributions	885	1,028	954	1,757
Increase / (Decrease) in Debt	-	7,400	-	8,621
Gross Proceeds from Sale of Assets	98	248	68	1,797
Lump Sum Contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total Sources of Capital Funding	6,488	13,110	10,495	20,855
Applications of Capital funding				
Capital Expenditure				
to meet Additional Demand	-	-	-	-
to improve Levels of Service	5,253	9,008	13,350	10,443
to replace Existing Assets	10,067	10,706	11,721	14,157
Increase / (Decrease) in Reserves	714	(165)	(9,631)	(2,468)
Increase / (Decrease) of investments	-	-	-	(770)
Total Applications for Capital Funding	16,034	19,549	15,440	21,362
Surplus / (Deficit) of Capital Funding	(9,546)	(6,439)	(4,945)	(507)
Funding Balance	-	-	-	-

Notes to the Financial Statements

Note 32: Reconciliation of Funding Impact Statements by Group of Activity

	2020 Annual Plan \$000	2020 Actual \$000	2021 Annual Plan \$000	2021 Actual \$000
Operating Revenue				
Roads and Footpaths	4,369	4,263	4,261	4,163
Wastewater	703	519	665	557
Stormwater	-	-	-	2
Water Supply	955	135	861	520
Waste Management and Minimisation	274	192	182	178
Arts, Culture and Community	627	424	648	704
Parks and Recreation	892	738	993	892
Democracy and Accountability	52	83	-	249
Economic Development and Property	4,102	4,175	4,281	4,360
Heritage, Environment and Regulation	2,832	2,184	2,534	3,081
Support Services	20,742	23,329	22,290	23,554
Operational Revenue per Activity FIS	35,548	36,042	36,715	38,260
Total Sources of Capital Funding				
Roads and Footpaths	4,291	3,742	4,925	4,997
Wastewater	126	157	133	467
Stormwater	-	-	-	-
Water Supply	286	448	441	11,750
Waste Management and Minimisation	-	-	-	-
Arts, Culture and Community	3	13	3,828	71
Parks and Recreation	195	479	428	212
Democracy and Accountability	-	-	-	-
Economic Development and Property	1,347	538	472	2,513
Heritage, Environment and Regulation	200	293	210	409
Support Services	40	40	58	436
Capital Revenue per Activity FIS	6,488	5,710	10,495	20,855
Less Internal Charges and Overheads Recovered	(21,001)	(23,574)	(22,619)	(23,704)
Add total Rates	32,155	32,833	32,252	32,268
Revenue per Total Activities FIS	53,190	51,011	56,843	67,679
Proceeds from sale of assets	(96)	(232)	(68)	(656)
Increased borrowings	-	-	-	(8,621)
Rate remissions offset against expenditure	(240)	-	(255)	(257)
Revenue per Statement of Comprehensive Revenue and Expenditure	52,854	50,779	56,520	58,144

Notes to the Financial Statements

Note 32: Reconciliation of Funding Impact Statements by Group of Activity (continued)

	2020 Annual Plan \$000	2020 Actual \$000	2021 Annual Plan \$000	2021 Actual \$000
Total Applications of Operating Funding				
Roads and Footpaths	7,061	7,176	7,175	8,261
Wastewater	2,098	2,217	4,695	4,542
Stormwater	424	177	453	244
Water Supply	4,583	5,478	5,562	5,928
Waste Management and Minimisation	1,016	1,098	1,401	1,375
Arts, Culture and Community	4,183	4,361	4,338	4,643
Parks and Recreation	4,979	4,853	4,884	4,850
Democracy and Accountability	4,493	4,395	4,488	5,040
Economic Development and Property	3,647	4,369	3,821	4,928
Heritage, Environment and Regulation	6,117	6,720	6,783	7,217
Support Services	19,556	21,592	20,422	22,993
Total Operational expenditure per FIS	58,157	62,436	64,022	70,021
Less Internal Charges and Overheads Applied	(19,914)	(22,365)	(20,854)	(23,704)
Less internal charges included in capital	(1,078)	(1,708)	(1,765)	(1,491)
Rate remissions offset against revenue	(240)	-	(255)	(257)
Non-trading losses / (gains)	-	1,359	-	1,984
Add Depreciation and Amortisation	14,258	15,177	16,255	15,953
Expenditure per Statement of Comprehensive Revenue and Expenditure	51,183	54,899	57,404	62,505
Depreciation and Amortisation				
Roads and Footpaths	6,717	6,794	7,841	7,331
Wastewater	1,194	1,183	1,203	1,306
Stormwater	272	272	273	273
Water Supply	1,980	2,097	2,145	2,105
Waste Management and Minimisation	45	60	59	60
Arts, Culture and Community	165	171	164	211
Parks and Recreation	939	915	917	916
Democracy and Accountability	-	-	-	-
Economic Development and Property	1,515	1,918	1,920	1,882
Heritage, Environment and Regulation	71	59	59	60
Support Services	1,360	1,708	1,674	1,808
Total Depreciation and Amortisation charges	14,258	15,177	16,255	15,953

