



GREAT LAKE TAUPŌ
Taupō District Council

TAUPŌ DISTRICT COUNCIL

ANNUAL REPORT

2022/2023

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A message from your Mayor and Chief Executive

Welcome to our Annual Report for the 2022/23 year.

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

Tēnā koe. Welcome to Taupō District Council's Annual Report 2022/23. This report outlines the services, key projects, and initiatives we undertook over the past 12 months, where the money was spent, and how we performed as an organisation.

With the local body elections held on 8 October 2022, it was wonderful and humbling to be re-elected as your mayor again for the fourth term. We welcomed on board five new councillors together with our seven re-elected councillors. We have a wonderful, diverse group representing our communities, who have worked hard in their governance roles to ensure the best outcomes for the Taupō District during some very trying times over the past year. We also welcomed our new Taupō District Council chief executive, Julie Gardyne, who has been in the position of deputy chief executive since 2021 and brings extensive local government experience and strategic focus.

Over the past year Taupō District has faced some real challenges with the district growing quickly and the associated pressures this brings, including housing issues. Coming out of the back of Covid-19, we have been hit with severe weather disruptions and like everyone else, we are dealing with high inflation, rising interest rates, and higher costs for everyday things like fuel, electricity, and insurance. All these extra costs make it harder for us to look after all the things that we normally do like our water treatment plants, parks and reserves and community facilities. We have worked tirelessly to ensure we continue to provide the best service possible to the community, within the financial and economic restraints we are all faced with.

March 2023 marked the completion of the Taupō Town Centre Transformation. The centrepiece of this project is the new lakefront Te Ātea space, which we are incredibly proud of. A central carved pou represents the connection between Rangi and Papa (heaven and earth) portraying the lake guardian Horomātangi in his many forms, from a dolphin to a koura. Around the Ātea four carved pou represent Ngā Hau e Whā, the people of the four winds, welcoming all people to the space. Thirteen additional features represent the major tributary rivers of Lake Taupō and act as a string, tying all corners of the district together and Lake Taupō at the centre of that connection, saying 'nau mai haere mai ki Tūwharetoa, nau mai haere mai ki Taupō. This is us, welcoming you, and inviting you to share in our stories and our histories'.

Another significant project, the new Waiora House, was largely completed with only finishing touches remaining when the financial year concluded on 30 June. Rebuilding Waiora House not only provided the opportunity to bring back a district social services hub but also to create a flagship community centre. The amount originally budgeted for the rebuild was \$5.9 million but that rose by another \$1.8 million due to the soaring cost of construction materials and supply issues due to the pandemic.

Other projects underway or completed during the year include the River Road and Whakamaru Water Treatment Plant upgrades, with UV disinfection and pH correction; the Kinloch Drinking Water Standards NZ project was progressed with pipelines installed and a new reservoir roof was installed at Mangakino. Also, the Acacia Bay Drinking Water Standards NZ project was completed which included the Taupō to Acacia Bay pipeline and pump station. Taupō Museum's historic Opepe waka was fully restored, and 120 young drivers gained their licences thanks to a Taupō District Council partnership grant.

An upgrade to Taupō Airport's terminal building and its carpark was included in Taupō District Council's 2018-28 Long-term Plan. Completed in February 2023, the upgrade to Taupō Airport has seen the construction of a new terminal building, as well as improved parking facilities. This upgrade had a budget of \$9.237 million, funded with \$3.367 million allocated in the Long-term Plan, a \$5 million grant from the Crown's Provincial Development Unit, and \$870,000 from the Ministry of

Transport. This beautiful new building, complete with artworks by master carver Delani Brown and photography by Jeremy Bright, is a fitting welcome for visitors to the Taupō District.

At the southern end of the lake, the \$6.6 million Tūrangi street revitalisation project has seen significant improvements over the past 12 months, including replacing older kerbs and channelling in several areas of the town and the removal of oversized trees, which have been replaced with smaller species of trees more suited to the street berms.

Tūrangi also saw the completion of Te Mataapuna sports facility at Tūrangitukua Park. The building, owned by Taupō District Council, is sited on Ngāti Tūrangitukua whenua and is managed by a collective of local sports groups, Te Mataapuna Sports Collective. The new building features artworks by local artists Te Maari and Mikaere Gardiner and carver Te Ururangi Rowe and was formally blessed and opened at an emotional dawn ceremony in May 2023.

The new papa tākaro (playground) in Tūrangi was blessed and is underway. A partnership between Ngāti Tūrangitukua, who own the land, and Taupō District Council, the playground will be unique to Tūrangi. With a total budget of \$1.12 million, the playground will have a variety of ways for local and visiting tamariki to play.

Upgrades of hard-court surfaces in River Road, Wairākei and Jarden Mile have been completed, as part of the Long-term Plan 2021-31. This follows on from work completed in Acacia Bay and Kinloch last year.

This is of course but a short summary of some of the many achievements Taupō District Council have marked over the past 12 months, as well as the obstacles we have faced. We continue to work hard on behalf of our residents to ensure the Taupō District has connected communities who thrive and embrace opportunities.

Arohanui ki a koutou katoa,



David Trewavas
Mayor



Julie Gardyne
Chief Executive

Statement of Compliance

Council and management of Taupō District Council confirm that all the statutory requirements of Part 6 and Schedule 10 of the Local Government Act 2002 have been complied with except for the late adoption of the annual report, as disclosed in note 36.

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

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

In the opinion of Council and management of Taupō District Council, the annual financial statements for the year ended 30 June 2023 fairly reflect the financial position and operations of Taupō District Council.



D Trewavas (JP)
Mayor
12 December 2023



Julie Gardyne
Chief Executive | Tumu Whakarae
12 December 2023



Sarah Matthews
General Manager Organisation Performance | Kaiwhakahaere Matua - Whakatutuki Whakahaere
12 December 2023



Libby O'Brien
General Manager People and Community Partnerships | Kaiwhakahaere Matua - Hononga Tāngata, Hapori
12 December 2023



Andrew Moraes
General Manager Operations and Delivery | Kaiwhakahaere Tuku Mahi
12 December 2023

Independent Auditor's Report

To the readers of Taupō District Council and Group's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Taupō District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Wikus Jansen van Rensburg, using the staff and resources of Audit New Zealand, to report on the information in the District Council and the Group'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 12 December 2023. This is the date on which we give our report.

Opinion on the audited information

Unmodified opinion on the audited information, excluding the service performance reporting

In our opinion:

- the financial statements on pages 93 to 161:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 92, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the statement about capital expenditure for each group of activities on pages 37 to 91 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 37 to 91, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

Qualified opinion on the service performance reporting

In our opinion, except for the possible effects of the matters described in the “Basis for our opinion on the audited information” section of our report, the service performance reporting on pages 24 to 91:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 14 to 19, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s Long-term plan and annual plans.

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

Basis for our opinion on the audited information

Service performance reporting: Our work was limited in relation to verifying the fault attendance and resolution times in respect of the water supply and wastewater systems

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

As explained on pages 43, 44, 45 and 65, the District Council was unable to support the reported performance against these measures due to issues with the data recording system. As a result, our work was limited and there were no practicable audit procedures we could apply to obtain assurance that the reported results for these measures are materially correct in the current year and the comparative year to 30 June 2022.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

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

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

Emphasis of matter – uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to Note 35 on page 161, which outlines developments in the Government's water services reform programme.

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

Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the District Council as outlined in note 35 remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved. In addition, there is uncertainty around the water services reform legislation. With the change in government, it may be repealed or substantially amended.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 5, 12 to 13, 20 to 23 and 180 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have performed limited assurance engagements related to the District Council's debenture trust deed and the project Quantum programme to implement the Technology One Financial, Payroll, Rating and Regulatory Information Systems in the District Council's FMIS system. These engagements are compatible with those independence requirements.

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



Wikus Jansen van Rensburg
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Elected Members as at 30 June 2023

Mayor

David Trewavas

Email: dtrewavas@taupo.govt.nz

Phone: 027 570 7918

Deputy Mayor

Kevin Taylor

Taupō Ward Councillor

Email: councillortaylor@taupo.govt.nz

Phone: 027 273 9817

Councillor

Duncan Campbell

Taupo Ward Councillor

Email: councillorcampbell@taupo.govt.nz

Phone: 027 207 8005

Councillor

Christine Rankin

Taupō Ward Councillor

Email: councillorrankin@taupo.govt.nz

Phone: 027 582 4804

Councillor

Rachel Shepherd

Taupo Ward Councillor

Email: councillorsshepherd@taupo.govt.nz

Phone: 027 336 4135

Councillor

Kylie Leonard

Taupō East Rural Ward Councillor

Email: councillorleonard@taupo.govt.nz

Phone: 027 257 7338

Councillor

Anna Park

Taupō Ward Councillor

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Councillor

Kirsty Trueman

Mangakino Ward Councillor

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Councillor

Karam Fletcher

Te Papamārearea Māori Ward Councillor

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Councillor

Danny Loughlin

Te Papamārearea Māori Ward Councillor

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Councillor

Sandra Greenslade

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Councillor

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Councillor

John Williamson

Taupō Ward Councillor

councillorwilliamson@taupo.govt.nz

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Disclosure statement

What is the purpose of this statement?

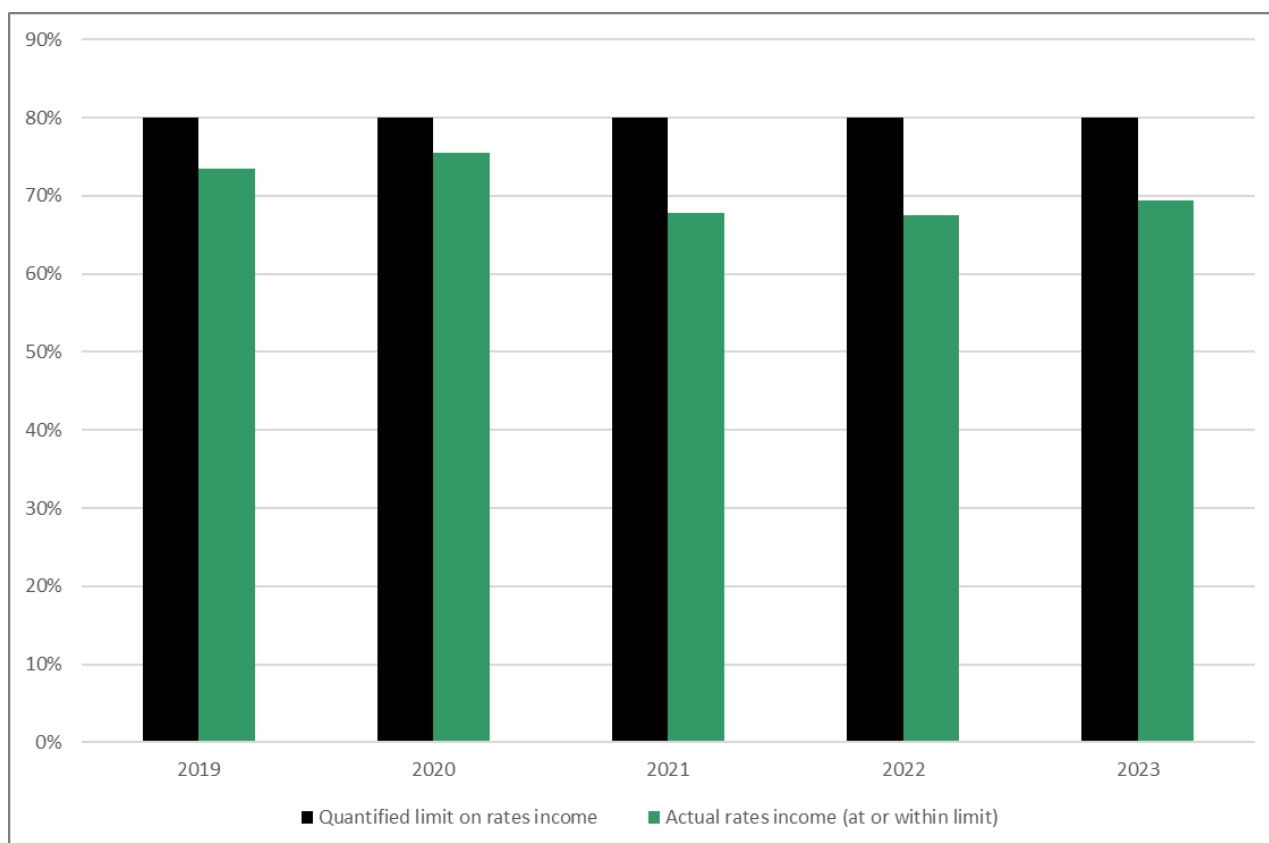
The purpose of this statement is to disclose Council's financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. Council is required to include this statement in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

Rates (income) affordability

Council meets the rates affordability benchmark if:

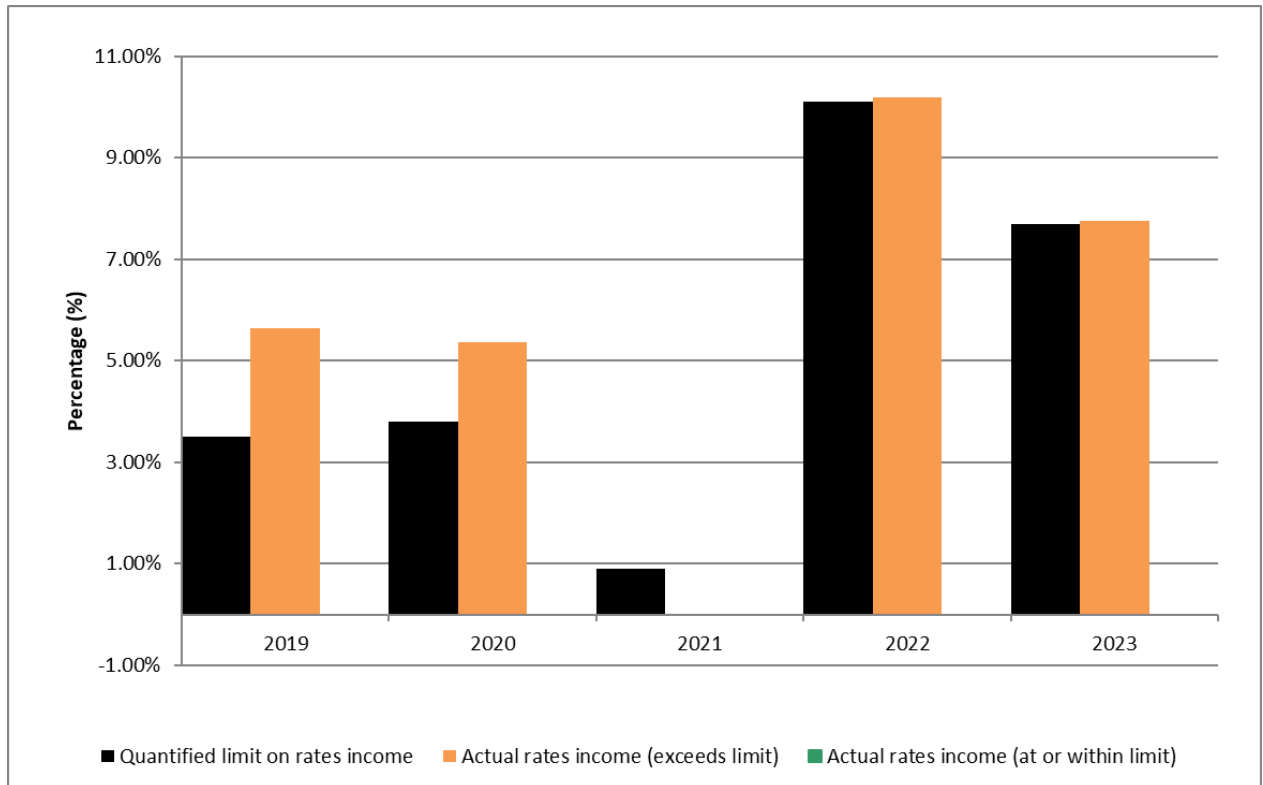
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rate increases.

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



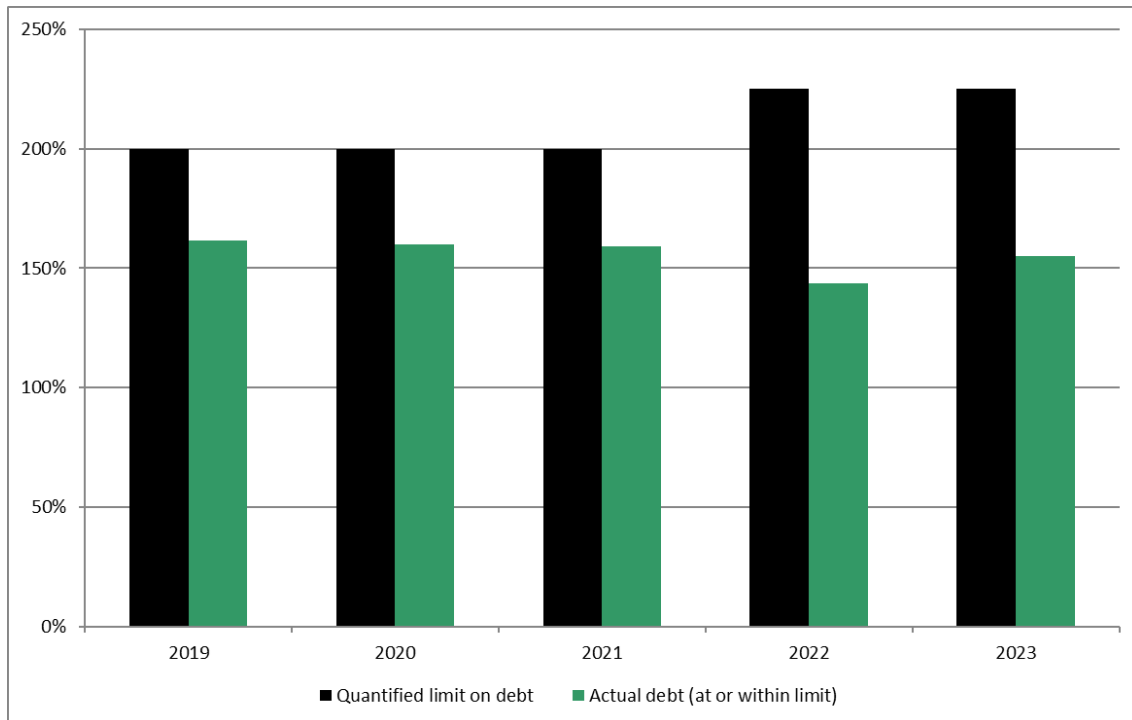
Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit in the 2018-28 LTP is that rate increases may not exceed LGCI + 1.5% and the limit in the 2021-31 LTP is that rate increases may not exceed LGCI + 2.5%. The 2019, 2020, 2022 and 2023 results exceed the limit due to a larger-than-normal growth in rateable properties which have contributed more rates revenue for those years. In 2021 a zero percent rates increase was targeted as a measure to alleviate COVID hardship.



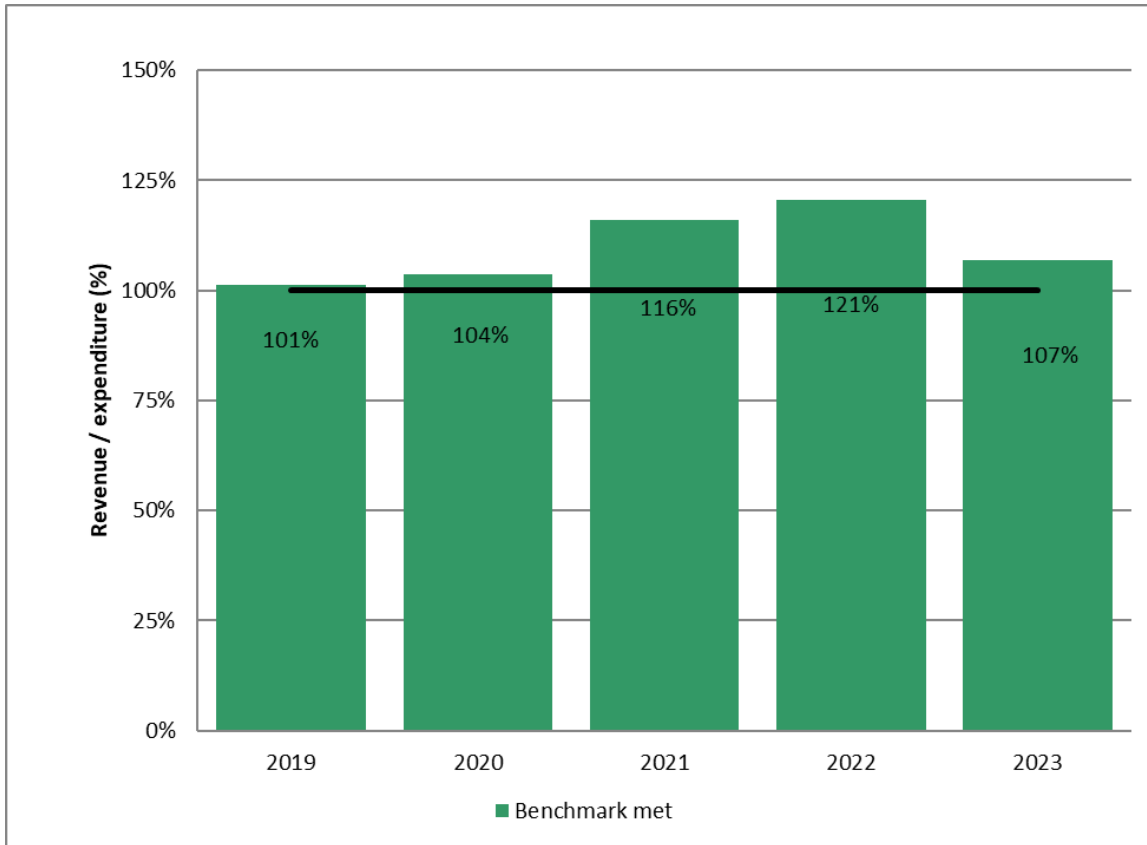
Debt affordability benchmark

The following graph compares the council's actual borrowing 2019 to 2023 with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit in the 2018-28 LTP was that gross external borrowing may not be more than 200% of annual operating income. The quantified limit in the 2021-31 LTP was that gross external borrowing may not be more than 225% of annual operating income.