Notes to the Financial Statements

Note 33: Explanation of Major Variances against Budget and the prior period

Variances in revenue and expenditure to the prior year, or to budget, are detailed in the financial commentary in each activity area. The following provides further information concerning significant or unusual variances:

Council only	2021 Actual \$000	2021 Annual Plan \$000	2020 Actual \$000
Revenue			

Rates (Note 1)	32,846	33,106	32,833
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Rates are levied in accordance with Council's Finance Policies and the 2020-21 Annual Plan. Variances may arise from development activities and other changes in the rating database between the Plan's adoption and striking the rates. Rates include penalties on overdue Rates and are also affected by changes in volumes of water consumed. Penalties were applied to the first two instalments of the 2020-21 rates at a lower rate than was budgeted due to COVID-19.

User Charges	3,030	2,956	2,230
Significant variances:			
• Refuse disposal charges	96	85	113
• Aquatic Centre (COVID-19 closedown in 2020)	520	569	398
• Ōamaru Opera House (COVID-19 impact on shows)	194	366	194
• Insurance claim proceeds	227	-	5

Government Grants (Note 2)	12,828	11,426	8,114
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Council recognised \$2,448k funding for the water reform programme to support capital projects. MBIE paid \$941k to conclude their support for the Alps2Ocean cycleway construction

Other Grants and Donations (refer Note 3)	599	2,187	425
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The Cultural Facilities development project did not proceed as budgeted, resulting in a funding shortfall which will be picked up in the 2021-22 financial year.

Expenditure			
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Personnel Costs (Note 5)	13,211	12,533	12,062
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Long Service Leave policy implemented in 2021, increased staff numbers, deferral of some capital works resulted in lower-than-expected recoveries

Depreciation and amortisation (Notes 10 & 12)	15,953	16,255	15,177
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2020-21 Annual Plan projected more depreciation due to the Roding revaluation than was incurred

Other expenses (Note 6 for statutory disclosures)	31,188	28,371	26,153
Other significant variances:			
• Community grants and donations	1,234	1,071	878
• Contractors, maintenance and other works	17,493	16,872	14,090
• Consultants	2,231	1,889	2,041
• Dredging	4	129	331
• Electricity supply	2,037	1,759	1,814

Notes to the Financial Statements

Note 33: Explanation of Major Variances against Budget and the prior period (continued)

Council only	2021 Actual \$000	2021 Annual Plan \$000	2020 Actual \$000
Other Non-trading Losses / (Gains) (Note 7)	1,984	-	1,359
Forestry assets increased \$71k (2020: increase \$18k). Losses on disposal of Fixed Assets were \$2,154k (2020: \$1,404k), while gains on disposal were \$99k (2020: \$27k).			

Balance Sheet items			
Property, Plant & Equipment (Note 10)	999,190	896,272	881,049
In 2020, the Roding revaluation was brought forward. The revaluation of 3 Waters infrastructure in the current year has generated a substantial unbudgeted gain.			

Cash and Cash Equivalents (Note 15)	2,180	1,049	560
Other Financial Assets – Term Deposits (Note 14)	-	1,250	-
No funds were held on deposit for periods longer than 90 days at balance date, but Council did hold deposits for shorter periods, which are included in the total of Cash and Cash Equivalents.			

Loans to other entities – non-current asset (Note 14)	27,154	25,859	28,534
Loans to other entities – current asset (Note 14)	2,804	3,447	4,507
Revised loan agreements with North Otago Irrigation changed the projected timing of future principal repayments, and loans to both Waitaki District Health Services Ltd and NZ Aviation Academy Ltd, which were both due to be repaid in the current financial year, were extended.			

Receivables (Note 16)	5,803	6,365	5,153
Increased levels of overdue debt have impacted reported Receivables. Budget anticipated funding from MBIE for Alps2Ocean cycletrail would be outstanding at year end, but payment was received in April.			

Provisions – non-current (Note 21)	365	505	413
Provisions – current (Note 21)	256	65	154
Future capping and ongoing monitoring costs for landfill sites were reassessed, with work projected for later years brought forward and included in the current liability.			

Borrowings – non-current liability (Note 20)	10,500	5,000	-
Borrowings – current liability (Note 20)	5,521	3,000	7,400
Increased capital expenditure requirements required Council to rely more on external funding sources.			

Statement of Cash Flows			
Net Cash from Operating Activities	13,809	16,806	14,076
Net Cash from Investing Activities	(20,789)	(19,682)	(21,282)
Net Cash from Financing Activities	8,600	3,300	7,400
Refer to the Statement of Cash Flows for further analysis			

Notes to the Financial Statements

Note 34: Discontinued Operations and Effects of the COVID-19 Pandemic

In March 2020, the World Health Organisation declared the novel coronavirus, COVID-19, to be a pandemic. The COVID-19 pandemic has substantially reduced economic activity on a global scale, and the lockdown imposed by the New Zealand Government at levels 3 and 4 from 25 March through to 15 May 2020 caused significant financial and other issues for Council, its communities and members of its consolidated group, some of which have continued to affect Council and the group during the 2021 financial year.

Council –

Effects on individual activities are generally covered in activity reports. Overall, revenues reduced as an ongoing effect of the pandemic, particularly affecting property rentals, parking revenue and penalties applied to overdue rates.

The greatest impact on Council's finances during the 2020-21 financial year was the decision taken to strike rates at an effective zero increase on those charged for 2019-20. While this was allowed for in the 2020-21 Annual Plan, the fact that rates did not rise as they would have in a normal year meant that Council had to increase borrowings in order to sustain and support the delivery of services expected by the community and to maintain the required level of investment in capital projects.

Council withstood the economic impact with no staff losses and, because of its solid funding base and contracted revenue sources, does not expect long-term or permanent financial damage from the effects of the pandemic, although future Annual and Long Term Plans will have to allow for replenishment of the Disaster Fund.

Effects on Group Members:

Tourism Waitaki Ltd –

The company is heavily reliant on tourist traffic, and continued restrictions on overseas visitors have had a significant impact on operations. The Whitestone City attraction was wound up in 2020 and has now been taken over by Council. I-site and visitor centre operations were closed in 2020 and have not yet resumed. The company is no longer involved in promotional activities related to the Alps2Ocean cycletrail.

However, the company has reported a positive operating surplus as a result of government support for the Ōamaru Blue Penguin Colony from the Strategic Tourism Assets Protection Programme, and further funding for other specific tourism-related activities. Tourism Waitaki has re-focused its efforts on promoting the district to local travellers and realigned its structure to better match reduced revenues until the borders reopen fully.

Results of residual trading for the operations discontinued at the end of the 2019-20 financial year:

Discontinued Operations	2021 \$000	2020 \$000
Revenue	73	449
Operating costs	83	808
Surplus / (Deficit) before tax	(10)	(359)
Income tax	(3)	(105)
Surplus / (Deficit) after tax	(7)	(253)

Notes to the Financial Statements

Note 34: Discontinued Operations and Effects of the COVID-19 Pandemic (continued)

Whitestone Contracting Ltd –

The company operated as normal following the level 4 lockdown restrictions imposed in March 2020 and has reported a positive operating surplus for the 2021 financial year, as well as providing Council a dividend that was better than expected. The Directors anticipate no lasting long-term financial repercussions as the company has maintenance and civil engineering contracts which are either on-going or about to commence and can draw on banking facilities as needed to meet short term funding shortfalls.