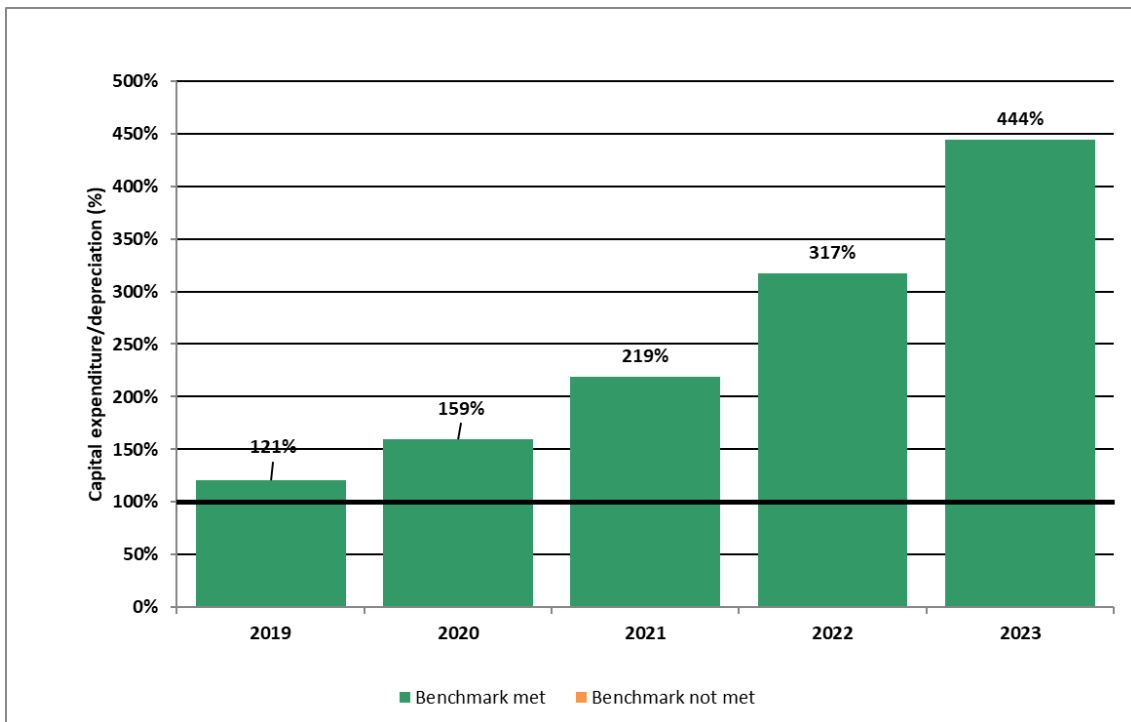
Balanced budget benchmark

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



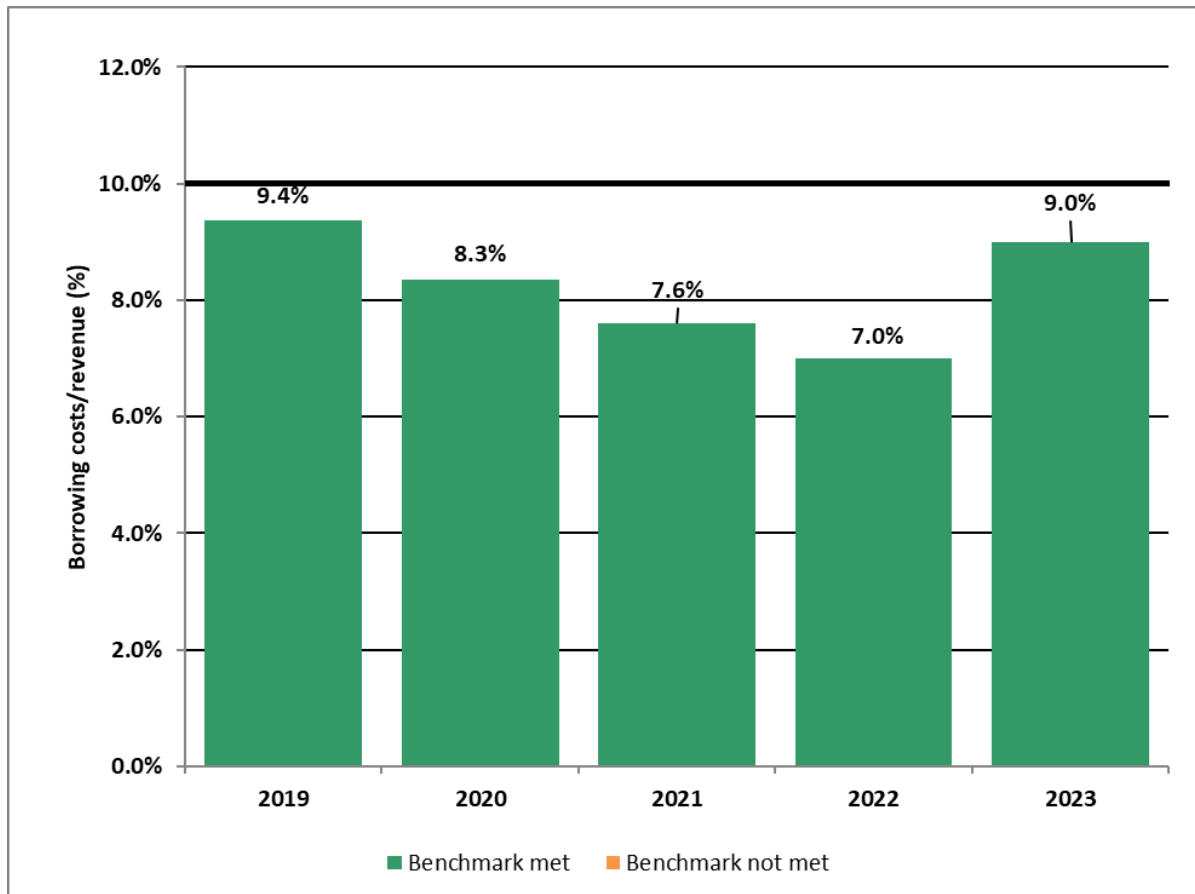
Essential services benchmark

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



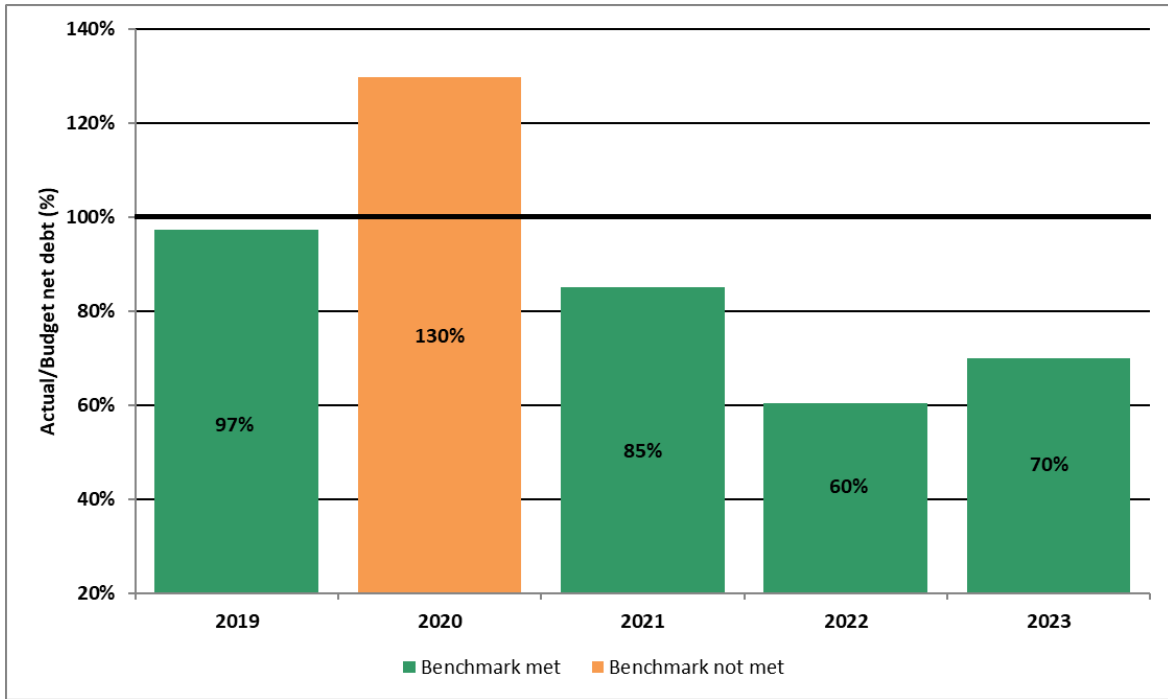
Debt servicing benchmark

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



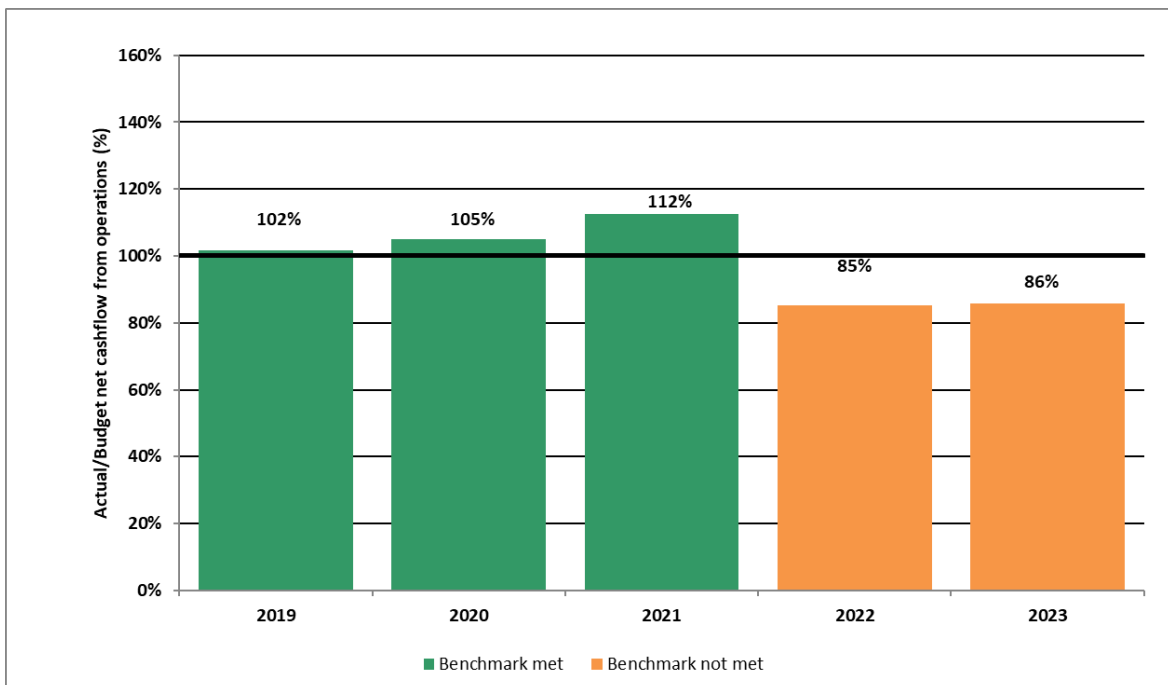
Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets. The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. The measurement of net debt changed in 2020 to include all financial liabilities and financial assets including derivatives. This has raised the level of net debt reported in this benchmark and increases the volatility of the measure due to the inclusion of market revaluations of derivatives which are not planned for in the LTP. All comparative years have been restated to the new measurement basis.



Operations control benchmark

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



Taupō District Council's vision

'We will be a district of connected communities who thrive and embrace opportunities.

Counting the assets

Council has \$1.9 billion in assets including land, infrastructure, and buildings as at 30 June 2023. These include:

2021/22	2022/23	Description
99,059	101458.9	m ² of parking
3,237 poles 4,517 lights	3,181 poles 4,428 lights	streetlights
806.8/52.9	811.7km (total) 760km (sealed) 51.1km (unsealed)	km of roads (sealed and unsealed)
781.88	795.07	km of pipes supplying drinking water (includes service connections)
299	340	reserves including six sports grounds, three cemeteries and 57 playgrounds (Reporting has not yet been updated to reflect additional reserves established as part of Wharewaka East development)
412	412	street litter/recycling bins
628	637.19	km of pipes for wastewater (includes service connections)
367	367	km of footpaths
271	271.42	km of pipes for stormwater
27	27	pump stations for water supply boosting
122	125	pump stations for wastewater reticulation (includes 64 septic tank effluent pump stations) includes two owned by Parks & Reserves
57	57	social housing units, mainly occupied by elderly people
57	57	public toilets
43	53.8	km of cycleways and shared paths
61	42	km of culverts
25	25	bridges
18	17	water treatment plants: both Acacia Bay & Taupo South (Rainbow Point) have been decommissioned
11	11	Wastewater treatment plants
1	1	Septage facility
11	11	community halls
5	6	transfer stations
3	3	libraries
3	3	swimming pools
2	2	fitness centres and one gymnasium
1	1	landfill
1	1	museum
1	1	events centre
1	1	entertainment centre (the Great Lake Centre)
1	1	airport

Opportunities for Māori to contribute to decision-making processes

Our relationships with iwi partners, hapū and Māori are important to Council. Council is committed to meeting its statutory responsibilities under the principles of Te Tiriti o Waitangi/the Treaty of Waitangi and recognises the contribution Māori have made to establishing and developing our district and that they continue to do so. We acknowledge these responsibilities are distinct from the Crown's Treaty obligations and lie within a TDC context.

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

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

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

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

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

Formal engagements for Council are:

- **Te Kōpu ā Kānapanapa** - Formal councillor representation on Joint Statutory Committee with Waikato Regional Council and Te Kotahitanga o Ngāti Tūwharetoa. This was established in September 2019 as a requirement of the Ngāti Tūwharetoa Claims Settlement Act 2018. The purpose is to restore, protect, and enhance the environmental, cultural, and spiritual health and wellbeing of the Taupō catchment for the benefit of Ngāti Tūwharetoa and all people in the Taupō catchment, including future generations.
- **Te Kotahitanga o Ngāti Tūwharetoa** has completed its Comprehensive Claims Settlement process which includes a number of obligations for Council.
- **Lake Taupō Protection Project** - Formal councillor representation on the Joint Committee with Waikato Regional Council, Tuwharetoa Māori Trust Board and the Crown. Its purpose is to establish the Lake Taupō Protection Trust to implement the Lake Taupō Protection Project and to provide governance to the Lake Taupō Protection Trust and the Lake Taupō Protection Project Agreement.
- **Rangitāiki River Forum** – Established under the Ngāti Manawa Claims Settlement Act 2012 and the Ngāti Whare Claims Settlement Act 2012. Ngāti Hineuru, Te Kotahitanga o Ngāti Tūwharetoa and Taupō District Council each appoint a member on the joint committee of the Bay of Plenty Regional Council and the Whakatāne District Council. The forum's purpose is the protection and enhancement of the environmental, cultural, and spiritual health and wellbeing of the Rangitāiki River and its resources for the benefit of present and future

generations. The forum is guided by Te Ara Whanui o Rangitāiki which contains a vision, objectives and desired outcomes to improve the river's health and guide future management.

- **C75 Waipāhīhī Māori Foreshore Reservation Trust** - Formal councillor representation on the trust alongside delegated representatives of Waipāhīhī Marae for the hapū of Ngāti Hinerau and Ngāti Hineure.
- **Tutemohuta Reservation Trust** - Formal councillor representation on the Trust alongside delegated Tauhara Middle 14 Trustees.
- **Ngāti Tūwharetoa Gallery Governance Group** - Support for the Taupō Museum's management by Ngāti Tūwharetoa members on the governance group. Membership and structure are under review.

Waikato River co-governance obligations as a Waikato River Iwi

- **Te Arawa River Iwi Trust** has a Joint Management Agreement with Council for the Waikato River.
- **Raukawa Charitable Trust** has a Joint Management Agreement with Council for the Waikato River.
- **Tūwharetoa Māori Trust Board** Council will soon be negotiating a Joint Management Agreement with the Tūwharetoa Māori Trust Board under the Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010.

The joint management agreements and relationship agreements include:

- **Tūwharetoa Māori Trust Board** has a Joint Management agreement with Council for the 2009 agreement giving joint decision-making powers to iwi on resource consents and private plan changes on Māori multiply owned freehold land. Signed in 2009, the agreement was the first of its kind and has received a number of awards.
- **Raukawa** – The Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010 provided for joint management agreements. Council signed an agreement with Raukawa in 2013, which marked a new and important stage in the relationship between Council and Raukawa, outlining the arrangements on the restoration and protection of the Waikato River. Raukawa Settlement Trust and Taupō District Council Co-Governance Committee under the Joint Management Agreement between Taupō District Council and the Raukawa Settlement Trust.
- **Te Arawa River Iwi Trust** – Council and the Te Arawa River Iwi Trust signed a joint management agreement on May 19, 2017. The agreement is very similar to the one that Council and Raukawa share, creating a formalised set of arrangements for the partners to work together on the restoration and protection of the Waikato River. Te Arawa River Iwi Trust and Taupō District Council Co-Governance Committee under the Joint Management Agreement between Taupō District Council and the Te Arawa Iwi River Trust.
- **Ngāti Tūrangitukua** Council will be working alongside Ngāti Tūrangitukua to implement the Mana Whakahoho ā Rohe.
The agreement reflects the aspirations of both parties to enhance their working partnership on a range of functions within the Ngāti Tūrangitukua rohe and Ngāti Tūrangitukua's aspiration to make decisions over particular matters within its rohe.
A co-governance committee made up of equal representation from Council and Ngāti Tūrangitukua will be established to oversee the implementation of the agreement.

Taupō and the visitor industry to better understand visitor behaviour, preferences, and expectations.

Affordable Waters Reforms

Central Government has announced changes to water services reforms, to strengthen the connection between local communities and their water services provider while ensuring affordability of services. At the date of the adoption of this Annual Report, the legislation stated that on 1 July 2025 the delivery of drinking water, wastewater and stormwater will be provided by a new water services entity which will service the entire Waikato Region. However, the new Government that was inducted in November 2023 have strongly indicated that they will repeal the affordable waters reforms. This provides uncertainty over who will be responsible for delivering these services in the future. In the meantime, Council will continue to provide these services.

Response climate change

Council has always sought to reduce our impact on the environment, including:

- investing and improving walking and cycling networks
- diverting green waste and recycling from the landfill
- moving to plug-in hybrid council vehicles and electric buses
- undertaking a programme of native revegetation and tree planting, in partnership with Greening Taupō
- undertaking electricity efficiency assessments, and we switched our streetlights to LEDs
- vermi-composting (worm farm) our wastewater sludge with MyNOKE.

In August 2022, Taupō District Council committed to taking further action by adopting emissions reduction targets aligned with getting to net zero carbon emissions by 2050. Council also adopted an emissions reduction directive for the organisation that sets an expectation that Council will be a climate change responsible organisation and will consider greenhouse gas emission impacts and options to reduce them in its future decisions, business cases and investment plans. Options to reduce emissions will be a focus for the council's next investment plan (the Long-term Plan 2024-2034).

Council's climate change targets and direction are available to view on the council website at www.taupo.govt.nz/climatechange

Service Performance Reporting

Service performance judgements and assumptions

This section covers pages 27 – 93 of the Annual Report document. Within this section, readers can find out the activities that Council delivered, the projects that Council worked on or completed and achievement of the performance measures. The performance measures are key measures that Council has chosen to report on to identify to the community.

Council must use mandatory measures which are set up the Department of Internal Affairs for the following groups of activities:

- Water
- Wastewater
- Stormwater
- Transport

For the other activities, Council can select its own performance measures which was done so in the Long-term Plan 2021-31. The measures were selected because Council felt they were the best measures to report on to the community. Council considers that all of the performance measures are relevant to a readers understanding.

When we prepared the forecast Statement of Service Performance in the 2021-2031 Long Term Plan, Taupo District Council has made the following judgments in the selection of our service performance measures found in the Statements of Service Performance sections:

- We have reflected on the extent to which the levels of service we plan to provide to the community were best captured by performance measures.
- Consideration has been given to the views expressed by our residents and ratepayers, community boards and their communities. This includes feedback relevant to the levels of service and performance measures received throughout the LTP consultation process.
- We have ensured that the performance measures adequately inform progress towards delivering the outcomes in the 2021-2031 Long Term Plan. Relevant measurement judgements have been included within each group of activity section to which the judgement relates.

Under the Local Government Act 2002 we are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, flood protection and control works and the provision of roads and footpaths. DIA guidance has been followed in measuring performance against all mandatory performance measures. We demonstrate regulatory compliance for statutory measures (such as percentage of both building consents and resource consents applications processed within 20 statutory days).

Further to the above judgements being made in the selection of performance measures, we also apply judgements in the measurement aggregation and presentation of service performance information. The key judgements were as follows:

- We have reflected on the extent to which the levels of service that we plan to provide to the community were best captured by performance measures
- Consideration has been given to the views expressed by our residents and ratepayers, representative groups and their communities. This includes feedback relevant to the levels of service and performance measures received throughout the Long-term Plan process

- We have ensured that performance measures adequately inform the progress towards delivering the outcomes in the Long-term Plan 2021-31.

As part of setting funding levels, the Council has considered the impact on services and their related performance measures.

Despite funding pressures, management has determined it is possible to continue to provide services at current levels and the related performance measures do not need to be adjusted for funding reasons.

Council uses a wide range of methods and other surveys to collect information on its plans and services. These include event management surveys to compile data on events in the district. The surveys are designed internally by council officers based on their knowledge and the expected outcome of the particular event and are sent to all events which operate in the district and use the Council's event management services. All surveys are sent to event operators after the completion of the event held.

Council recognises that the use of surveys may result in risks to the service performance reporting through bias such as low response rates, unintentionally representative sampling or ill-informed questioning.

Each participant in the survey population receives a personalised email invitation.

Council uses experts to undertake assessments for some of our water and roading performance measures, which includes expert assumptions and judgements within the reported results.

In relation to the wastewater performance measure relating to dry weather over flow events, the result complies with Department of Internal Affairs guidance.

We balance our measure of service delivery with measures that measure the quality of our service. These types of measurement are more objective and easily quantifiable.

External implications for statements about performance

There are conditions that can influence the service performance results and may result in a variation from the anticipated or forecasted results. These are conditions which are outside the control of council. Examples of this include, but not limited to: changes in government policy in New Zealand, changes in international travel restriction, global and domestic economic conditions and international policy that may impact areas such as recruitment, availability of material and supplies (for example, materials required for critical infrastructure), volatility in international financial markets and other unforeseen considerations.

Statement of compliance

The service performance information in this report is compliant with New Zealand generally accepted accounting practice (NZ GAAP).

Groups of Activities

Over the past year Council delivered a range of services on behalf of the community. This section reports on the services Council provided and the projects that were planned and/or delivered, as well as those not completed. Each service is also measured against the performance targets that were set in the Long-term Plan and the budget for the year – what Council planned to spend, and how much was actually spent.

Council has 10 groups of activities:

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

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

Council has achieved 46 of its 67 performance measures in the Long-Term Plan 2021-31, which it reports against annually (Council achieved 50 of 67 in 2021/22). Please note that the Annual Report 2021/22 incorrectly reported that we achieved 45 performance measures. More information on this can be found in the 'performance measures' tables for water on pages 43 – 45 and wastewater on pages 65.

The performance measures address factors such as quantity of service provided (or volume), quality of service, and customer satisfaction. The key reason why we haven't achieved all of our measures is:

- Changes to the standards relating to the quality of drinking water changing on 1 November 2022. This does not mean that our drinking water is unsafe. The risk is being managed through plans.

Council's community outcomes

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

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

Community well-beings

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

- Social
- Economic
- Environmental
- Cultural

This assessment has been made under the relevant activity.

Surveys

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

- Event management surveys to compile data on events in the district.

Community Services

What we do and why we do it

There are three activities in community services:

- Community engagement
- Regulatory services
- Emergency management.

Community Engagement

The community engagement activity involves working with our communities to ensure that they are supported and connected.

Examples of our community engagement work include: building strong local neighbourhoods through the “Our Neighbourhood, Our Future” programme, working alongside Māori to ensure that they are informed and engaged in decision making, providing community grants to help achieve community aspirations and supporting youth through our Youth Leadership programme and Youth awards.

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

Regulatory Services

The regulatory activity includes:

- Registering, enforcing and ensuring compliance with regulatory functions relating to food premises, liquor outlets, electronic gaming machines
- Undertaking animal control
- Enforcing parking time restrictions
- Processing resource consents and ensuring compliance with the District Plan and resource consent conditions
- Processing building consent applications, inspecting buildings and enforcing the Building Act 2004.

We undertake the regulatory group of activities to ensure that our residents are safe and protected from nuisance.

Emergency Management

Civil Defence Emergency Management (CDEM) is the key component of the emergency management group of activities. The CDEM role includes ensuring that our local communities and businesses are prepared if an emergency were to happen in our district. This includes undertaking public awareness and educational campaigns, training exercises and local response planning.

Community Outcomes

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

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

Contribution to the well-beings

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

Community Engagement

The community engagement activity involves working with our communities, developing partnerships, and integrating co-governance to ensure people are supported and connected across our business. We work to develop district neighbourhoods and communities by working directly with and alongside them. We work with community groups, organisations, and central government agencies to promote co-operation and collaboration.

Our focus this year has been focused on integrating localism into how we work with our communities and working alongside Iwi, hapu and Māori to ensure that they are informed and engaged in Council decision-making. We have looked to provide opportunities to give smaller communities a voice in what we do while ensuring we are establishing and leveraging relationships regionally and nationally.

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

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

We engage with groups from our community on a range of issues. This partnership approach is in support of our community outcome 'Engagement – Council is connected with its communities, advocating for their social and cultural well-being.'

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

What we did this year

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

- Facilitated planning and governance workshops for community groups and organisations to support community-led change.
- Facilitated regular Access Taupō hui and actions.
- Facilitated the Taupō Youth Workers Network.
- Participated in the Taupō Council of Social Service Network.
- Assisted the Taupō Learning Centre to secure external funding.
- Supported Te Whatu Ora to gain community insights.
- Supported crime prevention initiatives in conjunction with BOPLASS.
- Connecting age-friendly across the district including representation in Mangakino and Tūrangi.
- Developed stronger understanding of our communities and organisations to identify best approaches in how we provide and prioritise support.
- Facilitated and supported community groups with various community activities.
- Ran the CBD Ambassadors programme over the summer.
- Facilitated forum support of regional presentations/workshop, Civil Defence Welfare, Collective Impact, Church and Government/Local Government, Police/Church community relationships.
- Annual Plan engagement and submission process with interest groups, communities, partners and representative groups.
- Supported engagement around a number of council projects and initiatives including the Mangakino Lakefront, playground redevelopments in Taupō and Tūrangi, Arts and Culture Action Plan, and bylaws.
- Development of a civic education programme.
- Implemented a new framework for community engagement.
- Added staff resourcing into the Northern Taupō District rohe to improve engagement across Mangakino, Kinloch, Wairakei and other northern Taupō District settlements.
- Continued with a focus on localism for Taupō District Council.
- Managed and distributed community grants and partnership agreements, including Tūrangi-Tongariro, Mangakino-Pouakani, Taupō/Taupō East Rural, Creative Communities and the Rural Travel Fund.
- Supported distribution agencies in the social service, sport and arts sectors.
- Guided community groups in processes for sourcing and securing external funding opportunities.
- Initiated the Grants and Partnership review.

Regulatory Services

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

What we did this year

- Registered, enforced, and ensured compliance with regulatory functions relating to food premises, liquor outlets, class 4 gambling, animal control and other bylaws and statutes.

- With an increase in our Compliance Team members, we were not only able to better patrol our open spaces to support our community more effectively, but we also now work in pairs which provides a safer working environment for our officers.
- Enforced limited-time parking spaces in the Taupō Central Business District and worked with businesses affected by the town centre redevelopment to make concessions to mitigate the effects of the construction works.
- Processed resource consent applications and ensured compliance with the District Plan and consent conditions.
- Processed building consent applications, inspected buildings, and monitored and enforced the Building Act 2004.

Year	2021/22	2022/23	
Issued	1,024	1,249	Building consents
	1,021	875	Code of compliance certificates
	378	453	Resource consents
	6,618	11,730	Parking infringement notices
Dealt with	1,149	1,019	Noise complaints
	1,580	1,739	Animal control complaints
Audited	362	361	BWOF inspections/audits
Made	545	578	Food/Health inspections
	183	191	Liquor outlet inspections

Emergency Management

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

- Maintaining district-wide emergency management plans and promoting community preparedness for emergencies.
- Maintaining an Emergency Operations Centre and providing a Civil Defence capability. This includes Civil Defence staff training, the development and on-going review of Civil Defence plans and operating procedures. Council also has the ability to set up welfare centres in Taupō, Mangakino and Tūrangi in the event of an emergency.

What we did this year

- Attended community events promoting Civil Defence.
- Instigated new ways to get increased numbers of volunteers for Emergency Operations Centre.
- Staff training continued for Civil Defence welfare and foundational and intermediate course.
- Undertook school and early childhood centre visits to increase knowledge of the district's hazards, and how to get ready in case of an emergency.
- Participated in Caldera Advisory Group, Central Plateau Volcanic Advisory Group, and ECLIPSE meetings.
- Maintained preparedness for Covid-19 resurgence and associated planning.

Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
Support of community initiatives.	The number of community-led events, projects and initiatives.	A combination of 13 community-led events, projects and initiatives.	2021/22 – Achieved (13 community led events, projects and initiatives) 2022/23 – Achieved (13 community-led events, projects, and initiatives)	There were 13 community-led events, projects and initiatives held.
Community grants are provided and those who receive a grant are held accountable.	Percentage of distributing agencies that report annually to Council on the distribution of grants and costs of service for the distribution.	100 per cent.	Achieved - 2021/22 (100 per cent) 2023/23 – Achieved (100 per cent)	All distributing agencies reported in 2022/23.

Level of service	Performance measures	Target	Results	Explanation
We process resource consents within legislative timeframes which ensures that property developments are in line with District Plan policy goals.	Percentage of resource consents processed within statutory timeframes as specified under the Resource Management Act 1991.	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Not achieved (96.3 per cent)	In 2022/23 we processed 406 resource consent applications. 391 of these were processed within the statutory timeframes specified under the RMA 1991. The reason that we did not process all of our consents within the timeframes were because of challenges with capacity within council.
	Percentage of resource consents monitored to ensure they comply with the conditions of consent. the conditions, then appropriate.	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	All resource consents were monitored or are scheduled to be monitored depending on project timeframes.
We process building consents within legislative timeframes.	Percentage of all building consents applications processed within 20 working days as specified under the Building Act 2004 Section 48(1)	100 per cent.	2021/22 – Not achieved (79.4 per cent) 2022/23 – Not achieved (79.13 per cent)	In 2022/23 we processed 968 building consents within the 20-working day time frame. However, 202 building consents took longer than 20 days to process. This is due to a number of factors including lack of resourcing and the engineering concerns issues.
	Percentage of Building Warrants of Fitness audited yearly.	At least 20 per cent.	2021/22 – Achieved (57 per cent) 2023/23 – Achieved (52 per cent)	There were 357 BWOFF audits completed out of 688 buildings.

Level of service	Performance measures	Target	Results	Explanation
We maintain a register of dogs in the district.	Percentage of known dogs that are registered each year.	At least 99 per cent.	2021/22 – Not achieved (98 per cent) – 2022/23 – Achieved (99.2 per cent)	7,727 dogs were registered from a total of 7,790 known dogs in the district.
We respond promptly to food safety, dogs and noise complaints.	Percentage of noise complaints that are responded to within two hours.	At least 95 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	100 percent of noise Complaints were responded to within two hours.
	Food safety – Percentage of food complaints responded to within two working days.	At least 80 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	We received 14 food complaints. 100 percent of these were responded to within two days. Two of these related to businesses registered to the Ministry of Primary Industries rather than Council.
	Dog control – percentage of initial response within 24 hours for dog control complaints.	95 per cent.	2021/22 - Achieved – 99 per cent) 2022/23 – Achieved (100 per cent)	100 percent of animal control requests responded to within 24 hours.
We inspect health, liquor and food premises regularly.	Percentage of health (funeral homes, camping grounds, hairdressers) premises that are registered and inspected annually to ensure they meet minimum legislative standards.	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	100 percent of funeral homes, camping grounds, hairdressers were inspected. We inspected: 5 campgrounds, 36 hairdressers, 2 funeral homes and 4 offensive trades premises.
	Percentage of food premises that are registered and inspected/audited as required to ensure they meet	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	There were 310 verifications completed for food premises who were scheduled this year for their Food Control Plan or

Level of service	Performance measures	Target	Results	Explanation
	minimum legislative standards.			National Programme. All scheduled premises were verified for a total of 522 visits including documentation, close out inspections and revisits. Please note not all businesses are subject to verification each year and some are subject to multiple visits to achieve verification.
	Percentage of liquor premises that are registered and inspected annually to ensure they meet the legislative minimum standards.	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	191 licensed premises were inspected consisting of: 20 club inspections, 44 off-licences, 119 on-licence inspections, 4 temporary authorities and 4 special licences.
	The evaluation of our annual exercise as a measure of effectiveness of training delivery.	Baseline assessment	2021/22 – Achieved (53 percent) 2022/23 – Achieved (67 per cent)	Please note that this figure was incorrectly reported in the 2021/22 Annual Report as 100 percent as the incorrect parameters were used. It should have been reported as 53 percent. We have now updated the previous year's results. The actions completed included: engaging with the community, providing community response plans within our communities,

Level of service	Performance measures	Target	Results	Explanation
				working alongside marae; and training council staff to operate within the EOC.

Community Services Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	5,459	5,492	6,503
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	12
Fees and charges	3,093	2,894	3,864
Internal charges and overheads recovered	-	-	1,660
Local authorities fuel tax, fines, infringement fees, and other receipts	466	479	639
Total operating funding (A)	9,018	8,865	12,678
Applications of operating funding			
Payments to staff and suppliers	8,812	8,648	8,310
Finance costs	36	39	54
Internal charges and overheads applied	-	-	5,006
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,848	8,687	13,369
Surplus (deficit) of operating funding (A – B)	170	178	(691)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	86	78	59
Gross proceeds from sale of assets	-	-	106
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	86	78	165
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	165	165	140
• to replace existing assets	250	388	451
Increase (decrease) in reserves	(159)	(297)	(1,117)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	256	256	(526)
Surplus (deficit) of capital funding (C – D)	(170)	(178)	691
Funding balance ((A – B) + (C – D))	-	-	-

Community Services Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Community Services	Additional CCTV cameras for NZ Police	ILOS	S	31	21	(11)	
Community Services	Dog Pound refurbishment	ILOS	MY	11	144	133	1
Community Services - District	Renew als	Renew al	X	358	654	296	2
Total Community Services				400	819	419	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. Delays with design and supplier issues
2. \$65k saving with 231k to be carried forward. Taupo Pound renew als are \$145k of this carry forward, they are to be completed in conjunction with the refurbishment and is delayed by the same design and supplier issues.

Water

What we do and why we do it

Water is essential for life, health, recreation and the environment. Water is also essential for economic development.

Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Tūrangi, Mangakino and 15 other settlements in the district. That water is supplied continuously, and we have strict requirements for our water contractors to fix any breaks quickly and cost-effectively. We also supply water for firefighting in urban areas.

The Waikato Regional Council allocates water from our lakes and rivers for household, commercial and industrial uses. Council currently has 18 resource consents to take water from lakes, rivers, bores and other sources in the district.

Community Outcomes

This activity contributes to the following community outcomes:

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

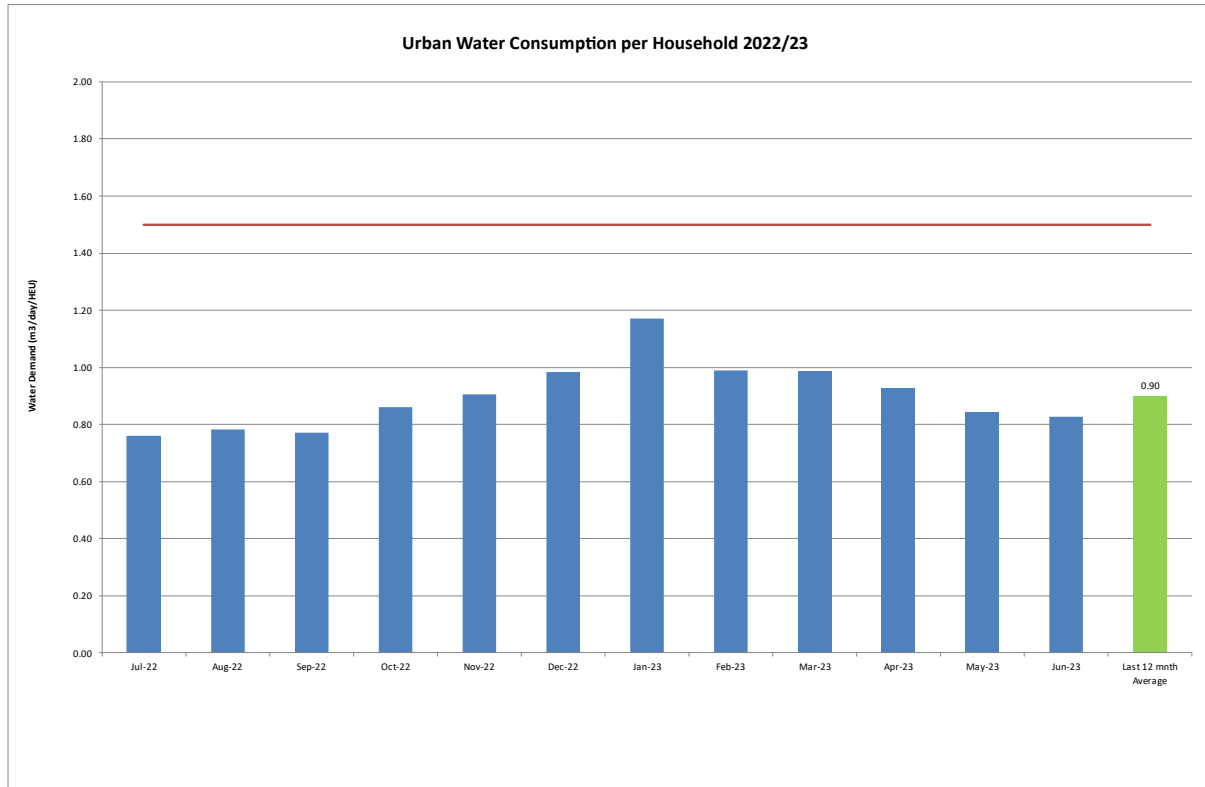
Contribution to the well-beings

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

What we did this year

- Completed the Kinloch Drinking Water Standards New Zealand Project pipeline components including 9.5km of pipework installation across Kinloch.
- Completed process design work for new membrane water treatment plants at Kinloch, Omori and Motuoapa and started construction of the new plant at Kinloch.
- Delivered 15km of water pipeline renewals across the District including:
 - 8.5km in Taupo
 - 4.2km in Mangakino
 - 1.3km in Turangi
 - 1.0km in Bonshaw Park.
- Installed smart water meters on all residential connections in Atiamuri, Hatepe and Whakamaru to help us monitor water use in these settlements .
- Continued our zone flow meter role out including installation of meters in Tirohanga, Mapara, Whakaroa and Taupo.
- Drilling of a new water supply bore at Atiamuri.
- Replacement of a reservoir roof at Mangakino.
- Extension of the water network to previously un-serviced areas of Whakamaru in the Forest View and Tihoi Rd area.
- Started construction of two new water treatment plants for our Atiamuri and Waihaha communities that will provide enhanced treatment to enable compliance with the drinking-water standards.

- Continuation of our process control and data system improvement project including commissioning of the first sites onto the new SCADA system.
- Renewed the water take consent for our River Road water scheme.
- Made significant progress in the Turangi water take consent process through signing of an operational agreement with Ngati Turangitukua.



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

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

Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
We provide safe drinking water to communities connected to a Council drinking water scheme.	The extent to which the Council's drinking water supply complies with: Part 4 of the Drinking-water Standards for New Zealand (Bacteria compliance criteria) • All schemes.	All schemes compliant with Part 4 of the DWSNZ.	2021/22 – Not Achieved (13 of 18 supplies passed) July to December 2022 – Not Achieved (12 out of 18 supplies passed) January – June 2023 – Not achieved (0 out of 18 supplies achieved) *Please note that due to transitioning from Drinking Water Standards New Zealand (DWSNZ) to Drinking Water Quality Assurance Rules (DWQAR) which came into force on 1 November 2022 the results for this measure have been split for this financial year into the following periods: July to December where we reported against the DWSNZ and January to June where we reported on the DWQAR.	We did not achieve this measure because in the first half of the year only 13 supplies were compliant with part 4 of the DWSNZ. No schemes were compliant for the second half of this year was due to the transitioning of monitoring schedules from the Drinking Water Standards New Zealand (DWSNZ) to Drinking Water Quality Assurance Rules which came into force on 1 November 2022. However, we are still managing the risk to ensure our water is safe. There was one positive E.coli at Omori following a mains break. This was immediately notified, and a 'boil-water' notice put in place.
The drinking water that Council provides	The extent to which The Council's drinking water supply	All schemes are compliant with Part 5 of the	2021/22 – Not Achieved (3 of 18 supplies passed)	All schemes are monitored, but

Level of service	Performance measures	Target	Results	Explanation
is safe and treated to the appropriate standards.	complies with: Part 5 of the Drinking water Standards for New Zealand (Protozoal compliance criteria).	DWSNZ as per upgrade plan	<p>July to December 2022 – Not Achieved (3 of 18 supplies passed)</p> <p>*Please note that due to transitioning from Drinking Water Standards New Zealand (DWSNZ) to Drinking Water Quality Assurance Rules which came into force on 1 November 2022 the results for this measure have been split for this financial year.</p> <p>January – June 2023 – Not achieved (2 out of 18 supplies passed)</p>	most schemes do not meet the monitoring requirements of the Drinking Water Standards or Drinking Water Quality Assurance Rules
	The extent to which Council's drinking water supply complies with: Part 8 of the Drinking-water Standards for New Zealand (chemical compliance criteria).	All schemes excluding Motutere are compliant with Part 8 of the DWSNZ as per upgrade plan.	<p>2021/22 – Not achieved</p> <p>2022/23 – Not achieved</p>	<p>The final result is that the following sites have achieved chemical compliance: Taupō, Tūrangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru.</p> <p>Note: Compliance is not achieved at Kinloch, Acacia Bay, Hatepe, Motuoapa, Centennial, Motutere and Omori due to lack of arsenic removal because of naturally occurring levels of arsenic. We are</p>

Level of service	Performance measures	Target	Results	Explanation
				monitoring the risk by regular sampling of the source to ensure arsenic levels do not change.
Our water reticulation network is efficient.	Percentage of real water loss from the Council's networks reticulation system. Methodology in line with Water NZ "Water Loss guidelines".	Urban Schemes – Target Current Annual Real Loss = 160 l/connection/day Rural Schemes – Target Current Annual Real Loss = 4.2 m3/km watermain/day	2021/22 – Not Achieved. • Taupō: 173 l/connection/ day • Tūrangi: 637 l/connection/ day • Average of Other Urban Networks: 128 l/connection/ day • Average of Rural Networks: 6.2 m3/km/day 2022/23 - Not Achieved. • Taupō: 169 l/connection/ day • Tūrangi: 654 l/connection/ day • Average of Other Urban Networks: 218 l/connection/ day • Average of Rural Networks: 6.3 m3/km/day	Water loss analysis is carried out by an independent external consultant. The method used was water balance calculations. Water meter reading results are used in the analysis noting that only 12 per cent of our customers have water meters. Unmetered water use is assessed. We did not achieve this measure because we lost more water through our network than set in the target. Losses happen in many ways such as breakages and cracks in the network.
We respond to faults with our water reticulation network promptly.	Median time for attendance for urgent callouts: from the time that Council receives notification to the time that the service personnel reach the site.	Less than one hour.	2021/22 – Achieved (0.65 hours) 2022/23 - Achieved (0.8 hours)	Although the reported resolution time is under one hour, issues with the data recording system mean we are unable to

Level of service	Performance measures	Target	Results	Explanation
				<p>accurately verify all fault resolution times. This result is based on the best available information.</p> <p>In the 2021/22 Annual Report we incorrectly reported that we did not achieve this measure. However, for this annual report we updated the result.</p>
	<p>Median time for attendance for non-urgent callouts: from the time that Council receives notification to the time that the service personnel reach the site.</p>	<p>Less than six days.</p>	<p>2021/22 – Achieved (2.0 days)</p> <p>2022/23 – Achieved (2.8 days)</p>	<p>Although the reported resolution time is less than six days, issues with the data recording system mean we are unable to accurately verify all fault resolution times. This result is based on the best available information.</p> <p>In the 2021/22 Annual Report we incorrectly reported that we did not achieve this measure. However, for this annual report we updated the result.</p>
<p>We resolve faults in our water reticulation network promptly.</p>	<p>Median time for resolution of urgent callouts: from the time that the local authority receives notification to the</p>	<p>Less than four hours.</p>	<p>2021/22 – Not Achieved (6.5 hours)</p>	<p>The reported resolution time is over four hours, and issues with the data recording system mean we</p>

Level of service	Performance measures	Target	Results	Explanation
	time that the service personnel confirms resolution of the fault or interruption.		2022/23 - Not Achieved (5.4 hours)	are unable to accurately verify all fault resolution times.
	Median time for resolution of non-urgent callouts: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.	Less than seven days.	2021/22 – Achieved (3.2 days) 2022/23 – Achieved (4.2 days)	<p>Although the reported resolution time is under one hour, issues with the data recording system mean we are unable to accurately verify all fault resolution times. This result is based on the best available information</p> <p>In the 2021/22 Annual Report we incorrectly reported that we did not achieve this measure. However, for this annual report we updated the result.</p>

Level of service	Performance measures	Target	Results	Explanation
Customers are satisfied with the drinking water that they receive.	<p>The number of complaints received by Council on:</p> <ul style="list-style-type: none"> a) Drinking water clarity. b) Drinking water taste. c) Drinking water odour. d) Drinking water pressure or flow. e) Continuity of supply. f) Council response to these issues. <p>The number of complaints is expressed per 1000 connections to Council networked reticulation.</p>	Less than 8 complaints per 1000 connections.	<p>2021/22 – Not Achieved (14.6 complaints per 1000 connections)</p> <p>2022/23 – Not Achieved (11.3 complaints per 1000 connections)</p>	<p>We received 241 calls for the year. There are 21,334 connections to the network.</p> <p>We did not achieve this measure because we received more complaints per 1000 connections.</p>
Potable water is used sustainably.	The average consumption of drinking water per day per resident within the district expressed as m ³ /day/HEU	Less than or equal to 1.5m ³ /day/ HEU.	<p>2021/22 – Achieved (1.01m³/day/HEU)</p> <p>2022/23 - Achieved (0.9m³/day/HEU)</p>	On average we used 18,911m ³ /day of water on our domestic schemes and we have 21,023 households.
There is adequate water for firefighting in urban areas.	Percentage of hydrants tested annually to ensure water pressure in urban areas meets FW2 firefighting code of practice standards.	At least 5 per cent.	<p>2021/22 Not Achieved (< 1.0 per cent)</p> <p>2022/23 – Achieved (9 per cent of hydrants tested)</p>	<p>We completed 209 hydrant tests during the year.</p> <p>There are 2,238 hydrants in the network.</p>

Water Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	11,584	12,796	12,560
Subsidies and grants for operating purposes	-	-	-
Fees and charges	111	115	779
Internal charges and overheads recovered	236	242	3,866
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	32
Total operating funding (A)	11,931	13,153	17,237
Applications of operating funding			
Payments to staff and suppliers	5,831	5,888	7,891
Finance costs	2,223	2,549	2,942
Internal charges and overheads applied	59	61	3,436
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,113	8,498	14,269
Surplus (deficit) of operating funding (A – B)	3,818	4,655	2,968
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	(168)
Development and financial contributions	2,146	1,843	2,367
Increase (decrease) in debt	5,186	11,231	8,629
Gross proceeds from sale of assets	-	-	246
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	7,332	13,074	11,074
Application of capital funding			
Capital expenditure			
• to meet additional demand	1,250	1,263	233
• to improve the level of service	9,159	12,860	10,318
• to replace existing assets	5,779	6,059	7,745
Increase (decrease) in reserves	(5,038)	(2,453)	(4,254)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	11,150	17,729	14,042
Surplus (deficit) of capital funding (C – D)	(3,818)	(4,655)	(2,968)
Funding balance ((A – B) + (C – D))	-	-	-

Water Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Water Supply Taupo	Tauhara Ridge Reservoir and Airport Connection	Grow th	MY	82	1,263	1,180	1
Water Supply Hatepe	Hatepe DWSNZ Upgrade	ILOS	MY	14	1,191	1,176	2
Water Supply Motuoapa	Motuoapa DWSNZ Upgrade	ILOS	MY	278	1,993	1,715	2
Water Supply Centennial	Treated Water DWSNZ Upgrade	ILOS	MY	41	104	62	
Water Supply Bonshaw Park	Bonshaw Park DWSNZ project	ILOS	MY	-	2,142	2,142	3
Water Supply Kinloch	Kinloch DWSNZ upgrade	ILOS	MY	1,340	5,976	4,636	2
Water Supply Omori	Omori DWSNZ upgrade	ILOS	MY	610	5,092	4,482	2
Water Supply Taupo	Water loss strategy implementation	ILOS	MY	178	569	391	4
Water Supply Whakamoenga Point	Whakamoenga Point DWSNZ project	ILOS	X	11	1,314	1,304	5
Water Supply Whareroa	Whareroa DWSNZ bore head upgrade	ILOS	X	8	41	33	
Water Supply Motuoapa	Motuoapa netw ork extension	ILOS	X	71	900	829	6
Water Supply Waihaha	Waihaha plant upgrade	ILOS	X	224	1,000	776	4
Water Supply Atiamuri	Atiamuri DWSNZ bore head upgrade	ILOS	X	229	750	521	4
Water - District	Renew als	Renew al	X	6,926	7,597	671	7
Total Water				10,012	29,932	19,920	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. Slow delivery of design w ork through COVID have lead to knock-on delays
2. Budget is committed in contract but there have been delays in geotechnical design
3. Delays in design of project. Completion date expected June 2024
4. Budget is now committed in contract but there w ere delays in design
5. Delays in design and engagement phases
6. Currently engaging w ith stakeholders
7. Still experiencing delays due to some global supply issues w ith pumps, valves and availability of electrical contractors

Transport

What we do and why we do it

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

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

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

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

Community outcomes

This activity contributes to the following community outcome:

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

Contribution to the well-beings

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

What we did this year

- Commenced safety improvements on Whangamata Road.
- Continued the seal extension programme.
- Speed limit changes around schools were implemented as part of the Speed Management Plan.
- Undertook safety improvements on Tirohanga Road.
- Undertook four school travel plans.
- Commenced construction of footpaths on Lake Terrace and Invergarry Road.