Waitaki District Health Services Ltd Group –

The hospital continued to provide a full range of health services ever since the COVID-19 pandemic began, but some non-core services, particularly allied and community outreach services, have been paused whenever lockdown levels greater than level 1 are implemented. As a result, there has been no change to core health funding. In the 2020 financial year, revenue from the company's contract with ACC reduced as fewer patients required medical attention during higher levels of lockdown. During higher levels of lockdown, there was a reduction in non-core radiology services. The hospital did not develop or deliver any new or enhanced services as a result of the pandemic.

The Observatory Village Charitable Trust Group experienced no adverse effects on its operations arising from the COVID-19 pandemic and has continued to provide aged-care services for its residents at all levels of care and during all levels of COVID-19 lockdown.

Waitaki Whitestone Geopark Trust –

The Trust was set up to facilitate the development of a UNESCO Global Geopark. The company reported an operating surplus for the current financial year, and Council is committed to supporting the Trust because the concept of a Geopark, even one that may not carry UNESCO branding, is still regarded as being of long-term benefit for the district as a whole. As part of the ongoing development of the Geopark concept, the company is working closely with both Tourism Waitaki Ltd and the Vanished World Trust to bring its vision to fruition.

Effects on Joint Venture

Ōmārama Airfield Ltd –

Usage of the company's facilities has returned to about 60% of pre-COVID levels. The joint venture reported an operating deficit for the current financial year, but this was due to increased costs related to a future infrastructure upgrade.

Notes to the Financial Statements

Note 35: Events subsequent to Balance Date

Key Management Personnel

- Council's newly appointed Chief Executive, Alex Parmley, joined Council on 19 July 2021

Three Waters Reform

- In July 2020, the Government launched the Three Waters Reform Programme, a three-year programme to reform the three waters service delivery arrangements maintained by local government. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand.
- The proposed reform programme is being progressed through a partnership-based approach with the local government sector alongside iwi/Māori as the Crown's treaty partner.
- If the reform programme proceeds, it proposes transferring delivery of three-waters services from councils' control to four Water Service Entities (WSE). In June 2021, the Government announced the proposed regional boundaries for each of the new entities which it is envisaged will manage water assets for the country.
- Council will belong to WSE D, along with all other councils south of Marlborough. The WSE will be independent with a separate Board of Directors and participating councils will have no shareholding and no financial interest.
- Central Government confirmed, on 18 October 2021, its intention to proceed with legislation which will compel all Councils to surrender their water, sewer and stormwater infrastructure and other related assets to one of the four publicly-owned WSEs which will assume responsibility for provision of services from the period commencing 1 July 2024. This removes any ability for councils to choose to opt in or out of the new arrangements.
- Considerable uncertainty remains about the level of financial compensation, if any, that will be provided in relation to the transfer of these assets. Council officers will review the remaining services that Council will continue to provide its community to ensure that any structural changes required can be made efficiently, and any potential disruption to services are minimised.

COVID-19 lockdown

- In August 2021, the government ordered a further national level 4 lockdown in response to community transmission of the Delta variant of COVID-19 primarily in the Auckland region. While the lockdown was reduced to level 2 for regions outside Auckland within a month, all of Council's public-facing activities were forced to close at level 4, which resulted in lost revenue for the Aquatic Centre, Gallery and Museum and the Oamaru Opera House, and caused delays affecting capital projects. It is also likely to have caused issues in the wider commercial community in the Waitaki District which may lead to further requests for assistance and financial support, the quantum of which is not known at this time.

Reviews and other matters

- Central Government has announced its intention to review the role and functions of local government entities. No further detail is available at the time of adopting this annual report and Council is not able to say precisely if or how it might be affected.

Opportunities for Māori to Contribute to the Decision-Making Process

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 the Treaty of 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.

Council has in place a Memorandum of Understanding with Te Rūnanga o Moeraki to guide the ongoing relationship between Council and the Rūnanga. Council also has a Relationship Agreement with Waitaha Taiwhenua O Waitaki Trust Board. Council is a signatory to the Governance Charter Te Ropu Taiao Otago for Kāi Tahu ki Otago and the local authorities of Otago (2015).

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 Tangata Whenua, thus including Mana Whenua and Taura Here
- Reference not only to enabling contribution to decision-making but also to fostering Māori capacity to contribute.