While not reported on within the Transport Activity, highlights include the completion of the Taupō Airport upgrade and the Taupō Town Centre Transformation project.

Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
The number of serious and fatal crashes on district roads is falling.	Reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	Decrease from previous year.	2021/22- Not achieved. (3 deaths and 16 serious crashes). There were 3 more serious crashes/deaths than the previous year. 2022/23 – Achieved (4 deaths and 10 serious crashes). In total there were 5 fewer serious crashes/deaths than the previous year.	There was a decrease in deaths and serious crashes from the previous year. Please note that the 2021/22 Annual Report reported that there were 6 deaths. This was incorrect as the incorrect parameters were used and should have been recorded as 3 deaths. We have now updated the previous year's results, but it remained "not achieved".
That our roading network is adequately maintained and in good condition.	The average quality of ride on a sealed road network, measured by percentage of smooth travel exposure. Methodology in line with NZTA Smooth Travel Exposure (STE) Index for sealed roads.	At least 90 per cent.	2021/22-Achieved. (92 per cent) 2022/23 - Achieved. 95% for all roads (Rural and urban).	The inputs for this NZTA report are based on road roughness and traffic counts. Results is as per NZTA reports download from RAMM July 2023.
	The percentage of the sealed local road network that is resurfaced.	At least 3 per cent.	2021/22- Achieved. (3.5 per cent) 2022/23 – Not achieved. 1.5% for all roads (Rural and urban)	As per resurfacing work record in RAMM at July 2023. The measure was not met due to the weather events/conditions we experienced in the District during January and February 2023 which had flow on effects on our already small construction period.

Level of service	Performance measures	Target	Results	Explanation
Footpaths are maintained and in good condition.	Percentage of footpaths in the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Territorial Local Authorities (TLA's) Asset Management Plans (AMPs) (maintenance intervention when displacement is greater than 10mm for Taupō CBD, Taupō urban areas and Tūrangi and other urban areas).	80 per cent.	2021/2022 – Achieved (91 per cent) 2022/23 – Not assessed	No condition rating was carried out in the 2022/23 financial year. Footpath condition rating occurs every 2-3 years and was last undertaken in 2019/20. It was not undertaken in 2022/23 because of the wet summer.
We will respond to customer service requests.	Percentage of customer service requests relating to roads and footpaths that are responded to within five working days.	At least 90 per cent.	2021/2022 – Achieved (90 per cent) 2022/23 - Achieved (90 per cent)	In 2022/23 1,945 service requests were received relating to footpaths and roads with 90% of these being acknowledged and/or responded to within the allocated timeframe.

Transport Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	6,158	8,192	8,272
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,336	2,465	2,767
Fees and charges	171	176	198
Internal charges and overheads recovered	425	526	403
Local authorities fuel tax, fines, infringement fees, and other receipts	450	464	430
Total operating funding (A)	9,540	11,823	12,070
Applications of operating funding			
Payments to staff and suppliers	6,166	6,349	6,317
Finance costs	818	776	1,110
Internal charges and overheads applied	434	535	1,639
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,418	7,660	9,066
Surplus (deficit) of operating funding (A – B)	2,122	4,163	3,004
Sources of capital funding			
Subsidies and grants for capital expenditure	3,718	3,587	8,922
Development and financial contributions	1,594	1,328	1,244
Increase (decrease) in debt	(1,544)	(202)	2,330
Gross proceeds from sale of assets	-	-	13
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,768	4,713	12,509
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	6,068	4,960	12,547
• to replace existing assets	3,173	3,700	3,250
Increase (decrease) in reserves	(3,351)	216	1,716
Increase (decrease) of investments	-	-	(2,000)
Total applications of capital funding (D)	5,890	8,876	15,513
Surplus (deficit) of capital funding (C – D)	(2,122)	(4,163)	(3,004)
Funding balance ((A – B) + (C – D))	-	-	-

Transport Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Transport	Poihipi Road seal w idening	Grow th	X	-	412	412	1
Transport	Whangamata Road improvements	Grow th	X	283	851	568	2
Transport	Anzac Memorial Drive	ILOS	X	332	284	(48)	
Transport	Broadlands Road w idening	ILOS	X	9	722	713	3
Transport	Bus infrastructure	ILOS	X	-	5	5	
Transport	Cycle facilities	ILOS	X	-	90	90	4
Transport	Lake Terrace footpath	ILOS	A	460	464	4	
Transport	Lighting along footpaths	ILOS	X	-	170	170	5
Transport	Mangakino streets - upgrade program	ILOS	X	-	41	41	
Transport	Minor Improvements	ILOS	X	4	240	236	6
Transport	New signs & road marking	ILOS	A	155	26	(129)	7
Transport	On street parking	ILOS	X	-	41	41	
Transport	Pedestrian facilities	ILOS	X	-	206	206	4
Transport	School Bus Shelters	ILOS	X	-	8	8	
Transport	Seal extension	ILOS	X	578	567	(11)	
Transport	Tirohanga Road improvements	ILOS	A	127	309	182	8
Transport	Wairakei Dr/Huka Falls Rd (north)	ILOS	X	-	321	321	9
Transport	Tauhara Ridge Drive Lake Terrace roundabout	ILOS	A	750	1,100	350	10
Transport	Wairenga Road, Mangakino footpath	ILOS	S	5	150	145	11
Transport	Install Bus Shelters and Associated Infrastructure	ILOS	X	-	20	20	
Transport	Tongariro Street, Roberts Street Transformation	ILOS	X	2,200	2,200	-	
Transport	Huka Falls Footpath Stage 3	ILOS	X	12	630	618	12
Transport	Local Road Improvements - Aratiatia Road Bank Works	ILOS	X	-	20	20	
Transport - District	Renew als	Renew al	X	5,031	6,215	1,183	13
Total Transport				9,946	15,092	5,146	

Transport Schedule of Capital Expenditure

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. Remainder of funding inadequate to begin next section of Poihipi Road
 2. Balance for Stage 2 improvements planned along Whangamata Road. Stage 1 guardrail has been completed
 3. Broadlands Road section identified for resurfacing/rehabilitation delayed due to weather and events. Contractor unable to complete within 2022/23 financial year
 4. The subsidised Transport Choice project was to provide a cycle lane connection from Acacia Bay Road to Spa Road via Norman Smith Street. Waka Kotahi required scope change to have separate cycle lanes. Proposing to stage with Stage 1 being Tongariro Street to Norman Smith requiring additional funding over and above original budget in application
 5. Research undertaken on types of lighting for pedestrians and meeting required lux levels. Due for completion April 2023
 6. Contract now let for pedestrian refuge islands install and improve accessibility within the district with some variations, due for completion December 2023
 7. Additional funds required for reduced speeds around schools and safer speed signage District wide. Contractor produced in bulk to save costs, covered by savings within transport
 8. Saving. Balance of budget released
 9. Delayed awaiting additional funding request to Waka Kotahi. A Standard Safety Intervention application required as the cost estimates have now come in over \$2M
 10. Project complete however final invoices yet to be agreed / received
 11. Minor slippage with balance spent July 2023
 12. Delayed as legal boundary issues require surveying and will now involve some land swaps before construction can occur. Note this project is fully funded by Waka Kotahi
 13. Due to weather events through last financial year and timing issues with events, the full rehabilitation programme has been delayed. Weather events also affected pre seal repairs completion in turn delaying the resurfacing programme
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Community Facilities

What we do and why we do it

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

We manage and service parks, reserves, playgrounds, open spaces, multi-purpose sports, entertainment and event venues, as well as pools, gyms and sports grounds throughout the district. This ensures there are sporting, aquatic and recreational opportunities for the community, as well as exercise facilities for the physical and mental well-being of everyone who spends time in the district, including visiting children and their families. We also support the learn-to-swim lessons sponsored by Contact Energy at all our pools.

Community outcomes

This activity contributes to the following community outcomes:

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

Contribution to the well-beings

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

What we did this year

- Completed and opened Te Mataapuna Sports Facility at Tūrangitukua Park.
- Adopted the Recreation and Sports Strategy for the District.
- Received the Arts, Culture and Nga Toi Action Plan.
- Secured 'Better Off' funding from Central Government for investment into Owen Delany Park.
- Achieved KPI targets for annual delivery of Contact Swimwell Programme.
- Achieved Pool Safe Accreditation for the Turtle Pools and AC Baths.
- Completed upgrade to the Childrens Corners at the Taupo Library and Taupo Museum.
- Completed the waka restoration project at the Taupo Museum.
- Completed upgrades to the HVAC systems at the Great Lake Centre and the Taupo Library.
- Completed the annual digitisation programme.
- Scoped and commenced conservation work on artworks, kete, korowai and botanical specimens.
- Completed annual book renewal programme.
- Installed TV monitors (some with audio-visual conferencing capability) in library meeting rooms and shared public spaces.
- Delivered the annual exhibition programme at the Taupo Museum.

- The Ora Garden retained status as a New Zealand 'garden of significance'.

Levels of service, performance measures and targets

Level of service	Performance measures	Target	Results	Explanation
The library is accessible and offers a range of services for the community.	The total number of items loaned to library members (physical and e-books) is maintained or increased.	At least 227,303 physical items, and 30,367 e-books/e-audio items loaned.	2021/22 – Achieved 2022/23 – Achieved 236,406 physical items and 54,471 e-books/e-audio items loaned	The number of physical items loaned increased by 3.7% and number of e-items loaned increased by 7%.
	The number of active library card users is maintained or increased.	At least 8,285 members used their library card.	2021/22 – Not achieved. 6,911 members used their library cards. 2022/23 – Not achieved. 7,346 members used their library cards.	7,436 members used their library cards. This is a 5.9% increase on last year's figure of 6,911 active users.
The Great Lake Centre and Taupō Events Centre are accessible and provide the community with a range of services.	The occupancy rate of the Great Lake Centre and Taupō Events Centre.	The Great Lake Centre and Taupō Events Centre are occupied at least 84 percent of the time.	2021/22 – Not Achieved (93 per cent for TEC, 62 per cent for GLC). 2022/23 – Achieved (109 percent for the TEC, 95 percent for the GLC)	We had an increase in occupancy at the Great Lake Centre and Taupo Events Centre compared to 2021/22 because 2022/23 was less impacted by Covid-19 restrictions.

Level of service	Performance measures	Target	Results	Explanation
Residents and visitors are satisfied with the exhibitions at the Taupō Museum and Art Gallery.	Total number of visitors (physical and virtual) to the museum is maintained or increased	Visits are maintained or increased.	2021/22 – Achieved. (Total visitors 24,270) 2022/23 – Achieved. There were 22,937 physical visitors, 12,313 unique pageviews on website and 3,980 Facebook visits.	There was an 38% increase on last year's physical visitors to the museum and 62% increase on website page views but 28% decrease on Facebook visits. Tracking positively on physical and website visits in line with a slow returning to pre-covid numbers. Decrease in Facebook may correlate to preference for personal engagement hence increase in the website visits.
	Number of exhibitions is maintained or increased.	Exhibitions are maintained or increased.	2021/22 – Achieved. (Three in-house exhibitions; seven local /visitor exhibitions; one touring exhibition) 2022/23 – Achieved (Three in-house exhibitions; seven local /visitor exhibitions; one touring exhibition)	The number of exhibitions was maintained.
Our open spaces are well cared for.	Percentage of service requests responded to relating to Council-owned parks and open space.	At least 90 per cent responded to within five working days.	2021/22 – Achieved (96 per cent) 2022/23 – Achieved (95 per cent)	There were 21 service requests received and 20 of these were responded to within five working days.
	Percentage of service requests responded to relating to Council playgrounds.	At least 90 per cent responded to within five working days.	2021/22 – Achieved (99 per cent) 2022/23 – Achieved (100 per cent)	There were 55 service requests received and all of these were responded to within five working days.

Level of service	Performance measures	Target	Results	Explanation
	Percentage of service requests responded to relating to sportsgrounds.	At least 90 per cent responded to within five working days.	2021/22 – Achieved (100 Per cent) 2022/23 – Not achieved (84.2 per cent)	A total of 19 service requests were received. 16 were completed within 5 working days. There were issues with capacity within council which affected the ability to respond to these requests on time.
Our pools are safe, well-maintained, and attractive for users.	We maintain Pool Safe accreditation at AC Baths and Turtle Pools.	Pool Safe accreditation maintained.	2021/22 – Achieved. 2022/23 - Achieved.	Pool Safe accreditation was achieved for both AC Baths and Turtle Pools. AC Baths and Turtle Pools continued to operate despite critical, ongoing staff shortages.
Public toilets are clean, safe and fit for purpose.	Percentage of service requests responded to relating to public toilets.	At least 90 per cent responded to within five working days.	2021/22 – Achieved (98 percent) 2022/23 – Achieved (100 percent)	In 2022/23, 113 service requests were received and all of these were responded to within five working days.

Community Facilities Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	19,932	20,490	20,251
Targeted rates	-	-	-
Subsidies and grants for operating purposes	141	149	204
Fees and charges	2,565	2,612	3,194
Internal charges and overheads recovered	-	-	669
Local authorities fuel tax, fines, infringement fees, and other receipts	9	9	103
Total operating funding (A)	22,647	23,260	24,421
Applications of operating funding			
Payments to staff and suppliers	16,259	16,500	13,098
Finance costs	1,214	1,203	1,526
Internal charges and overheads applied	409	420	5,505
Other operating funding applications	-	-	-
Total applications of operating funding (B)	17,882	18,123	20,129
Surplus (deficit) of operating funding (A - B)	4,765	5,137	4,292
Sources of capital funding			
Subsidies and grants for capital expenditure	151	100	2,484
Development and financial contributions	2,514	2,125	447
Increase (decrease) in debt	514	318	3,756
Gross proceeds from sale of assets	-	-	182
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,179	2,543	6,869
Application of capital funding			
Capital expenditure			
• to meet additional demand	2,254	1,985	(5)
• to improve the level of service	3,840	2,675	12,206
• to replace existing assets	3,992	2,499	2,830
Increase (decrease) in reserves	(2,142)	521	(3,870)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	7,944	7,680	11,161
Surplus (deficit) of capital funding (C - D)	(4,765)	(5,137)	(4,292)
Funding balance ((A - B) + (C - D))	-	-	-

Community Facilities Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Parks Development Contribution	New playgrounds on neighbourhood reserves	Grow th	X	-	123	123	1
Parks Development Contribution	New neighbourhood reserves	Grow th	X	-	1,862	1,862	1
Cemeteries - District	Cemeteries Interment Infrastructure	ILOS	X	23	44	21	
Community Halls - District	Turangi Events Centre	ILOS	M	-	1,027	1,027	2
Museum - Taupo	Digitisation of local history material	ILOS	A	20	21	0	
Libraries - District	Library books	ILOS	A	316	318	2	
Libraries - District	TV screens for Meeting Rooms at Taupō and Turangi Libraries	ILOS	A	21	14	(8)	
Parks & Reserves - District	Fencing contributions (Fencing Act requirement)	ILOS	A	16	21	4	
Parks & Reserves - District	Playground improvements	ILOS	X	187	257	70	3
Parks & Reserves - District	Public Art	ILOS	X	-	26	26	
Parks & Reserves - District	Taupo Skatepark upgrade	ILOS	X	98	330	231	4
Parks & Reserves - District	Waikato River erosion control	ILOS	M	-	154	154	1
Parks & Reserves - District	Te Kapua Park Playground Upgrade	ILOS	X	209	656	447	5
Parks & Reserves - District	Tongariro Street, Roberts Street transformation	ILOS	X	1,857	2,200	343	6
Project Watershed	Erosion Control - Kuratau Foreshore	ILOS	X	-	73	73	7
Project Watershed	Erosion Control - Tapuaeharuru Bay	ILOS	X	-	46	46	
Project Watershed	Lakewide Soft Options	ILOS	M	-	103	103	1
Taupo Events Centre - Stadium	TEC accessibility ramp	ILOS	X	-	67	67	
Parks & Reserves - District	Mangakino Lakefront Res Road realign	ILOS	X	-	27	27	
Community Facilities - District	Renew als	Renew al	X	1,006	2,181	1,175	8
Total Community Facilities				3,754	9,548	5,794	

Community Facilities Schedule of Capital Expenditure

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. To be reworked into 2024-34 LTP
 2. Feasibility analysis into alternative site locations, refresh of business case / cost benefit and preparation for the Long Term Plan consultation with a view to starting design in 2024/25
 3. Significant delays in readying the renewals programme from significant weather events and contractor availability
 4. Delays due to lack of contractor availability and weather
 5. The main contractor was unavailable to start until May with a four month delivery timeline
 6. Numerous delays associated with weather, designer delays and supplier issues. Project completion before May 2024
 7. Ongoing consultation and permissions with hapu and TMTB
 8. \$296k saving with \$879k to be carried forward. Supplier delay on pool plant ordered \$169k, significant delays in readying 2022/23 renewals programme due to weather events and contractor availability \$139k, unable to secure contractors for all required painting renewals. Tentative Q3/4 2023 \$121k, Lake front fencing renewal delayed due to availability of contractor \$98k, unable to secure builders for Kairmanawa Pavilion Toilet block renewals until Q3 2023 \$71k
-

Wastewater

What we do and why we do it

Council collects, treats and disposes of wastewater from residential, commercial and industrial properties within designated drainage areas of the district, safeguarding the environment and protecting public health. We provide sufficient capacity to serve communities within current designated drainage areas of the district, on a continuous basis. Our wastewater services support our environment outcome.

Council treats and disposes of wastewater in an environmentally responsible way, meeting Waikato Regional Council consent conditions. We are also responsible for reducing nitrogen discharge from our wastewater treatment plants into the Lake Taupō catchment by at least 29.2 per cent of 2005 levels by 2020, as part of the Lake Taupō Protection project.

We have adopted a proactive approach to maintenance and condition assessment in place. This requires an increase in operational expenditure to clean sewers and to collect data which will enable more accurate forecasting of maintenance and renewal requirements. It is anticipated that this will result in a reduction of blockages in the wastewater network and reduce overflows into Lake Taupō or waterways over time.

Fats, oils and grease from commercial kitchens and discharges from other commercial premises can increase the likelihood of sewer blockages when they are discharged into the sewer system. Council has a Trade Waste Bylaw to control these discharges. To improve performance in this area we are partnering with Waikato Local Authority Shared Services (CoLAB) to implement the bylaw. Implementation of this bylaw also ensures cost of proving the sewer treatment is fairly charged to those who produce wastewater.

Community Outcomes

This activity contributes to the following community outcome:

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

Contribution to the well-beings

The wastewater activity contributes to community well-beings.

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

What we did this year

- Continued the project that aims to reduce sewer overflows through increased maintenance. This included inspecting wastewater mains using a sewer line rapid assessment tool to inspect and assess the condition of wastewater mains using CCTV.
- Installed upgraded electrical control hardware at a number of wastewater water pump station. This work will continue over the next few years.
- Developed the design for the southern trunk sewer main in Taupo which is due for construction in 2024.
- Continued to develop future wastewater disposal options for the Tūrangi Wastewater Treatment Plant along with steering group partners Ngāti Tūrangitukua, Ngāti Karauia and Tūwharetoa Māori Trust Board.
- Began work on expansion of our View Road wastewater irrigation system which is due for completion in 2023/24.
- Complete re-consenting of our Rakaunui Road wastewater irrigation site.

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

- Tūrangi wastewater disposal
- Mangakino wastewater disposal

Levels of service, performance measures and targets

Level of service	Performance measures	Targets	Results	Explanation
We comply with the resource consents conditions relating to our sewerage systems.	Number of abatement notices received by Council in relation to sewerage system resource consents.	≤ 1 abatement notices received.	2021/22 – Achieved. 2022/23 - Achieved	No abatement notices were received from Waikato Regional Council.
	Number of infringement notices received by Council in relation to sewerage system resource consents.	0 infringements.	2021/22 – Achieved. 2022/23 – Achieved	No infringement notices were received from Waikato Regional Council.
	Number of enforcement orders received by Council in relation to	0 enforcement orders.	2021/22 – Achieved. 2022/23 - Achieved	No enforcement orders were received from Waikato Regional Council.

Level of service	Performance measures	Targets	Results	Explanation
	sewerage system resource consents.			
	Number of successful convictions received by Council in relation to sewerage system resource consents.	0 successful convictions.	2021/22 – Achieved. 2022/23 - Achieved	No convictions were received from Waikato Regional Council.
We will maintain the reduction in nitrogen discharged from wastewater treatment plants in the Lake Taupō catchment.	Maintain the reduction of total nitrogen discharged from wastewater treatment plants within the Lake Taupō catchment. Reduction of 20 per cent of the benchmark average has been achieved.	Maintain the reduction.	2021/22 – Achieved (29.2 per cent) 2022/23 – Not Achieved (2.2 per cent)	While there was a significant reduction in nitrogen discharged from the Kinloch wastewater treatment plant following the upgrade, process issues at the Turangi WWTP during the year have caused the total discharge to the lake catchment in increase compared to the previous period. These issues have now been resolved.
Our sewerage system is maintained to prevent sewerage overflows.	Number of dry weather sewerage overflows across the district that are expressed per 1000 connections. The weather description is reported by the service provider, Downer as part of their contract responsibilities. The accuracy of these has not been and cannot	Less than three.	2021/22 – Achieved (1.47 dry weather overflows per thousand connections) 2022/23 – Achieved (1.4 dry weather overflows per thousand connections)	There are 18.11 active sewer connections. Total dry weather overflows = 25. This result complies with DIA guidance.

Level of service	Performance measures	Targets	Results	Explanation
	be independently verified.			
We respond to faults with our sewerage system promptly	Median attendance time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system to the time that service personnel reach the site of the overflow or other fault.	Less than 1 hour.	2021/22 – Not Achieved 2022/23 – Achieved (0.18 hours)	Due to some issues with the data recording system, we are unable to accurately verify all fault response times. This result is based on the best available information .
We resolve faults with our sewerage system promptly.	Median resolution time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system, to the time that service personnel confirm resolution of the fault or blockage.	Less than four hours	2021/22 – Achieved (3.3 hours) 2022/23 – Not Achieved (4.14 hours)	Issues with the data recording system mean we are unable to accurately verify all fault resolution times. This result is based on the best available information. In the 2021/22 Annual Report we incorrectly reported that we did not achieve this measure. However, for this annual report we updated the result.

Level of service	Performance measures	Targets	Results	Explanation
Our customers are satisfied with the sewerage network.	The number of complaints received by Council on: a) Sewerage odour, b) Sewerage system faults, c) Sewerage system blockages; and d) Council's response to issues with its sewerage system. This is expressed per 1000 connections to the sewage system.	Less than eight.	2021/22 – Not Achieved (9.16 per 1000 connections) 2021/22 – Not Achieved (10.54 per 1000 connections)	There were 10.54 complaints received per 1000 connections. We did not achieve this measure because we received more than 8 complaints per 1000 connections.

Wastewater Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	14,049	15,619	15,822
Subsidies and grants for operating purposes	-	-	208
Fees and charges	265	275	206
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	34
Total operating funding (A)	14,314	15,894	16,270
Applications of operating funding			
Payments to staff and suppliers	7,337	7,426	7,049
Finance costs	2,098	2,416	2,793
Internal charges and overheads applied	175	181	2,505
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,610	10,023	12,347
Surplus (deficit) of operating funding (A – B)	4,704	5,871	3,923
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	(40)
Development and financial contributions	2,591	1,903	4,985
Increase (decrease) in debt	8,466	4,951	59
Gross proceeds from sale of assets	-	-	60
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	11,057	6,854	5,064
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	3
• to improve the level of service	12,100	8,539	4,704
• to replace existing assets	5,063	4,319	1,568
Increase (decrease) in reserves	(1,402)	(133)	2,712
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	15,761	12,725	8,987
Surplus (deficit) of capital funding (C – D)	(4,704)	(5,871)	(3,923)
Funding balance ((A – B) + (C – D))	-	-	-

Wastewater Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Water Supply Taupo	Tauhara Ridge Reservoir and Airport Connection	Grow th	MY	82	1,263	1,180	1
Water Supply Hatepe	Hatepe DWSNZ Upgrade	ILOS	MY	14	1,191	1,176	2
Water Supply Motuoapa	Motuoapa DWSNZ Upgrade	ILOS	MY	278	1,993	1,715	2
Water Supply Centennial	Treated Water DWSNZ Upgrade	ILOS	MY	41	104	62	
Water Supply Bonshaw Park	Bonshaw Park DWSNZ project	ILOS	MY	-	2,142	2,142	3
Water Supply Kinloch	Kinloch DWSNZ upgrade	ILOS	MY	1,340	5,976	4,636	2
Water Supply Omori	Omori DWSNZ upgrade	ILOS	MY	610	5,092	4,482	2
Water Supply Taupo	Water loss strategy implementation	ILOS	MY	178	569	391	4
Water Supply Whakamoenga Point	Whakamoenga Point DWSNZ project	ILOS	X	11	1,314	1,304	5
Water Supply Whareroa	Whareroa DWSNZ bore head upgrade	ILOS	X	8	41	33	
Water Supply Motuoapa	Motuoapa netw ork extension	ILOS	X	71	900	829	6
Water Supply Waihaha	Waihaha plant upgrade	ILOS	X	224	1,000	776	4
Water Supply Atiamuri	Atiamuri DWSNZ bore head upgrade	ILOS	X	229	750	521	4
Water - District	Renew als	Renew al	X	6,926	7,597	671	7
Total Water				10,012	29,932	19,920	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. Slow delivery of design work through COVID have lead to knock-on delays
2. Budget is committed in contract but there have been delays in geotechnical design
3. Delays in design of project. Completion date expected June 2024
4. Budget is now committed in contract but there were delays in design
5. Delays in design and engagement phases
6. Currently engaging with stakeholders
7. Still experiencing delays due to some global supply issues with pumps, valves and availability of electrical contractors

Solid Waste

What we do and why we do it

We provide a solid waste system for refuse and recyclables. Waste services include a landfill and resource recovery centre at Broadlands Road, five transfer stations and street litter and recycling bins and a district kerbside collection in our urban areas. We manage solid waste to reduce the likelihood of harm to people and the environment, and to retain the district's attractive appearance for residents and visitors. Solid waste services contribute to the environment and economic community outcomes.

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

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

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

Community Outcomes

This activity contributes to the following community outcome:

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

Contribution to the well-beings

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

What we did this year

- Ran public workshops including Waste Free Parenting, Waste Free Living and Food Lover's Masterclass.
- Ran a Teacher Professional Development and a Waste Minimisation for Events training workshop.
- Ran home composting workshops in Tūrangi and Taupō.
- Supported schools with composting programmes.
- Supported district marae through the Para Kore waste minimisation programme.
- Supported the Enviroschools programme.
- Held the Bread Bag Challenge litter pick up event.
- Held the Pick and Treat Halloween litter pick up event.
- Passed a waste levy audit from the Ministry for the Environment.
- Undertook environmental monitoring for the three closed landfills and the Broadlands Road Landfill.
- Achieved 'fully compliant' status on all solid waste consents.
- Continued the Resource Wise programme, which encompasses the waste minimisation offerings to local schools, businesses, community groups and the public.

- Ran the Waste Minimisation Grant and selected successful projects to fund.
- Ran public events through Taupō Environmental Education Collaborative to promote recycling and waste minimisation including Whānau Nature Day.
- Facilitated educational group trips to the Broadlands Road Transfer Station.
- Monitored and supported event waste management plans.
- Installed new street recycling bins and upgraded high-traffic area bins to 'Big Belly' bins.
- Completed the recycling shed at the Omori Transfer Station.
- Worked with operational contractors to maintain service levels.
- Installed the new weighbridge and software at the Turangi Transfer Station.
- Expanded the types of E-waste accepted at Broadlands Road Landfill and the Turangi Transfer Station.
- Continued the car seat recycling programme in conjunction with SeatSmart.
- Achieved 47% diversion from landfill.

Levels of service, performance measures and targets

Level of service	Performance measure	Targets	Results	Explanation
We will divert suitable waste from landfill.	The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream.	At least 48 per cent.	2021/22 – Achieved (48 per cent) 2022/23 – Not Achieved (46.7 per cent)	There were 29,405 tonnes of waste disposed to landfill and 25,844 tonnes of waste was diverted from landfill.
Our residents are satisfied with the waste and recycling services.	Percentage of service requests relating to waste and recycling that are responded to.	At least 90 per cent responded to within two working days.	2021/22 - Not Achieved (66 per cent) 2022/23 – No result	There are no results available as a large proportion of waste-related service requests are sent to the contractor to resolve and due to the time taken for the contractor to provide feedback Council has been unable calculate results for this measure.
We comply with the resource consent conditions for our landfills.	Percentage of resource consent conditions for our landfills that are complied with.	100 per cent	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent compliance)	We received full resource consent compliance.

Solid Waste Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	762	788	751
Targeted rates	1,512	1,695	2,793
Subsidies and grants for operating purposes	132	144	410
Fees and charges	3,353	3,654	4,778
Internal charges and overheads recovered	-	-	46
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	5,759	6,281	8,778
Applications of operating funding			
Payments to staff and suppliers	5,253	5,726	6,101
Finance costs	105	120	118
Internal charges and overheads applied	9	10	546
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,367	5,856	6,765
Surplus (deficit) of operating funding (A – B)	392	425	2,013
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	9
Development and financial contributions	-	-	-
Increase (decrease) in debt	81	635	(175)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	81	635	(166)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	514	1,080	484
• to replace existing assets	200	162	272
Increase (decrease) in reserves	(241)	(182)	1,091
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	473	1,060	1,847
Surplus (deficit) of capital funding (C – D)	(392)	(425)	(2,013)
Funding balance ((A – B) + (C – D))	-	-	-

Solid Waste Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Litter Control - Taupo	New street recycling bins	ILOS	A	10	10	-	
Litter Control - Taupo	Big Belly, refuse, recycling bins	ILOS	A	16	17	2	
Taupo Solid Waste Disposal	Gas Flare and Liner cover	ILOS	X	-	26	26	
Turangi Solid Waste Disposal	Glass bay extension - Tūrangi Transfer Station	ILOS	S	-	30	30	
Turangi Solid Waste Disposal	Concrete pad for greenw aste - Tūrangi Transfer Station	ILOS	S	3	30	27	
Solid Waste - District	Renew als	Renew al	A	188	174	(14)	
Total Solid Waste				217	287	70	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Stormwater

What we do and why we do it

Council provides a stormwater system to manage the surface water runoff from the district's urban catchments. Waikato Regional Council increasingly require Council to improve the quality of the stormwater particularly where it goes into lakes and rivers (as it does in the Taupō district) to reduce the adverse effects on the environment.

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

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

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

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

Community Outcomes

This activity contributes to the following community outcome:

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

Contribution to the well-beings

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

What we did this year

- Undertook overland flow path modelling.
- Undertook a district wide stormwater monitoring programme.
- Undertook monitoring of sediment collected from quality improvement devices.
- Installed one quality improvement device into the stormwater network on Redoubt Street.
- Undertook erosion control planting in a number of gullies in the district.
- Worked with Kids Greening Taupō to undertake planting in the Brentwood gullies.
- Supported Predator Free Taupō with pest trapping in Taupō gullies.
- Completed a CCTV inspection and condition assessment for parts of the Taupō town.
- Liaised with developers on stormwater designs for new subdivisions.
- Maintained and emptied quality improvement devices, with visual quality of discharges significantly improved.
- Worked with maintenance contractor to maintain the stormwater network.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Target	Results	Explanation
We manage the stormwater network to protect public health and property without compromising the environment	The number of flooding events that occur in a territorial authority district. A 'flooding event' means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.	0 flooding events	2021/22 - Achieved (0 flooding events) 2022/23 – Achieved (0 flooding events)	There were no flooding events.
	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	0 properties affected by flooding inside the habitable dwelling	2021/22 - Achieved (0 flooding events) 2022/23 – Achieved (0 flooding events)	No properties were affected by flooding from stormwater inside the habitable dwelling (one habitable floor).
	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	≤1hour	2021/22 Achieved (0 flooding events) 2022/23 – Achieved (0 flooding events)	There were no flooding events.
	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. *Please note that Council's stormwater network drains the roading network so there	Less than 8	2021/22 – Achieved (3.3 per 1000 properties) 2022/23 – Achieved – (1.06 per 1000 properties).	In 2022/23 we received 23 complaints in relation to our stormwater network and there were 24,454 connections to our stormwater network.

Level of service	Performance measures and targets	Target	Results	Explanation
	are no properties who connect to the stormwater network. For the purposes of this performance measure, we have considered that each property within the district benefits from the stormwater network and is therefore “connected” to our stormwater network.			
We will comply with our Resource Consent for discharge from our stormwater system.	Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0 abatement notices	2021/22 – Achieved. 2022/23 - Achieved	Council did not receive any abatement notices in relation to the discharge from our stormwater network.
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0 infringement notices	2021/22 – Achieved. 2022/23 - Achieved	Council did not receive any infringement notices in relation to the discharge from our stormwater network
	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	0 enforcement orders	2021/22 Achieved 2022/23 - Achieved	Council did not receive any enforcement orders in relation to the discharge from our stormwater network
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	0 convictions	2021/22 Achieved 2022/23 - Achieved	Council did not receive any convictions in relation to the discharge from our stormwater network

Stormwater Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	2,105	2,175	2,218
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	2
Total operating funding (A)	2,105	2,175	2,220
Applications of operating funding			
Payments to staff and suppliers	944	959	534
Finance costs	120	113	130
Internal charges and overheads applied	-	-	610
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,064	1,072	1,274
Surplus (deficit) of operating funding (A – B)	1,041	1,103	946
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	211	(379)	(428)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	211	(379)	(428)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	353	405	319
• to replace existing assets	88	110	29
Increase (decrease) in reserves	811	209	170
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,252	724	518
Surplus (deficit) of capital funding (C – D)	(1,041)	(1,103)	(946)
Funding balance ((A – B) + (C – D))	-	-	-

Stormwater Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Stormwater	Mangakino stormwater flood mitigation	ILOS	X	9	55	46	
Stormwater	Redoubt Street stormwater improvement device	ILOS	M	28	298	271	1
Stormwater	Chad Street Stormwater Gully footpath	ILOS	A	54	30	(24)	
Stormwater - District	Renewals	Renewal	A	13	110	97	2
Total Stormwater				102	493	390	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. Project began March 2023 and due for completion November 2023
2. Saving - Balance of budget released

Democracy and Planning

Democracy – What we do and why we do it

Council provides democratic local decision-making and action by, and on behalf of, our district's many communities. We are focused on meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Democracy contributes to the environment, engagement and economy community outcomes.

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

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

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

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

Planning – what we do and why we do it

A major role for Council is planning for the district's future to meet the needs of our communities. Council uses a wide range of strategic and spatial planning tools to achieve these goals and meet its various obligations under the legislation such as the Local Government Act and the Resource Management Act. This group of activities contributes to the environment, economic and engagement community outcomes.

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

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

Advocacy and leadership are essential for Council to ensure that the special qualities and particular needs of our district are considered when national and regional plans are being developed. We contribute to regional planning and coordination, and work with a wide range of community partners to advocate for our communities.

Council's community outcomes

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

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

Contribution to the well-beings

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

What we did this year

- Received an award for the Mana Whakahono o Rohe signed with Ngāti Tūrāngitukua and started implementing the agreement.
- Established the Turangi Co-Governance Committee.
- Council is working to equip its staff with the relevant tools and information to continually refine and improve its engagement processes with iwi partners and hapū. This mahi is ongoing and a priority for the organisation.
- The Iwi Partnerships and Co-Governance team is working hard to understand and work across the organisation to give effect to Council's existing and developing co-governance arrangements and obligations. This mahi is ongoing, and a priority for us going forward.
- A cross-departmental co-governance team consisting of policy, regulatory, legal, democracy, reserve management, infrastructure and iwi partnerships worked alongside Council's iwi partners to support the implementation of existing joint management arrangements and the development of new partnership agreements. This mahi is ongoing.
- Māori representatives continue to sit on each of Council's standing committees:
 - Emergency Management Committee
 - Kinloch Representative Group
 - Taupō Roding and Reserves Committee
 - Mangakino Pouakani Representative Group
 - Taupō East Rural Representative Group
- Introduced Māori wards for the 2022 local body elections and worked with the two new incoming councillors elected to represent the Māori ward.
- Supported Pukawa Marae to deliver the 2023 Waitangi Festival.
- Engaged our iwi partners to understand how best we can receive their guidance on the review of the District Plan. We engaged a consultant planner to provide capacity for iwi partners to become involved in the District Plan review and facilitate their input and participation in the process. This mahi is ongoing.
- We have engaged iwi partners, hapū across a range of Council projects and activities. We are working to engage our iwi partners, hapū as early as practically possible and to give effect to the partnership relationship we have with them.
- Continued to progress the review of our District Plan with a focus on preparing the following:
 - Plan Change 38 (Strategic Directions) - New Strategic Directions chapter.
 - Plan Change 39 (Residential Building Coverage) - Increases permitted residential building coverage in most residential environments from 30 per cent to 35 per cent.

- Plan Change 40 (Taupō Town Centre) - Changes building height provisions for parts of the Town Centre, modifies temporary activity rule and clarifies veranda requirements over service lanes.
- Plan Change 41 (Deletion of Fault lines) - Deletes out of date fault lines from planning maps/eplan.
- Plan Change 42 (General Rural and Rural Lifestyle Environments) - Full review of the rural chapters and removal of the Mapara Valley Structure Plan.
- Plan Change 43 (Taupō Industrial Environments) - Zones additional land for Taupō Industrial Environment.
- Responded to and advocated for our community on reforms such the Affordable Water Reform and Resource Management
- We have continued to work through the mediation process with Waikato Regional Council in relation to our appeal on Plan Change 1 (Healthy Rivers).
- Developed the Annual Plan 2022-23
- Progressed work on how Council can help address climate change through reduced emissions.
- Progressed development of a housing strategy that will clarify what role Council should play in addressing a range of housing related issues.
- Started the development of the Long-term Plan 2024-34

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Target	Results	Explanation
	Percentage of requests for official information that are responded to within 20 working days.	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Not Achieved (99.4 per cent)	We received 162 official information requests and there was 1 request that was not responded to within 20 working days.
	Percentage of existing bylaws that are reviewed within legislative time frames to ensure they remain relevant.	100 per cent.	2021/22 – Achieved (100 per cent) 2022/23 – Achieved (100 per cent)	In 2022/23 we initiated the review of our Alcohol Control Bylaw, Cemetery and Freedom Camping Bylaws. No other bylaws were required to be reviewed during this period.

Democracy & Planning Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	10,616	10,666	10,277
Targeted rates	83	86	21
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2	38	89
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	10,701	10,790	10,387
Applications of operating funding			
Payments to staff and suppliers	10,699	10,789	4,919
Finance costs	-	-	-
Internal charges and overheads applied	-	-	3,348
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,699	10,789	8,267
Surplus (deficit) of operating funding (A – B)	2	1	2,120
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	52
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	52
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	56	60
Increase (decrease) in reserves	2	(55)	2,112
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2	1	2,172
Surplus (deficit) of capital funding (C – D)	(2)	(1)	(2,120)
Funding balance ((A – B) + (C – D))	-	-	-

Schedule of Capital Expenditure Democracy and Planning

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Council Services - District	Renew al	Renew al	A	60	65	5	
Total Democracy & Planning				60	65	5	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project w ill not be complete by 30 September 2023) or project w ill no longer be carried out

ILOS Increased Level of Service

Investments

What we do and why we do it

Council generates income through investments and development of a range of assets that it owns. Income generated from assets is an important income stream for Council as it offsets some of the costs of providing services. Income is also used to pay off debt due to the East Taupō Arterial and the construction of other community infrastructure. This group of activities contributes to the economic community outcome.

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

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority (TAA) equally. The Taupō Airport Authority is a council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under agreement with the Crown, manages the Taupō Airport Authority. The governance of the airport operations is provided by a Committee of Council. The committee consists of Council and business representatives.

The upgrade of the Taupō Airport was completed.

Council's community outcomes

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

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

Contribution to the well-beings

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

Levels of service, performance measures and targets

Level of service	Performance measures	Targets	Results	Explanation
We manage investment assets in accordance with the Treasury Management Policy.	The value of the TEL Fund is maintained relative to inflation.	<p>Baseline plus 2022/23 rate of inflation.</p> <p>The baseline is the balance of the TEL Fund at 1 July 2022. The 2022/2023 rate of inflation is 7.3%.</p> <p>Therefore, the target for 2021/2022 is \$63.2m and for 2022/2023 is \$68.3m.</p>	<p>2021/2022 - Achieved.</p> <p>The TEL Fund increased from \$63m at 1 July 2021 to \$63.6m at 30 June 2022.</p> <p>2022/2023 - Not Achieved</p> <p>The TEL Fund increased in value from \$63.6m at 1 July 2022 to \$65.1m at 30 June 2023.</p>	The TEL fund did not increase sufficiently in value to meet target for the 2022/23 financial year due to high inflation for the period relative to the rates of return earned on each class of asset.

	<p>The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 per cent above the 90-day bill rate.</p>	<p>The target for 2021/2022 is 3.085%.</p> <p>The target for 2022/2023 is 6.421%.</p>	<p>2021/2022 - Not Achieved.</p> <p>The yield on the TEL Fund for 2021/2022 was 1.41%.</p> <p>2022/2023 - Not Achieved.</p> <p>The yield on the TEL Fund for 2022/2023 was 3.31%</p>	<p>There has been 350bp of OCR tightening over the last 12 months due to the high inflationary environment. Fixed Interest Investments constituting 70% of the fund had been placed in 2021/2022 when market interest rates were lower.</p>
	<p>The percentage yield on general and special reserve funds is greater than the minimum target set in the treasury management policy being 50.0 per cent 6-month BKBM mid-rate (average of reporting month) 50.0 per cent 6-month BKBM midrate, six months ago (average of month).</p>	<p>The target for 2021/2022 – 1.14%.</p> <p>The target for 2022/2023 – 5.11%.</p>	<p>2021/2022 - Not Achieved.</p> <p>The yield on General and Special Reserve Funds for 2021/2022 was 1.10%.</p> <p>2022/2023 - Not Achieved.</p> <p>The yield on General and Special Reserve Funds for 2022/2023 was 3.28%.</p>	<p>Fixed Interest Investments constitute the majority of the General Fund. Market returns on deposits placed in 2021/2022 have reduced the General Fund's average rate of return.</p> <p>Note that forecasts calculated at LTP preparation date were 1.31% for 2021/2022 and 1.43% for 2022/2023.</p>

Investments Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	(625)	97	(879)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	625	-	127
Fees and charges	758	778	674
Internal charges and overheads recovered	608	625	17,510
Local authorities fuel tax, fines, infringement fees, and other receipts	1,826	1,953	6,075
Total operating funding (A)	3,192	3,453	23,507
Applications of operating funding			
Payments to staff and suppliers	(1,300)	(704)	17,291
Finance costs	742	782	2,086
Internal charges and overheads applied	182	186	1,154
Other operating funding applications	-	-	-
Total applications of operating funding (B)	(376)	264	20,531
Surplus (deficit) of operating funding (A - B)	3,568	3,189	2,976
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(984)	2,764	5,669
Gross proceeds from sale of assets	9,025	4,777	9,817
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,041	7,541	15,486
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	4,008	4,239	9,446
• to replace existing assets	1,483	1,081	898
Increase (decrease) in reserves	6,118	5,410	8,118
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	11,609	10,730	18,462
Surplus (deficit) of capital funding (C - D)	(3,568)	(3,189)	(2,976)
Funding balance ((A - B) + (C - D))	-	-	-

Investments Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Support Services	Civic Administration Building - Fitout	ILOS	X	369	800	431	1
Support Services	Customer experience improvement programme	ILOS	M	-	135	135	2
Support Services	Digitisation of paper record books	ILOS	M	-	10	10	
Investments	Land development	ILOS	MY	394	495	101	3
Investments	Motutere Campground DWSNZ Upgrade	ILOS	M	-	758	758	2
Support Services	Core Systems Improvement	ILOS	X	576	1,000	424	4
Support Services	Technology hardware refresh programme	ILOS	A	93	110	17	
Support Services	Turangi Depot refurbishment	ILOS	X	-	257	257	5
Investments	Waiora House social development hub	ILOS	X	2,694	2,722	27	
Support Services	District Service Centre signage	ILOS	X	28	35	7	
Support Services / Investments - District	Renewals	ILOS/ Renewal	X	533	1,276	743	6
Total Investments				4,687	7,598	2,911	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project will not be complete by 30 September 2023) or project will no longer be carried out

ILOS Increased Level of Service

Explanation of major variances against 2022/23 Annual Plan

1. Delays in initiating project resulting in knock-on delays
2. To be reworked into 2024-34 LTP
3. Minor slippage with balance spent July 2023
4. Project slowed during 2022. Replanning, new steering and project team are now pushing forward to get the project delivered by the end of 2024
5. Project 50% complete at balance date. Due for completion February 2024 (weather dependent)
6. \$282k saving with \$461k to be carried forward. Vehicle renewals to be completed in the 2023/2024 year \$175k, replacement of Laptops moved from 3 to 4 years (orders to be placed November 2023) with other equipment renewals moved to align with the new building early-mid 2024 \$100k, building renewals (HVAC) delayed due to unavailability of contractors, expected completion November 2023 \$80k

The Taupō Electricity Limited (TEL) Investment Fund

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

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

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

	\$
Initial proceeds on sale September 1995	61,273,557
Cumulative Investment Gains / Losses	87,366,036
Cumulative Rates Subsidies, Project Funding / Debt Repayment	(84,996,004)
Balance of TEL Investment as at 30 June 2023	<u>65,114,963</u>
Comparative value of TEL Investment Fund at 30 June 2022	63,643,589

Economic Development

What we do and why we do it

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

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

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

As a Council we undertake leadership (including partnership and facilitation), spatial planning and infrastructure, quality regulation, services (including Water Services Reform Programme), business and industry development and social and community services, supporting economic development. Specifically:

- An in-house events function that supports event organisers to run both commercial and community events. This support includes advice, relationship management, promotion, equipment, venues, hosting, funding and monitoring. Council also provides infrastructure, services and regulatory functions to enable events. Supporting events provides economic impact, gives the district a positive profile, creates vibrancy and diversity, delivers social benefits and provides opportunities for business.
- Promoting Taupō as a holiday and visitor destination through a Council-controlled organisation, Destination Great Lake Taupō (DGLT) and information desks in Taupō, Tūrangi and Mangakino. Tourism is estimated to be worth over \$600 million to our economy annually and accounts for a significant proportion of employment within the district.
- Contracting Amplify, an independent trust, to provide business development services throughout the district. Its mandate is to enrich our community through the creation of wealth and jobs for our region and its services include district-wide business growth support; entrepreneur and youth development; and new business attraction.
- Supporting the activities of Towncentre Taupō - a member-based organisation focused on enhancing and developing the social and economic wellbeing of the Taupō central business district by developing a vibrant, well managed and innovative town centre.