Principal Advisors

Auditors

Audit New Zealand - for and on behalf of the
Controller & Auditor General

Bankers

Bank of New Zealand
Ōamaru

ANZ Banking Group
Ōamaru

ASB Bank
Auckland

Westpac Bank
Dunedin

Financial Advisers

Bancorp
Christchurch

Insurance Brokers

Aon NZ Limited
Dunedin

Solicitors

Anderson Lloyd
Dunedin

Dean and Coleman Law
Ōamaru

Hope and Associates
Ōamaru

Simpson Grierson
Wellington

Taxation Advisers

Deloitte
Dunedin

Glossary of Terms

These definitions are intended to clarify terms used in the Annual Report. For legal definitions see the Local Government Act 2002

Annual Plan

A plan describing activities Council will do, the reasons for doing them, the performance measures used and how much revenue and expenditure it needs to undertake each activity

Activities

All the things that the Council does

Building Act

Building Act 2004

Community Boards

Local elected bodies set up under the Local Government Act 2002. Boards are consulted by, and present community concerns to Council. Waitaki District Council has two Community Boards: Ahuriri and Waihemo

The Outcomes We Want for Our District

As part of the 2018-28 Long Term Plan, Council agreed a number of outcomes we want for our district to promote social, environmental, economic and cultural wellbeing. Further details can be found on page 12 of the 2018-28 Long Term Plan and on Council's website www.waitaki.govt.nz

Capital Value (CV)

"Improved" value (Land Value plus buildings) of rateable properties for rating purposes. All properties in the district are revalued every three years

Development Contributions (DC)

Development and Financial Contributions are charges levied on sub-dividers and developers to help pay for new, upgraded, or extended water supply, sewer or roading infrastructure needed to service the new subdivisions or developments. DCs are in addition to the requirement that the owners reticulate the new sections or buildings at their cost

Dog Control Act

Dog Control Act 1996 and Dog Control Amendment Act 2003

Efficiency

A test of whether a system or funding tool uses a reasonable amount of resources to allocate costs

Food Act

Food Act 2014

General Rates

Rates levied for general purposes. Council may levy a general rate on every rateable property. This may be:

- A uniform rate in the dollar of property value of all properties; or
- A differential rate in the dollar of property value of all properties; **and**
- A uniform annual general charge per separately rateable property

Health Act

Health Act 1956

Infrastructure

Roads, bridges, water supplies, sewer and drainage systems, buildings, landfills and transfer stations

Intergenerational Equity

The concept that the cost of a service should be fairly spread over the life of the assets, so that all people who benefit contribute a fair share

Land Value

Value of the rateable land for rating purposes. All properties in the district are revalued every three years

Local Government Act 2002 (LGA)

The law that defines the powers and responsibilities of territorial local authorities like Waitaki District Council

Local Government Funding Agency (LGFA)

The LGFA has been established to source and provide funding for local authorities. Council became a member in November 2020

LTP

Long Term Plan 2018-28 (renamed in 2012 from the Long-Term Council Community Plan). In 2022 this will refer to the 2021-31 LTP

NZ GAAP and NZ IFRS

A set of accounting standards that Council must observe when preparing its published financial reports

Glossary of Terms

Waka Kotahi NZ Transport Agency

Previously New Zealand Transport Agency, government agency providing funding to subsidise works completed by Council in the maintenance and improvement of roading and associated infrastructure within the district. Waka Kotahi has sole responsibility for the maintenance of state highways within the Waitaki district.

Operating Expenditure

Expenditure associated with the provision of normal services of the Council.

Outcome

A desired state of affairs

Rates

Funds collected by the Council from levies on property. These are based on capital value or land value of properties, but the term is often used to include Service targeted Rates.

Reserves Act

Reserves Act 1977

RMA

Resource Management Act 1991 and any subsequent amendments

Service targeted Rates (TR)

Rates levied for specified functions or for providing specified services to benefit all or part of the district. Service targeted Rates must be applied only to the purpose for which they are levied, and may be in the form of:

- A uniform rate in the dollar of property value on all properties
- A differential rate in the dollar of property value on all properties
- A Service targeted Rate per separately rateable property (TR).

Sale and Supply of Alcohol Act 2012

(Replaces Sale of Liquor Act 1989)

Wastewater

Wastewater is a combination of liquid wastes which may include chemicals, house wastes, laundry wastes, toilet wastes, animal and vegetable matter in suspension or solution and other wastes discharged from residential, business and industrial establishments.