Council's community outcomes

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

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

Contribution to the well-beings

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

Levels of service, performance measures and targets

Level of service	Performance measures	Targets	Results	Explanation
We facilitate and support economic development in the district.	<p>Amplify, Destination Great Lake Taupō and Towncentre Taupō report at least half-yearly to Taupō District Council on the manner of distribution of the grant as well as performance measures in line with their contracts for service and statements of intent.</p> <p>*Enterprise Great Lake Taupō is now Amplify</p>	<p>100 per cent report at least half yearly.</p>	<p>2021/2022 – Not Achieved</p> <p>2022/23 – Achieved</p>	<p>DGLT and Amplify (formerly EGLT) presented their six-monthly reports to Council in April 2023. Town Centre Taupō presented to Council as part of the induction process in November 2022.</p>
We attract, support and encourage sporting, cultural and other events around the district.	<p>The district's overall events portfolio is maintained, with at least three events in Tūrangi and Mangakino each year. Reporting to Council will consist of narratives on actual events including location and economic impact figures.</p>	<p>At least three events in Mangakino.</p> <p>At least three events in Tūrangi.</p>	<p>2021/22 – Achieved.</p> <p>2022/23 - Achieved</p>	<p>There were 12 events held in Mangakino and 18 events held in Tūrangi.</p>

Economic Development Funding Impact Statement

	2022 Long Term Plan (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	4,628	4,538	3,806
Targeted rates	170	175	179
Subsidies and grants for operating purposes	290	601	191
Fees and charges	-	-	124
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	5,088	5,314	4,300
Applications of operating funding			
Payments to staff and suppliers	5,080	5,307	4,075
Finance costs	1	1	6
Internal charges and overheads applied	-	-	408
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,081	5,308	4,489
Surplus (deficit) of operating funding (A – B)	7	6	(189)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(5)	(5)	22
Gross proceeds from sale of assets	-	-	28
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(5)	(5)	50
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	30
• to replace existing assets	53	12	-
Increase (decrease) in reserves	(51)	(11)	(169)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2	1	(139)
Surplus (deficit) of capital funding (C – D)	(7)	(6)	189
Funding balance ((A – B) + (C – D))	-	-	-

Economic Development Schedule of Capital Expenditure

Activity/Scheme	Project	Reason for Acquisition	Project Status (refer key)	Actual (\$'000)	Budget (\$'000)	Variance (\$'000)	Notes
Events Management	Event & equipment renew als	Renew al	A	31	51	20	
Total Economic Development				31	51	20	

Key

- A Achieved
- M Deliberate move into future years
- MY Multi-year project
- S Slippage
- X Not achieved - major slippage (project w ill not be complete by 30 September 2023) or project w ill no longer be carried out

ILOS Increased Level of Service

Whole of Council Funding Impact Statement

	2022 Long Term Plan (\$000)	2022 Actual (\$000)	2023 Long Term Plan (\$000)	2023 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	49,035	49,311	52,439	51,199
Targeted rates	27,398	27,327	30,370	31,374
Subsidies and grants for operating purposes	3,523	3,116	3,359	3,919
Fees and charges	10,317	11,612	10,542	13,905
Interest and dividends from investments	1,584	2,030	1,705	5,741
Local authorities fuel tax, fines, infringement fees, and other receipts	1,167	1,016	1,200	1,575
Total operating funding (A)	93,024	94,412	99,615	107,713
Applications of operating funding				
Payments to staff and suppliers	65,075	62,914	66,884	74,660
Finance costs	7,358	8,190	8,000	10,765
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	72,433	71,104	74,884	85,425
Surplus (deficit) of operating funding (A – B)	20,591	23,308	24,731	22,288
Sources of capital funding				
Subsidies and grants for capital expenditure	3,869	18,940	3,687	11,206
Development and financial contributions	8,844	3,740	7,199	9,044
Increase (decrease) in debt	12,009	(74)	19,392	19,921
Gross proceeds from sale of assets	9,025	4,199	4,777	10,504
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	33,747	26,805	35,055	50,675
Application of capital funding				
Capital expenditure				
• to meet additional demand	3,504	1,004	3,248	231
• to improve the level of service	36,206	47,121	34,924	50,194
• to replace existing assets	20,081	9,406	18,387	17,103
Increase (decrease) in reserves	(5,453)	(7,418)	3,227	7,435
Increase (decrease) of investments	-	-	-	(2,000)
Total applications of capital funding (D)	54,338	50,113	59,786	72,963
Surplus (deficit) of capital funding (C – D)	(20,591)	(23,308)	(24,731)	(22,288)
Funding balance ((A – B) + (C – D))	-	-	-	-
Reconciliation to Statement of Comprehensive Revenue and Expense				
Total Income per Statement of Comprehensive Revenue and Expense				156,637
Total operating funding (A)				107,713
Subsidies and grants for capital expenditure				11,206
Development and financial contributions				9,043
Other dedicated capital funding				-
Total Revenue per Funding Impact Statement				127,962
Add				
Add depreciation recovered				-
Add gain on sale				622
Add unrealised gains/losses				6,035
Add vested and first time recognition of assets				20,611
Internal charges and overheads recovered				1,407
Total Income per Statement of Comprehensive Revenue and Expense				156,637
Total Expenditure per Statement of Comprehensive Revenue and Expense				113,276
Total Expenditure Per Funding Impact Statement				85,425
Add				
Add depreciation expense				22,893
Add loss on sale of asset				2,278
Add unrealised losses				1,278
Internal charges and overheads applied				1,402
Total Expenditure per Statement of Comprehensive Revenue and Expense				113,276
Net (Surplus)/Deficit				(43,361)

Council summary – groups of activity income statement

Revenue by group of activities	Actual 2023	Council Budget 2023	Actual 2022
Water	17,896	16,239	17,564
Community Services	11,797	10,675	10,347
Transport	36,385	17,772	22,382
Community Facilities	28,823	25,461	26,285
Solid Waste	8,787	7,217	6,469
Stormwater	3,557	2,964	3,527
Wastewater	22,565	19,590	19,067
Economic Development	4,328	4,265	4,878
Democracy & Planning	9,768	9,653	10,776
Investments	12,721	17,320	42,878
Total activity revenue	156,626	131,156	164,173
Less internal revenue	(1,391)	(1,590)	(1,303)
Total revenue	155,235	129,566	162,870
Expenses			
Water	16,524	12,998	12,072
Community Services	9,363	7,591	7,780
Transport	13,746	14,474	13,442
Community Facilities	20,719	19,341	17,791
Solid Waste	7,297	7,136	6,788
Stormwater	1,851	1,720	1,587
Wastewater	14,933	14,837	14,007
Economic Development	4,106	3,896	3,827
Democracy & Planning	4,181	4,686	3,760
Investments	20,546	18,344	17,218
Total activity expenses	113,265	105,021	98,273
Less internal expenses	(1,391)	(1,590)	(1,303)
Total expenses	111,874	103,431	96,970

Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Revenue						
Rates	4	82,574	82,149	76,637	82,555	76,622
Subsidies and grants	6	15,128	6,281	22,057	15,547	22,838
Development and financial contributions		2,348	8,086	1,237	2,348	1,237
Fees and charges	5	13,904	10,610	11,612	14,447	11,983
Finance revenue	7	5,407	3,323	1,771	5,425	1,780
Other revenue	8	35,874	19,117	49,556	35,874	49,568
Total revenue		155,235	129,566	162,870	156,196	164,028
Expenses						
Personnel costs	9	29,724	26,824	25,558	30,658	26,374
Depreciation and amortisation expense	19	22,893	24,859	23,338	23,165	23,603
Finance costs	7	10,764	9,395	8,190	10,764	8,190
Other expenses	10	48,493	42,353	39,884	48,622	40,193
Total expenses		111,874	103,431	96,970	113,209	98,360
Income tax (expense)/credit	11	-	-	-	147	79
Surplus/(deficit) after tax		43,361	26,135	65,900	43,134	65,747
Other comprehensive revenue						
Property, plant & equipment revaluations	28	159,606	27,044	280,918	162,124	282,040
Investments in associates		(23)	-	8	(23)	8
Tax on equity items	28	-	-	-	(705)	-
		159,583	27,044	280,926	161,396	282,048
Total comprehensive revenue		202,944	53,179	346,826	204,530	347,795
Net surplus/(deficit) after taxation attributable to:						
Taupo District Council		43,361	26,135	65,900	43,309	65,758
Non-controlling interest	29	-	-	-	(175)	(11)
		43,361	26,135	65,900	43,134	65,747
Total comprehensive revenue and expenses attributable to:						
Taupo District Council		202,944	53,179	346,826	203,799	347,857
Non-controlling interests	29	-	-	-	731	(62)
		202,944	53,179	346,826	204,530	347,795

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

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

Statement of changes in Net Assets/Equity

For the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Net Assets/Equity at start of the year		1,691,151	1,366,301	1,344,325	1,702,539	1,351,994
Total comprehensive revenue and expenses for the year		202,944	53,179	346,826	204,530	347,795
Non-controlling interest equity injection		-	-	-	155	2,750
Total comprehensive revenue and expenses		202,944	53,179	346,826	204,685	350,545
Balance at 30 June		1,894,095	1,419,480	1,691,151	1,907,224	1,702,539
<i>Total recognised revenue and expenses are attributable to:</i>						
Taupo District Council		202,944	53,179	346,826	203,799	347,857
Minority interest		-	-	-	731	(62)
Total comprehensive revenue and expenses		202,944	53,179	346,826	204,530	347,795

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

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

Statement of Financial Position

as at 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Assets						
Current assets						
Cash and cash equivalents	12	18,408	4,367	6,936	19,306	11,157
Other financial assets	15	98,840	134,985	111,259	98,840	111,259
Trade and other receivables	13	8,997	5,473	6,381	7,999	5,888
Inventories	14	238	369	226	238	226
Prepayments		1,636	1,179	1,339	1,700	1,378
Derivative financial asset	25	67	-	-	67	-
Non-current assets held for sale	16	-	6,885	13,406	-	13,406
Total current assets		128,186	153,258	139,547	128,150	143,314
Non-current assets						
Other financial assets	15	9,971	20,622	9,933	9,771	9,933
Investment in CCO and other similar entities	15	8,430	8,515	7,973	107	130
Intangible assets	18	8,677	5,975	7,394	8,695	7,430
Investment property	21	32,250	13,810	30,784	32,250	30,784
Biological assets - forestry	20	7,868	7,845	7,535	7,868	7,535
Property, plant and equipment	17	1,907,187	1,439,418	1,680,778	1,930,656	1,697,825
Total non current assets		1,974,383	1,496,185	1,744,397	1,989,347	1,753,637
Total assets		2,102,569	1,649,443	1,883,944	2,117,497	1,896,951
Current liabilities						
Trade and other payables	22	19,956	16,364	20,605	20,328	21,360
Employee entitlements	23	3,652	3,442	3,225	3,768	3,330
Borrowings	24	49,353	48,085	63,633	49,353	63,633
Derivative financial instruments	25	-	-	-	-	-
Provisions		40	-	-	44	4
Total current liabilities		73,001	67,891	87,463	73,493	88,327

Statement of Financial Position (cont)

Non-current liabilities						
Provisions	26	161	160	154	170	167
Derivative financial instruments	25	119	16,951	4,935	119	4,935
Borrowings	24	135,013	144,957	100,068	135,013	100,068
Employee entitlements	23	180	4	173	180	173
Deferred tax liabilities	11	-	-	-	1,298	741
Total non current liabilities		135,473	162,072	105,330	136,780	106,084
Total liabilities		208,474	229,963	192,793	210,273	194,411
Net assets (assets minus liabilities)		1,894,095	1,419,480	1,691,151	1,907,224	1,702,540
Equity						
Accumulated funds	28	950,512	898,813	904,838	951,723	906,101
Other reserves	28	943,583	127,451	786,313	948,126	789,949
Non-controlling interests	29	-	393,216	-	7,375	6,490
Total equity		1,894,095	1,419,480	1,691,151	1,907,224	1,702,540

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

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

Statement of Cashflows

For the year ended 30 June 2023

	Note	Council			Group	
		Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Cash flow from operating activities						
Rates		82,713	82,149	77,360	82,694	77,345
Subsidies and grants		3,726	3,085	3,342	3,726	3,342
Development and financial contributions		2,407	8,086	1,020	2,407	1,020
Fees and charges		13,188	10,610	11,443	13,726	11,839
Finance revenue		4,729	3,323	1,355	4,762	1,364
Dividends or similar distributions		338	-	259	338	259
Other revenue		8,603	1,220	2,192	8,603	3,192
Payments to suppliers		(48,980)	(40,656)	(38,774)	(49,249)	(38,702)
Payments to employees		(29,290)	(26,824)	(25,606)	(30,212)	(26,397)
Interest paid		(10,020)	(9,388)	(7,939)	(10,026)	(7,939)
Net GST received/(paid)		(43)	-	463	39	382
Cash flow from operating activities		27,371	31,605	25,115	26,808	25,705
Cash flow from investing activities						
Proceeds from sale of fixed assets		10,504	16,146	4,197	10,504	4,209
Capital subsidies		9,740	3,196	16,473	9,740	16,473
Net (increase)/decrease in investments		12,347	(17,800)	16,884	13,027	17,134
Purchase and development of fixed assets		(68,407)	(74,560)	(61,596)	(72,001)	(65,984)
Cash flow from investing activities		(35,816)	(73,018)	(24,042)	(38,730)	(28,168)
Cash flow from financing activities						
Loans raised		45,000	58,775	21,994	45,000	21,994
Net raising of finance lease liabilities		-	-	-	-	-
Capital input from minority interest		-	-	-	154	2,750
Repayment of loans		(25,000)	(28,956)	(21,994)	(25,000)	(21,994)
Net repayment of finance lease liability		(83)	-	(76)	(83)	(76)
Cash flow from financing activities		19,917	29,819	(76)	20,071	2,674
Net increase (decrease) in cash held		11,472	(11,594)	997	8,149	211
Add cash at start of year		6,936	15,960	5,939	11,157	10,946
Cash, cash equivalents, and bank overdrafts at the end of the year	12	18,408	4,366	6,936	19,306	11,157

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

The net investment item in the investment activity cashflows reflects the net investment activity with banks and corporates. The investment item is disclosed on a net basis as the gross amounts do not provide meaningful information for financial reporting purposes.

Fixed assets included Property, Plant and equipment, intangible assets, biological assets etc.

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

Statement of Cashflows

	Note	Council		Group	
		Actual 2023 \$000	Actual 2022 \$000	Actual 2023 \$000	Actual 2022 \$000
Surplus/(deficit) after tax		43,361	65,900	43,134	65,747
Add/(less) non cash items					
Depreciation and amortisation		22,893	23,338	23,165	23,605
Vested and first time recognition assets		(20,611)	(5,342)	(20,611)	(5,342)
Unrealised (gains)/losses in fair value of biological assets		(196)	(431)	(196)	(431)
Unrealised (gains)/losses in fair value of non-hedge accounted derivatives		(4,883)	(22,816)	(4,883)	(22,816)
Unrealised (gains)/losses in fair value of investment properties and assets held for sale		(956)	(13,550)	(956)	(13,550)
Unrealised (gains)/losses on equities		253	273	253	273
Asset impairment and write-off		219	-	319	-
Add/(less) items classified as investing activity					
Net (gain)/loss on sale/write-offs		1,437	(1,562)	1,437	(1,574)
Capital Subsidies		(9,740)	(16,473)	(9,740)	(16,473)
(Increase)/decrease in accounts receivable for capital disposals		-	687	(147)	687
Non-operating movement in deferred tax		-	-	-	-
Increase/(decrease) in accounts payable for capital expenditure		114	(2,654)	114	(2,654)
Add/(less) movements in working capital items					
(increase)/decrease in accounts receivable		(3,589)	(1,555)	(3,092)	(1,599)
(increase)/decrease in inventories		(12)	143	(12)	143
Increase/(decrease) in accounts payable		(919)	(843)	(1,977)	(311)
Net cash inflow/(outflow) from operating activities		27,371	25,115	26,808	25,705
Reconciliation of movements of liabilities from financing activities					
				Council & Group	
				Finance guarantees	Finance leases
				\$000	\$000
Balance at 30 June 2022				-	147
Cash inflows				-	-
Cash outflows				-	(83)
Non-cash changes				-	4
Balance at 30 June 2023				-	68
					Debtures & other loans
					\$000
					163,701
					45,000
					(25,000)
					597
					184,298

1. Statement of accounting policies

1.1 Reporting entity

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

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

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

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

The financial statements of Taupo District Council are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 12 December 2023.

2 Summary of significant accounting policies

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

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

2.1 Basis of preparation

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

Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the Local Government Act 2002, with the exception of late adoption of the annual report as disclosed in note 36, and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP).

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

These financial statements comply with PBE standards.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

PBE IPSAS 41 Financial Instruments

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

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

Council has adopted this standard in preparing the financials statements for the year ended June 2023. For council, adoption of the standard has not resulted in any material effect on the 2023 annual report. Council does not apply hedge accounting

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29.

The main changes to the Council and group's accounting policies are:

- Note 13 - Trade & Other Receivables - This policy has been updated to include impairment of short term receivables under a simplified expected credit losses model.
- Note 15 - Other financial assets - This policy has been updated to reclassify measurement classifications by all asset classes under the purview of PBE IPSAS. More detail of the reclassification can be found in note 32.
- Note 32 - Financial instruments - This policy has been updated to reclassify measurement classifications by all asset classes under the purview of PBE IPSAS. More detail of the reclassification can be found in note 32.

1. Statement of accounting policies

PBE FRS 48 Service Performance Reporting

In November 2017, the XRB issued a new standard, Service Performance Reporting (PBE FRS 48). There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. The new standard is Mandatory for annual periods beginning on or after 1 January 2022, with early application permitted. The Council has adopted this standard in preparing its 30 June 2023 financial statements.

Standards issued and not yet effective and not early adopted

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

Disclosure for Fees for Audit Firms' Services (amendments to PBE IPSAS 1): Requires entities to disclose fees incurred for services received from its audit or review firm, and a description of each service, using the following categories:

- Audit or review of the financial report
- Other non-audit and non-review services:
 - Audit or Review Related Services
 - Other Assurance Services and Other Agreed-Upon Procedures Engagements
 - Other Services

Application of these amendments is required for period beginning or after 1 January 2024 with early adoption permitted. Council plans to apply this standard in preparing its 30 June 2024 financial statements, where applicable. No material changes are expected as a result of adopting this amendment.

Insurance Contracts in the Public Sector (amending standard PE IFRS 17): the standards add public sector modifications to include public sector entities and to ensure this Standard is suitable for this sector. Modifications include:

- Information on how to identify arrangements to which PBE IFRS 17 should apply
- Specific exemptions relating to sub-growing contracts
- An amendment to the initial recognition requirements
- Guidance on coverage periods
- An accounting policy choice on liability measurement when applying the premium allocation approach
- A specific grandfathering transition requirement.

Application of these is required for accounting periods beginning in or after 1 January 2026 with early adoption permitted. Council plans to apply this standard in preparing its 30 June 2026 financial statements.

2. Summary of significant accounting policies

2.2 Basis of consolidation

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

Controlled entities

Controlled entities include special purpose entities and are those over which Taupo District Council and Group has the power to govern financial and operating policies, generally arising from a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether Taupo District Council and Group controls another entity.

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

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

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

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

- Taupo Airport Authority (50% owned but in substance Council exercises control)
- Destination Lake Taupo Trust (Council is the settler of the Trust)
- Data Capture Systems Limited (100% owned)
- Destination Lake Taupo Limited (100% owned)

2.3 Exchange and non-exchange revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

-Exchange transactions:

Revenue from exchange transactions arises where the Group provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from exchange transactions include interest revenue, dividend revenue, sale of goods, and other gains & losses. Details on accounting policies for these classes of revenue can be found in the associated note.

-Non-exchange transactions:

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Group receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which the Parent provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Parent's revenue will be categorised non-exchange.

An inflow of resources from a non-exchange transaction recognised as an asset, is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and / or that future economic benefits or service potential must be returned to the owner.

Revenue from non-exchange transactions include rates revenue, fees & charges revenue, grants & subsidies, and all other revenue not included as exchange transactions. Details on accounting policies for these classes of revenue can be found in the associated note.

2. Summary of significant accounting policies

2.4 Foreign currency transactions

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

2.5 GST

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

2.6 Budget figures

The budget figures are those approved by the Council in the 2021-31 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

2.7 Cost allocation

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

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

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

2.8 Third party transfer payment agencies

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

3. Critical accounting estimates and judgments

(a) Critical accounting estimates and assumptions

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

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

(b) Critical judgements in applying accounting policies

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

4. Rates

Accounting policy

Rating Revenue is classified as non-exchange revenue and is measured at fair value.

Rates revenue

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
General rates	52,272	50,392	52,272	50,392
Total general rates	52,272	50,392	52,272	50,392
Targeted rates				
Refuse disposal	2,793	1,514	2,793	1,514
Sewage disposal	15,822	14,085	15,822	14,085
Water supply	10,959	9,927	10,959	9,927
Water by meter	1,857	1,814	1,857	1,814
Taupo Town Centre	179	170	179	170
Turangi/Tongariro community board	21	83	21	83
Whakamaru fire protection	4	3	4	3
Total targeted rates	31,635	27,596	31,635	27,596
Rates penalties	403	285	403	285
Total penalties revenue	403	285	403	285
Total rates	84,310	78,273	84,310	78,273
Less - rates remissions	(821)	(763)	(821)	(763)
Less - internal rates on Council/Group properties	(915)	(873)	(934)	(888)
Total rates, excluding targeted water supply rates	82,574	76,637	82,555	76,622

As at 30 June 2022 there were 24,454 rating units in the District with a total capital value of \$19.617 billion and a total land value of \$9.770 billion (30 June 2021: 24,130 rating units, \$19.356b capital value, \$9.665b land value).

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

The annual rates revenue of the Council for the year ended 30 June 2023 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure are as per the table above.

Rates remissions

Under Council's remissions policies, remissions are allowed for Lake Taupo and Hydro lakebeds; community, sporting, and other organisations; non-income producing, unoccupied parts of Māori freehold land in multiple ownership and in undeveloped state; and penalties in certain circumstances and at Council's discretion, natural disasters, Council owned utilities, water leaks, fixed charge for targeted water availability charge at Waitahanui.

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

5. Fees and charges

Accounting policy

Development and financial contributions

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

Building and resource consent revenue

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

Entrance fees

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

Landfill fees

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

Sales of goods

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

Rental Revenue

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

Dividends

Dividends are recognised when the right to receive payment has been established, and is classified as exchange revenue.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Landfill charges	4,778	3,896	4,778	3,896
Building and resource consent charges	2,789	2,820	2,789	2,820
Other regulatory revenue	1,186	1,143	1,186	1,143
Swimming pools revenue	994	731	994	731
Rendering of services	378	352	378	411
Sale of goods	766	586	840	649
User charges	2,607	1,728	2,814	1,826
Facility membership fees	406	356	406	356
Taupo Airport landing fees	-	-	223	116
Destination Great Lake Taupo marketing fees	-	-	39	35
Total fees and charges	13,904	11,612	14,447	11,983

6. Subsidies and grants

Accounting policy

New Zealand Transport Agency roading subsidies

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

Other grants and bequests

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Operational subsidies and grants				
NZ Transport Agency subsidy	2,767	2,060	2,767	2,060
Other government grants	1,007	973	1,426	1,754
Other grants and donations	148	84	148	84
Capital subsidies and grants				
NZ Transport Agency capital subsidy	1,480	2,414	1,480	2,414
Other government capital grants	9,524	16,005	9,524	16,005
Non-government capital grants	202	521	202	521
Total subsidies and grants	15,128	22,057	15,547	22,838

Council applied for \$8.32m of Government stimulus funding in relation to the Three Waters reform package. At 30 June 2023, all funding has been received, with two payments being received in the financial year, relating to revenue recognised in the prior year (2022: \$3.31m, capital - \$2.85m, operational \$0.46m).

The Council has received \$20.6m of Government funding from the Infrastructure Reference Group for the transformation of the Taupo town centre. \$6.3m has been recognised above based on costs already incurred for the year ended 30 June 2023 (2022: \$10.0m).

Government Grants

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

7. Finance revenue and finance costs

Accounting policy

Interest revenue is recognised using the effective interest method.

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Finance revenue				
Interest revenue - term deposits	5,206	1,690	5,233	1,699
Interest revenue - community and other loans	14	14	14	14
Interest revenue - related party loans	9	-	-	-
Interest revenue - borrower notes	178	67	178	67
Total finance revenue	5,407	1,771	5,425	1,780
Less finance costs				
Interest on borrowings	(10,760)	(8,182)	(10,760)	(8,182)
Finance charges on leased assets	(4)	(8)	(4)	(8)
Total finance costs	(10,764)	(8,190)	(10,764)	(8,190)
Net finance costs	(5,357)	(6,419)	(5,339)	(6,410)

8. Other revenue

Accounting policy

Vested or donated physical assets

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

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

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

Rental Revenue

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

Dividends

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Vested land and infrastructure from property development	19,589	4,383	19,589	4,383
Other vested assets	-	-	-	-
First time recognition of assets	1,022	959	1,022	959
Petrol tax	429	411	429	411
Infringements and fines	643	440	643	440
Gain on sale of properties intended for resale	-	-	-	-
Gain on sale of property, plant, equipment and forestry	622	3,103	622	3,115
Dividends or similar distributions	338	259	338	259
Change in fair value of forestry assets	196	431	196	431
Change in fair value of investment properties and non-current assets held for sale	956	13,550	956	13,550
Realised gain on sale of shares & corporate bonds	-	152	-	152
Unrealised gain on shares	-	3	-	3
Unrealised foreign exchange gain on shares	-	262	-	262
Unrealised gain on derivatives not hedge accounted	4,883	22,816	4,883	22,816
Rental revenue from investment properties	132	105	132	105
Other revenue	99	170	99	170
Foreign exchange gains (net)	-	9	-	9
Insurance recoveries	270	-	270	-
Revenue from developer agreements	6,695	2,503	6,695	2,503
Section sales	-	-	-	-
Total other revenue	35,874	49,556	35,874	49,568

Operating leases as lessor

Investment property is leased under operating leases. The leases have various non-cancellable terms depending on the nature of the lease and the terms negotiated. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Not later than one year	297	325	558	532
Later than one year and not later than five years	847	878	1,488	1,442
Later than five years	1,407	1,561	1,492	1,695
Total non-cancellable operating leases	2,551	2,764	3,538	3,669

No contingent rents have been recognised during the period.

9. Personnel costs

Accounting policy

Superannuation schemes

Defined contribution superannuation schemes

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Salaries and wages	29,368	24,852	30,304	25,625
Increase/(decrease) in employee entitlements/liabilities	(451)	(26)	(471)	(2)
Severance	-	38	-	38
Defined contribution plan employer contributions	807	694	825	713
Total personnel costs	29,724	25,558	30,658	26,374

Severance payments

In 2023 the Group made no severance payments (2022: three employees of \$20,000, \$6,000, & \$11,700).

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$357,625 (2022: \$371,816). From the 23rd of March 2023 the total remuneration (including non-financial benefits) paid or payable to the interim Chief Executive Officer was \$84,277.

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

	Council	
	2023	2022
Elected representatives remuneration		
Mayor - David Trewavas	141,236	134,000
Campbell, Duncan	26,516	-
Fletcher, Karam	26,516	-
Greenslade, Sandra	28,086	-
Leonard, Kylie	43,206	44,266
Loughlin, Danny	26,916	-
Park, Anna	45,760	46,278
Rankin, Christine	46,858	48,291
Shepherd, Rachel	26,516	-
Taylor, Kevin	54,757	40,243
Trueman, Kirsty	42,295	46,278
Westerman, Yvonne	39,420	40,243
Williamson, John	46,002	46,278
Boddy, John	13,105	40,243
Guy, Kathy	14,415	44,266
Kingi, Tangonui	13,105	40,243
Mack, John	13,105	40,243
Total Mayor & Councillors' remuneration	647,814	445,877
Green, Clint	5,562	17,082
McRae, Paula	2,894	7,516
O'Connor Patena, George	2,781	9,419
New, Te Takinga	-	8,540
Searancke, Donna	2,781	8,540
Severne, Rob	2,781	8,540
Total community board members remuneration	16,799	59,637

The figure disclosed for the Mayor's remuneration includes a non-cash benefit of \$5,617 (2022: \$4,510) in relation to the mayoral car.

The monetary remuneration detailed above (salary and allowances) is determined by Council resolution within limits set by the Local Government Elected Members Determination in accordance with the provisions of Clause 6 Schedule 7 of the Local Government Act 2002. Fringe benefit tax of \$9,794 was paid to the IRD by Council for a vehicle supplied to Mayor David Trewavas (2022: \$8,467).

9. Personnel costs

Council employees

Total annual remuneration by band for employees as at 30 June 2023:

	Number of employees 2023
Less than \$60,000	183
\$60,000 - \$79,999	93
\$80,000 - \$99,999	51
\$100,000 - \$119,999	37
\$120,000 - \$139,999	19
\$140,000 - \$159,999	11
\$160,000 - \$179,999	8
\$180,000 - \$349,999	4
Total employees	406

Council employees

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

	Number of employees 2022
Less than \$60,000	166
\$60,000 - \$79,999	83
\$80,000 - \$99,999	42
\$100,000 - \$119,999	28
\$120,000 - \$139,999	20
\$140,000 - \$179,999	9
\$180,000 - \$349,999	3
Total employees	351

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 312 (2022: 292) full-time employees, with the balance of staff representing 46.0 (2022: 40.5) full-time equivalent employees. A full-time employee is determined on the basis of a 37.5 or 40-hour working week.

10. Operating expenditure

Accounting policy

Operating leases

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

Grant expenditure

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

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

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Other expenses				
Audit fees for financial statements	229	169	257	195
Audit fees for Long-term Plan	-	-	-	-
Audit fee for Debenture Trust Deed	10	9	10	9
Maintenance	15,006	10,555	15,166	10,653
Service delivery contracts	7,222	6,649	5,205	4,882
Electricity and gas	3,855	2,662	3,901	2,679
Materials and supplies	1,349	1,635	1,386	1,657
Professional services fees/legal fees	4,743	4,716	5,113	4,920
Resource consenting and compliance	940	682	940	682
Mobile plant and vehicle running costs	765	578	768	587
Insurance	1,226	1,034	1,245	1,049
Town Centre Taupo (rates)	178	169	178	169
Community grant programme	668	707	668	707
Other grants	743	437	743	437
Donations	-	-	-	-
Councillor fees	661	618	661	618
Community Board fees	18	60	18	60
Directors' fees	-	-	36	37
Minimum lease payments under operating leases	134	128	138	130
Emission Trading Scheme (Carbon Credits)	1,001	1,761	1,001	1,761
Other expenses	5,465	4,346	6,808	5,991
Section inventory consumption	-	-	-	-
Inventory consumption	507	533	507	533
Audit fees - prior year	20	10	20	10
Impairment of receivables	1,222	195	1,222	196
Loss on disposal of property, plant, equipment and forestry	2,059	1,693	2,159	1,693
Loss on disposal of non-current assets held for sale	-	-	-	-
Loss on sale of shares and corporate bonds	-	-	-	-
Loss on sale of shares and corporate bonds (foreign exchange)	-	-	-	-
Unrealised foreign exchange losses	23	-	23	-
Change in fair value of shares	230	538	230	538
Asset write-offs	219	-	219	-
Total other expenses	48,493	39,884	48,622	40,193

10. Operating expenditure

Non-cancellable operating leases as lessee:

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Rental expense relating to operating leases				
Payable no later than one year	1,864	533	1,864	533
Later than one, not later than two years	1,684	131	1,684	131
Later than two, not later than five years	4,530	248	4,530	248
Later than five years	41,202	-	41,202	-
Total rental expense relating to operating leases	49,279	912	49,279	912

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$0 (2022: \$0).

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Operational commitments				
Wastewater	2,689	3,396	2,689	3,396
District roading	9,471	12,947	9,471	12,947
Refuse	462	1,990	462	1,990
Rating valuation services	213	354	213	354
Street sweeping	66	171	66	171
District electricity supply	1,944	2,596	1,944	2,596
Three waters maintenance	-	4,847	-	4,847
Three waters integration	-	9	-	9
Water and wastewater compliance testing	1,674	2,489	1,674	2,489
Harvesting land disposal systems	150	243	150	243
Building maintenance	115	168	115	168
Cleaning contracts	-	21	-	21
ERP licensing fees	16	249	16	249
Enterprise software licenses	291	586	291	586
Airport	-	-	238	39
Property leases	49,279	1,754	49,279	1,769
Total operational commitments	66,370	31,820	66,608	31,874

11. Income tax

Accounting policy

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

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

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

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

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

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

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

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current tax expense				
Deferred taxation	-	-	(147)	(79)
Release of tax provision no longer required	-	-	-	-
Tax expense	-	-	(147)	(79)
Relationship between income tax and accounting profit:				
Operating surplus/(deficit) before taxation	43,361	65,900	43,134	65,667
Surplus/(deficit) before taxation	43,361	65,900	43,134	65,667
Tax calculated at 28%	12,141	18,452	12,078	18,387
Less tax effect of:				
Non taxable expenditure	(12,141)	(18,452)	(12,225)	(18,466)
Deferred tax adjustment	-	-	-	-
Tax expense	-	-	(147)	(79)

Deferred tax liabilities	Property, plant & equipment	Non deductible provisions	Tax losses	Total
	\$000	\$000	\$000	\$000
Council & Group				
Balance at 1 July 2021	1,550	(7)	(538)	1,005
Charged to surplus or deficit	(118)	1	(134)	(251)
Charged directly to other comprehensive revenue	(13)	-	-	(13)
Balance at 30 June 2022	1,419	(6)	(672)	741
Balance at 1 July 2022	1,419	(6)	(672)	741
Charged to surplus or deficit	(59)	(3)	(86)	(148)
Charged directly to other comprehensive revenue	705	-	-	705
Balance at 30 June 2023	2,065	(9)	(758)	1,298

Data Capture Systems Limited, a subsidiary of Council, has unrecognised tax losses as at 30 June 2023 of \$225,325 to carry forward (2022: \$225,325). The tax effect of these losses is \$67,598 (2022: \$67,598). The carried forward losses originated from the activity of Taupo Information Centre Limited, that company later being renamed Data Capture Systems Limited.

12. Cash and cash equivalents

Accounting policy

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

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash at bank and in hand	10	19	10	21
Call deposits	13,369	6,917	14,267	10,936
Term deposits with maturities of less than three months at acquisition	5,029	-	5,029	200
Cash and cash equivalents	18,408	6,936	19,306	11,157

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

13. Trade and other receivables

Accounting policy

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

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Rates receivable	2,848	2,654	2,848	2,654
General debtors	4,643	1,522	4,700	1,581
Receivables from controlled entities	1,103	661	-	-
Other	1,162	2,214	1,210	2,324
Receivables prior to impairment	9,756	7,051	8,758	6,559
Less: Allowance for credit losses	(759)	(670)	(759)	(670)
Total current net trade and other receivables	8,997	6,381	7,999	5,889
Total debtors and other receivables from exchange transactions	-	-	57	-
Total current net trade and other receivables from non-exchange transactions	8,997	6,381	7,942	5,888
Total current net trade and other receivables	8,997	6,381	7,999	5,888

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

(a) Impaired receivables

Taupo District Council does not provide for any impairment on rates receivable, with the exception of multiple owned Māori Freehold Land, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstance. Where such repayment plans are in place, debts are discounted to their present value of future payments if the impact of discounting is material.

These powers allow Taupo District Council to commence legal proceedings to recover any rates that remain unpaid four months after due date for payment. If payment has not been made within three months of the Court's judgement, then Taupo District Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit. Rates are 'remitted' only in accordance with Council's rates remission policies. Rates are written off under Section 90A and 90B of the Local Government Rating Act 2002 where it is determined by the Chief Executive Officer that the debt cannot reasonably be recovered. Any rates debt on Māori Freehold land that is found to be unused and therefore non-rateable as at 1 July 2021 will be written off under transitional provisions relating to the Local Government (Rating of Whenua Māori) Amendment Act 2020, Schedule 1AA, Part 1 (2b). Note: Taupō District Council did not hold any debt on land that is subject to a Nga Whenua Rahui kawenata and is therefore non rateable under the Local Government (Rating of Whenua Māori) Amendment Act 2020, Schedule 1AA, Part 1 (1b).

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

- Section 90A: \$6k (2022: \$164k)
- Section 90B: \$nil (2022: \$nil)

The allowance for expected credit loss of general debtors is based on an expected credit loss (ECL) model, in addition to individual impairment where specific indicators for impairment exist. Due to the additional statutory debt recovery powers noted above, rating debt is excluded from this model. In assessing credit losses for receivables, the Council apply the simplified approach and record lifetime ECL on receivables. Lifetime ECL result from all possible default events over of the life of a receivable. The Council use a provision matrix based on historical credit loss experience upon initial recognition of a receivable, using reasonable assumptions and any available customer information.

The carrying amount of receivables that would otherwise be impaired, whose terms have been renegotiated is \$87,403 (2022: \$74,613).

13. Trade and other receivables

The status of receivables as at 30 June 2023 are detailed below:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current	3,733	1,922	3,800	1,303
Past due 1-30 days	620	298	626	306
Past due 31-60 days	164	123	165	125
Past due 61+ days	4,077	2,494	4,079	2,500
Impairment	(759)	(670)	(759)	(670)
Net receivables	7,835	4,167	7,911	3,565

The impairment provision has been calculated based on expected losses for the Council and Group's pool of debtors. Expected losses determined based on analysis of the Council's losses in previous periods and review of specific debtors are detailed below:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Individual impairment	298	335	298	335
Collective impairment	439	335	439	335
Total impairment	737	670	737	670

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61+ days	298	335	298	335
Total impairment	298	335	298	335

In assessing ECL on receivables the Council considers both quantitative and qualitative inputs. Quantitative inputs include past collection rates and aging of receivables. Qualitative inputs include past trading history with the Council, and analysis of collection times by service offered. Collectively impaired receivables have been grouped by aged of receivable as below;

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current	5	-	5	-
Past due 1-30 days	3	-	3	-
Past due 31-60 days	16	-	16	-
Past due 61+ days	415	670	415	670
Total impairment	439	670	439	670

Movements in the allowance for credit losses of receivables are as follows:

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	670	748	812	748
Additional provisions	203	75	203	337
Receivables written off during the year	(136)	(153)	(136)	(272)
Total impairment	737	670	879	812

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

14. Inventories

Accounting policy

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

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

Cost is allocated using the first in, first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used. Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

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

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Commercial inventories				
Held for use in the provision on services	207	130	207	130
Residential sections held for sale	-	-	-	-
	207	130	207	130
Held for distribution				
Water reticulation spare parts	-	61	-	61
Parks & reserves chemicals	4	15	4	15
Wastewater spare parts	-	-	-	-
Swimming pool chemicals	12	10	12	10
Other	15	10	15	10
Total inventory	238	226	238	226

No inventories are pledged as security for liabilities (2022: \$nil).

Inventories held for distribution

No inventories were written-down during the year (2022: \$nil). There have been no reversals of write-downs (2022: \$nil).

15. Other financial assets

Accounting policy

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

Subsidiaries

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

Associate

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

Joint venture

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

Equity method of accounting in group financial statements

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

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

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

Term deposits and community loans (amortised cost)

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

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

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

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

Listed shares (fair value through surplus or deficit)

This category has two sub categories: financial assets held for trading (Council does not use this category), and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date.

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

Council's equity investments fall into this category.

Listed bonds (amortised cost)

After initial recognition, listed bonds are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive revenue and expense.

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

Council does not use this category presently.

15. Other financial assets

Unlisted shares (fair value through other comprehensive revenue and expense)

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

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

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

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

Council's shareholding in Civic Financial Services and the holdings of Government and corporate bonds are included as 'unlisted shares'.

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current portion				
Short term bank deposits with maturities of 4-12 months	98,574	110,792	98,574	110,792
Local government (NZLGFA) and corporate bonds	266	467	266	467
Total current portion	98,840	111,259	98,840	111,259
Non current portion				
Shares in CCO's and other similar entities				
Taupo Airport Authority	8,323	7,843	-	-
NZ Local Government Funding Agency (NZLGFA)	100	100	100	100
Investments in associates	7	30	7	30
Total investment in subsidiaries and similar entities	8,430	7,973	107	130
Investment in other entities				
Civic Financial Services Ltd	76	83	76	83
Term deposits > 12 months	-	-	-	-
Local government (NZLGFA) and corporate bonds	3,063	2,072	3,063	2,072
Community loans	157	166	157	166
Equity securities	6,475	6,610	6,475	6,610
Related party loans	200	-	-	-
Other loans	1,002	1,002	1,002	1,002
Total investment in other entities prior to impairment	10,973	9,933	10,773	9,933
Less: Provision for Impairment	(1,002)	-	(1,002)	-
Total investment in other entities	9,971	9,933	9,771	9,933
Total non current portion	18,401	17,906	9,878	10,063
Total other financial assets	117,241	129,165	108,718	121,322

Fair value

Term deposits

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

Bonds

The fair value of these bonds is \$Nil (2022: \$Nil). Fair value has been determined using quoted market bid prices from independently sourced market information.

Controlled entities

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

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

Taupo District Council has 100% ownership (150 shares) of the subsidiary Data Capture Systems Limited (2022: 150 shares). This company is dormant.

Taupo District Council has 100% ownership (100 shares) of the subsidiary Destination Lake Taupo Limited (2022: 100 shares). This company is dormant.

Listed shares

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

15. Other financial assets

Council holds the following listed equity investments:

	2023			2022		
	NO. OF SHARES	MARKET VALUE \$/SHARE	TOTAL MARKET VALUE	NO. OF SHARES	MARKET VALUE \$/SHARE	TOTAL MARKET VALUE
Current portion						
A2 Milk	45,000	5.35	240,750	45,000	5	221,850
Adelaide Brighton Concrete	125,000	2.60	325,383	125,000	2.68	334,957
AGL Energy Limited	30,000	11.77	353,210	30,000	9.14	274,056
Amcor	40,000	16.18	647,389	40,000	19.98	799,026
ANZ Bank	30,000	25.82	774,710	30,000	24.39	731,813
APA Group	75,000	10.55	791,537	75,000	12.48	935,943
Brambles Limited	20,000	15.69	313,892	20,000	11.86	237,183
Bunzl	5,000	62.28	311,390	5,000	52.24	261,203
Costa Group	50,000	2.96	148,124	50,000	3.17	158,343
Estia Health	150,000	3.22	483,581	150,000	2.11	317,241
Gentrack	31,569	4.20	132,590	31,569	1.40	44,197
Link Administration Holdings	50,000	1.82	90,944	50,000	4.20	209,833
Pact Group	100,000	0.72	71,884	100,000	1.99	199,313
Pexa Group	6,648	14.82	98,545	-	-	-
Scentre Group	80,000	2.89	230,899	80,000	2.87	229,432
South 32	100,000	4.10	409,519	100,000	4.36	436,275
Synlait Milk	167,794	1.66	278,538	167,794	3.12	523,517
Syrah Resources	50,000	0.99	49,284	50,000	1.37	68,652
Tesco	102,631	5.16	529,406	102,631	4.98	511,253
Tourism Holdings	50,000	3.87	193,500	50,000	2.32	116,000
			6,475,075			6,610,088

Community Loans

Loans to community organisations made at nil or below market interest rates are initially recognised at the present value of their expected future cashflows, discounted at the current market rate of return for a similar financial instrument. These loans are subsequently valued at amortised cost using the effective interest method. The face value of the loans is \$300,000 (2022: \$300,000 - restated).

Related Party Loans

Related party loans valued at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. The loan facility to the Taupo Airport Authority of \$200k was fully drawn at 30 June 2023.

Other Loans

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

Impairment

A provision for the impairment of the Ruapehu Alpine Lifts (RAL) bond, categorised as other loans above, has been raised due to RAL appointing PwC as liquidator on the 21st of June 2023.

Other Shares in Companies

Council holds the following equity investments:

- Civic Financial Services Ltd 83,971 shares at fair value of \$0.90 (2022: \$0.98) each.
- BOP Local Authority Shared Services Ltd 1 ordinary capital share of \$1,000 (2022: \$1,000).
- NZ Local Government Funding Agency 100,000 ordinary shares @ \$1.00 and 100,000 ordinary unpaid shares @ \$1.00 (2022: \$1.00).
- Waikato Local Authority Shared Services Ltd 1 ordinary capital share (uncalled) of \$1,000 was sold in 2023.

16. Non current assets held for sale

Accounting policy

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

Any impairment losses for write-downs of the asset are recognised in the surplus or deficit.

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

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Non current assets held for sale are:				
Land	-	12,875	-	12,875
Buildings	-	531	-	531
Total non current assets held for sale	-	13,406	-	13,406
Opening balance	13,406	13,200	13,406	13,200
Disposals	(9,861)	(765)	(9,861)	(765)
Asset reclassifications	(3,699)	(4,412)	(3,699)	(4,412)
Additions	154	76	154	76
Fair value gains/(losses) on valuation	-	7,751	-	7,751
Transfer (to)/from investment property	-	-	-	-
Transfer (to)/from non-current assets	-	(2,444)	-	(2,444)
Total	-	13,406	-	13,406

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

Council owned property has been required to move from Assets Held for Sale back to Property, Plant, & Equipment where it was originally held. This is because the settlement date was delayed twice from 12 December 2022 to 12 June 2023 and finally to no earlier than 1 October 2024. The second settlement delay was initiated by Council and 1 October 2024 is more than 12 months from year-end. As a result, the criteria prescribed by the accounting standards to continue to account for the assets as Held for Sale are no longer met.

17. Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

(i)Operational assets

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

(ii)Restricted assets

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

(iii)Infrastructure assets

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

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

Revaluation

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

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

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

Additions

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

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

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

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

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

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

Disposals

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

17. Property, plant and equipment

Depreciation

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

Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets		
Land	not depreciated	nil
Site value	13 years	7.69%
Structure	20 - 80 years	1.3% - 5%
Roof	20 - 40 years	2.5% - 5%
Services	20 - 45 years	2.5% - 5%
Internal fit-out	15 - 35 years	2.9% - 6.7%
Plant	20 - 30 years	3.3% - 5%
Machinery	2 - 20 years	5% - 50%
Computer equipment	4 years	25%
Office equipment	4 - 10 years	13.33% - 25%
Leased assets	3 - 5 years	20% - 33.3%
Furniture and fittings	2 - 10 years	10% - 50%
Park furniture	2 - 25 years	4% - 50%
Motor vehicles	4 - 10 years	10% - 25%
Library books	6.5 years	15.5%
Infrastructural assets		
Buildings	40 - 75 years	1.3% - 2.5%
Roading network		
Top surface (seal)	3 - 20 years	5% - 33.3%
Pavement (base course)	45 - 65 years	1.5% - 2.2%
Formation	not depreciated	nil
Culverts	50 - 80 years	1.25% - 2%
Footpaths	30 - 80 years	1.3% - 3.3%
Kerbs	60 - 80 years	1.25 - 1.67%
Signs	15 years	6.7%
Streetlights	15 - 30 years	3.3% - 6.7%
Bridges	60 - 100 years	1% - 1.67%
Structures	15 - 50 years	2% - 6.7%
Land under roads	not depreciated	nil
Water system		
Pipes	45 - 120 years	1% - 2.2%
Valves, hydrants	40 years	2.5%
Pump stations	20 - 60 years	1.7% - 10%
Tanks	25 - 80 years	1.3% - 4%
Sewerage system		
Pipes	65 - 120 years	1% - 1.5%
Manholes	80 years	1.3%
Treatment plant	10 - 80 years	1.3% - 20%
Stormwater systems		
Pipes	50 - 120 years	0.83% - 2%
Manholes, cesspits	75 - 100 years	1% - 1.3%
Flood control systems	50 - 100 years	1% - 2%
Solid waste	4 - 24 years	4.166% - 25%

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

17. Property, plant and equipment

Impairment of property, plant and equipment

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

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

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

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

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

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

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings and infrastructure.

Land (operational, restricted, and infrastructural)

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

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

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

Buildings (operational and restricted)

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

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

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

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

17. Property, plant and equipment

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

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

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

The most recent valuation of wastewater, water and stormwater infrastructure assets for the Group (excluding associated buildings) was performed by Hasitha Kahandawa BSc (Hons), Principal Quantity Surveying, of AECOM New Zealand Limited. The valuation is effective as at 30 June 2023.

The most recent valuation of roading infrastructural assets (excluding land under roads) was performed by Rachel Wells, Bachelor of Commerce and affiliate member of PINZ. She has a background of infrastructural asset valuations of over 13 years. She is responsible for supervising junior staff and completing valuations for a wide range of infrastructure assets including ports, roading networks, water networks, specialised and heritage buildings, parks & reserves. She is part of the Infrastructure Asset management team of WSP. The valuation is effective as at 30 June 2023.

Land under roads

Land under roads is separated into rural and urban and then valued based on a weighted average rate for each type. The rate is based on the Council's District Rating Roll at 30 April 2022 and then indexed using market sales to bring the values to 30 June 2022. All the land has been valued as unimproved, which assumes land in its base state without the benefit of infrastructure.

The most recent valuation of land under roads was performed by Ashley Pont BLPM, Maria McHugh BCom (VPM), MPINZ and Mairi Macdonald BBS (VPM) GradDipBusStud (Rural Valuation) MPINZ, of Quotable Value New Zealand, and is effective as at 30 June 2022.

Critical judgements in applying accounting policies

Classification of property

Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Sale of 67 Horomatangi Street

Council has entered into a sale and purchase agreement with Te Whare Hono o Tūwharetoa Limited Partnership (TWHTLP) on 15 November 2022. Based on the conditions of the agreement the settlement and transfer of ownership will take place on practical completion of the construction works of the building. On the same day, Council entered into a lease agreement of the building that will be constructed on this land. Council provided TWHTLP non-exclusive rights to enter upon, and occupy, the land to the extent necessary to enable completion of the construction works. The construction works only started in May 2023 and although the intended progress has been made, insignificant work has been completed by 30 June 2023. Council provides no guarantees to the construction works.

Council still owns the land as at 30 June 2023 and title has not transferred to TWHTLP. Given the facts and circumstances, Council concluded on balance that the risk and rewards have not yet transferred to TWHTLP at year-end. As a result, no sale has taken place.

17. Property, plant and equipment

Council 2023	Cost /	Accumulated	Carrying	Current year	Current year	Current year	Current year	Transfers	Revaluation	Cost /	Accumulated	Carrying
	revaluation	depreciation	amount	additions (+	disposals (+	impairment	depreciation		surplus	revaluation	depreciation	amount
	1-Jul-22	1-Jul-22	1-Jul-22	gains)	losses)	charges				30-Jun-23	30-Jun-23	30-Jun-23
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Operating assets at cost & valuation												
Land	44,131	-	44,131		(29)			3,313		47,415	-	47,415
Buildings	86,188	(1,002)	85,186			(88)	(3,644)	531		86,626	(4,642)	81,984
Library books	2,858	(1,952)	906				(252)			2,858	(2,204)	654
Leased plant & equipment	279	(140)	139				(75)			279	(215)	64
Office furniture and fittings	34,825	(22,590)	12,239	218	(7)		(1,551)	20		34,850	(23,931)	10,919
Mobile plant and equipment	10,581	(7,372)	3,210	1,964	(181)		(949)			10,874	(6,831)	4,043
Heritage assets	2,266	-	2,266							2,266	-	2,266
Capital work in progress - land	33	-	33	1,641				(526)		1,148	-	1,148
Capital work in progress - buildings	3,700	-	3,700	11,095				(8)		14,787	-	14,787
Capital work in progress - library books	290	-	290	337						627	-	627
Capital work in progress - office furniture & fittings	14,299	-	14,299	10,479				(203)		24,575	-	24,575
Capital work in progress - mobile plant & equipment	65	-	65	1,969				(1,971)		63	-	63
Capital work in progress - heritage assets	102	-	102	83						185	-	185
Total operating assets	199,617	(33,056)	166,566	27,786	(217)	(88)	(6,471)	1,156	-	226,553	(37,823)	188,730
Infrastructural assets at cost & valuation												
Roading	412,954	(13,648)	399,306	20,085	(141)		(5,574)	(164)	81,906	495,418	-	495,418
Water supply	95,694	(3,330)	92,364	5,785	(876)		(3,683)		35,846	129,436	-	129,436
Wastewater reticulation	147,293	(4,808)	142,485	5,405	(73)		(4,635)		25,676	168,858	-	168,858
Stormwater reticulation	55,080	(992)	54,088	1,134	(103)		(1,050)		16,194	70,263	-	70,263
Land under roads	494,913	-	494,913	6				1,275		496,194	-	496,194
Infrastructural buildings	14,824	(4)	14,820				(455)			14,824	(459)	14,365
Solid waste	5,277	(4,550)	727				(249)			5,277	(4,799)	478
Capital work in progress - roading	30,634	-	30,634	15,755				(7,180)		39,209	-	39,209
Capital works in progress - water supply	27,750	-	27,750	17,991		(131)		(7,593)		38,017	-	38,017
Capital work in progress - wastewater	32,317	-	32,317	6,534				(1,226)		37,625	-	37,625
Capital work in progress - stormwater	502	-	502	90				(36)		556	-	556
Capital work in progress - solid waste	629	-	629	943				(240)		1,332	-	1,332
Total infrastructural assets	1,317,867	(27,332)	1,290,535	73,728	(1,193)	(131)	(15,646)	(15,164)	159,622	1,497,009	(5,258)	1,491,751
Restricted assets at cost and valuation												
Reserves	223,677	-	223,677	4,449				(1,420)		226,706	-	226,706
Total restricted assets	223,677	-	223,677	4,449	-	-	-	(1,420)	-	226,706	-	226,706
Total Council	1,741,161	(60,388)	1,680,778	105,963	(1,410)	(219)	(22,117)	(15,428)	159,622	1,950,268	(43,081)	1,907,187

17. Property, plant and equipment

Council 2022	Cost /	Accumulated	Carrying	Current	Current	Current	Current year	Transfers	Revaluation	Cost /	Accumulated	Carrying
	revaluation	depreciation	amount	year	year	year			surplus	revaluation	depreciation	amount
	1-Jul-21	1-Jul-21	1-Jul-21	addition	(+ losses)	impairment	depreciation			30-Jun-22	30-Jun-22	30-Jun-22
	\$000	\$000	\$000	gains)	\$000	charges	\$000	\$000	\$000	\$000	\$000	\$000
Operating assets at cost & valuation												
Land	35,350	-	35,350	17	-	-	-	-	8,765	44,131	-	44,131
Buildings	66,643	(6,575)	60,067	3,463	(2)	(77)	(3,227)	-	24,962	86,188	(1,002)	85,186
Library books	2,858	(1,653)	1,205	-	-	-	(299)	-	-	2,858	(1,952)	906
Leased plant & equipment	351	(138)	214	-	-	-	(75)	-	-	279	(140)	139
Office furniture and fittings	34,225	(20,799)	13,426	655	(6)	-	(1,836)	-	-	34,825	(22,590)	12,239
Mobile plant and equipment	10,152	(6,945)	3,207	900	(34)	-	(863)	-	-	10,581	(7,372)	3,210
Heritage assets	2,266	-	2,266	-	-	-	-	-	-	2,266	-	2,266
Capital work in progress - land	24	-	24	269	-	-	-	(261)	-	33	-	33
Capital work in progress - buildings	2,436	-	2,436	4,323	-	-	-	(3,059)	-	3,700	-	3,700
Capital work in progress - library books	-	-	0	290	-	-	-	-	-	290	-	290
Capital work in progress - office furniture & fittings	8,827	-	8,827	6,434	-	-	-	(962)	-	14,299	-	14,299
Capital work in progress - mobile plant & equipment	11	-	11	951	-	-	-	(898)	-	65	-	65
Capital work in progress - heritage assets	56	-	56	46	-	-	-	-	-	102	-	102
Total operating assets	163,199	(36,110)	127,089	17,348	(42)	(77)	(6,300)	(5,180)	33,727	199,617	(33,056)	166,566
Infrastructural assets at cost & valuation												
Roading	368,776	(6,834)	361,942	-	-	-	(6,814)	-	44,178	412,954	(13,648)	399,306
Water supply	94,149	-	94,149	2,387	(823)	-	(3,349)	-	-	95,694	(3,330)	92,364
Wastewater reticulation	160,691	-	160,691	5,808	(376)	-	(4,817)	-	(18,821)	147,293	(4,808)	142,485
Stormwater reticulation	53,706	-	53,706	1,422	(47)	-	(993)	-	-	55,080	(992)	54,088
Land under roads	341,896	-	341,896	130	-	-	-	-	152,887	494,913	-	494,913
Infrastructural buildings	12,311	(782)	11,529	66	-	-	(384)	-	3,609	14,824	(4)	14,820
Solid waste	5,277	(4,301)	976	-	-	-	(249)	-	-	5,277	(4,550)	727
Capital work in progress - roading	11,842	-	11,842	18,789	-	-	-	-	-	30,634	-	30,634
Capital works in progress - water supply	18,324	-	18,324	12,395	-	-	-	(2,969)	-	27,750	-	27,750
Capital work in progress - wastewater	20,751	-	20,751	13,181	-	-	-	(1,616)	-	32,317	-	32,317
Capital work in progress - stormwater	241	-	241	261	-	-	-	-	-	502	-	502
Capital work in progress - solid waste	386	-	385	293	-	-	-	(50)	-	629	-	629
Total infrastructural assets	1,088,351	(11,917)	1,076,432	54,732	(1,246)	-	(16,606)	(4,635)	181,853	1,317,867	(27,332)	1,290,535
Restricted assets at cost and valuation												
Reserves	158,116	(55)	158,061	173	-21	0	0	125	65,339	223,677	0	223,677
Total restricted assets	158,116	(55)	158,061	173	-21	0	0	125	65,339	223,677	0	223,677
Total Council	1,409,666	(48,082)	1,361,581	72,253	(1,309)	(77)	(22,906)	(9,690)	280,919	1,741,161	(60,388)	1,680,778

17. Property, plant and equipment

Group 2023	Cost / revaluation 1-Jul-22 \$000	Accumulated depreciation 1-Jul-22 \$000	Carrying amount 1-Jul-22 \$000	Current year additions (+ gains) \$000	Current year disposals (+ losses) \$000	Current year impairment charges \$000	Current year depreciation \$000	Transfers \$000	Revaluation surplus \$000	Cost / revaluation 30-Jun-23 \$000	Accumulated depreciation 30-Jun-23 \$000	Carrying amount 30-Jun-23 \$000
Operating assets at cost & valuation												
Land	44,131	-	44,131	-	(29)	-	-	3,313	-	47,415	-	47,415
Buildings	86,459	(1,060)	85,399	-	-	(88)	(3,644)	531	-	86,626	(4,642)	81,984
Library books	2,858	(1,952)	906	-	-	-	(252)	-	-	2,858	(2,204)	654
Leased plant & equipment	279	(140)	139	-	-	-	(75)	-	-	279	(215)	64
Office furniture and fittings	35,022	(22,750)	12,272	218	(6)	-	(1,558)	22	-	35,011	(24,070)	10,941
Mobile plant and equipment	10,622	(7,399)	3,223	1,964	(181)	-	(959)	-	-	10,956	(6,898)	4,058
Heritage assets	2,266	-	2,266	-	-	-	-	-	-	2,266	-	2,266
Capital work in progress - land	33	-	33	1,641	-	-	-	(526)	-	1,148	-	1,148
Capital work in progress - buildings	3,700	-	3,700	11,095	-	-	-	(8)	-	14,787	-	14,787
Capital work in progress - library books	290	-	290	337	-	-	-	-	-	627	-	627
Capital work in progress - office furniture & fittings	14,299	-	14,299	10,479	-	-	-	(203)	-	24,575	-	24,575
Capital work in progress - mobile plant & equipment	65	-	65	1,969	-	-	-	(1,971)	-	63	-	63
Capital work in progress - heritage assets	102	-	102	83	-	-	-	-	-	185	-	185
Total operating assets	200,126	(33,300)	166,826	27,786	(216)	(88)	(6,488)	1,158	-	226,796	(38,029)	188,767
Infrastructural assets at cost & valuation												
Roading	414,381	(13,680)	400,701	21,661	(241)	-	(5,608)	(164)	81,957	499,571	(14)	499,557
Water supply	95,694	(3,330)	92,364	5,785	(876)	-	(3,683)	-	35,846	129,436	-	129,436
Wastewater	147,293	(4,808)	142,485	5,405	(73)	-	(4,635)	-	25,676	168,858	-	168,858
Stormwater	55,265	(994)	54,271	1,134	(103)	-	(1,052)	-	16,199	70,471	-	70,471
Land under roads	494,913	-	494,913	6	-	-	-	1,275	-	496,194	-	496,194
Infrastructural buildings	14,824	(4)	14,820	7,926	-	-	(499)	-	-	23,051	(593)	22,458
Solid waste	5,277	(4,550)	727	-	-	-	(249)	-	-	5,277	(4,799)	478
Capital work in progress - roading	30,639	-	30,639	15,755	-	-	-	(7,180)	-	39,209	-	39,209
Capital works in progress - water supply	27,750	-	27,750	17,991	-	(131)	-	(7,593)	-	38,017	-	38,017
Capital work in progress - wastewater	32,317	-	32,317	6,534	-	-	-	(1,226)	-	37,625	-	37,625
Capital work in progress - stormwater	502	-	502	90	-	-	-	(36)	-	556	-	556
Capital work in progress - infrastructural buildings	5,380	-	5,380	-	-	-	-	(5,380)	-	-	-	-
Capital work in progress - solid waste	629	-	629	943	-	-	-	(240)	-	1,332	-	1,332
Taupo Airport runways	4,909	(302)	4,607	134	-	-	(152)	-	389	5,842	(66)	5,776
Total infrastructural assets	1,329,774	(27,668)	1,302,106	83,364	(1,293)	(131)	(15,878)	(20,544)	160,067	1,515,439	(5,472)	1,509,966
Restricted assets at cost and valuation												
Reserves	223,677	-	223,677	4,449	-	-	-	1,420	-	226,706	-	226,706
Taupo Airport land	5,217	-	5,217	-	-	-	-	-	-	5,217	-	5,217
Total restricted assets	228,894	-	228,894	4,449	-	-	-	1,420	-	231,923	-	231,923
Total Council	1,758,794	(60,968)	1,697,825	115,599	(1,509)	(219)	(22,366)	(20,806)	160,067	1,974,158	(43,501)	1,930,656

17. Property, plant and equipment

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

17. Property, plant and equipment

Heritage assets

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

These assets are made up of mainly carvings and sculptures and Council estimates their value at \$284,000 (2022: \$284,000).

Restrictions to title and security over property, plant & equipment

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

Infrastructural assets

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

Computers and fitness equipment

These assets are subject to finance leases (note 24).

Impairment

Assets identified as requiring impairment: Acacia Bay Community Hall \$43,108 and Tawa Cottage \$44,687, both buildings suffered damage in Cyclone Gabrielle in February 2023. Council has received approval of the insurance claim for these two buildings and the funds have been received. (2022 TAA terminal building \$359,559)

Insurance on assets

The total book value of all assets covered by insurance contracts is \$194 million (2022: \$112m).

The Council has chosen to insure these assets for \$403 million (2022: \$326m).

The Council has chosen to self-insure Infrastructure assets as outlined in Council's Taupo Recovery Plan December 2013, by "ring fencing" the cash investments of the TEL Fund of \$61.6m (2022: \$60.5m) and providing other funding options including undrawn credit lines, other reserve funds and sufficient head room with respect to borrowing limits. The value of the Roading, Water, Wastewater, Stormwater & Solid Waste assets that are self-insured is \$901 million (2022: \$717m). With the provisions made above, in the event of a loss Council will be eligible for 60% financial support for essential infrastructure recovery from Central Government.

Infrastructural assets - further disclosures

COUNCIL 2023	ADDITIONS			
	CLOSING BOOK VALUE \$000	CONSTRUCTED BY COUNCIL \$000	ASSETS TRANSFERRED TO COUNCIL \$000	ESTIMATED REPLACEMENT COST \$000
Infrastructural assets				
Water treatment plants & facilities	24,071	-	-	61,279
Water reticulation assets	105,853	4,313	1,472	146,025
Wastewater treatment plants & facilities	56,413	1	-	129,576
Wastewater reticulation assets	113,130	4,110	1,294	198,060
Stormwater drainage	70,569	327	808	123,492
Roads & footpaths	495,419	7,852	12,233	787,299
Total infrastructural assets	865,455	16,603	15,807	1,445,731

Water, wastewater and stormwater assets latest valuation 30/6/2023.

Roads and footpaths latest valuation 30/6/2023.

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

17. Property, plant and equipment

GROUP 2023	ADDITIONS			
	CLOSING BOOK VALUE \$000	CONSTRUCTED BY COUNCIL \$000	ASSETS TRANSFERRED TO COUNCIL \$000	ESTIMATED REPLACEMENT COST \$000
Infrastructural assets				
Water treatment plants & facilities	24,071	-	-	61,279
Water reticulation assets	105,853	4,313	1,472	146,025
Wastewater treatment plants & facilities	56,413	1	-	129,576
Wastewater reticulation assets	113,130	4,110	1,294	198,060
Stormwater drainage	70,775	327	808	124,263
Roads & footpaths	498,077	9,427	12,233	802,674
Taupo Airport runways	5,621	134	-	11,050
Total infrastructural assets	873,940	18,312	15,807	1,472,927

Water, wastewater and stormwater assets latest valuation 30/6/2023.

Roads and footpaths latest valuation 30/6/2023.

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

Finance leases as lessee

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

	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Computer equipment	-	-	-	-
Gym equipment	2	27	2	27
Library equipment	62	112	62	112
Total	64	139	64	139

CAPITAL COMMITMENTS	Council		Group	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Water capital / renewals	29,397	35,793	29,397	35,793
Wastewater capital / renewals	3,221	565	3,221	565
Stormwater capital / renewals	296	-	296	-
District roading capital/renewals	657	746	657	746
Solid waste capital / renewals	-	166	-	166
District Parks capital / renewals	409	-	409	-
Investment property capital	740	-	740	-
Tech One ERP Implementation	-	90	-	90
Turangitukua sports facility	-	2,375	-	2,375
Airport redevelopment	-	-	-	165
Taupo Town Centre Transformation	-	5,686	-	5,686
Waioira House	59	4,974	59	4,974
Turangi kerb & channel	-	7,112	-	7,112
Tirohanga road widening & rehabilitation	-	129	-	129
Miro Street Taupo rehabilitation	-	531	-	531
Total capital commitments	34,779	58,167	34,779	58,332

Taupo District Council has no construction contracts on behalf of Taupo Airport Authority (2022: \$3.18m).

18. Intangible assets

Accounting policy

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

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

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

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

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

Staff training costs are recognised as an expense when incurred.

Carbon credits

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

Amortisation

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

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

Class of intangible asset	Estimated useful life	Amortisation rates
Computer software	3 - 8 years	10.0% - 25.00%

Impairment of intangible assets

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

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

	COMPUTER SOFTWARE \$000	CAPITAL WORK IN PROGRESS \$000	CARBON CREDITS \$000	TOTAL \$000
Cost				
COUNCIL 2022				
Balances at 1 July 2021	4,010	2,425	355	6,790
Additions	-	2,207	2,884	5,091
Disposals	-	-	(355)	(355)
Transfer to property, plant & equipment	-	(677)	-	(677)
Balances as at 30 June 2022	4,010	3,955	2,884	10,849
COUNCIL 2023				
Balances at 1 July 2022	4,010	3,955	2,884	10,849
Additions	-	605	2,890	3,495
Disposals	-	-	(2,063)	(2,063)
Transfer to property, plant & equipment	-	-	-	-
Balances as at 30 June 2023	4,010	4,560	3,711	12,281
Accumulated amortisation and impairment				
COUNCIL 2022				
Balances at 1 July 2021	(3,302)	-	-	(3,302)
Disposals	-	-	-	-
Amortisation charge	(153)	-	-	(153)
Balances as at 30 June 2022	(3,455)	-	-	(3,455)
COUNCIL 2023				
Balances at 1 July 2022	(3,455)	-	-	(3,455)
Disposals	-	-	-	-
Amortisation charge	(149)	-	-	(149)
Balances as at 30 June 2023	(3,604)	-	-	(3,604)
Carrying amounts				
As at 1 July 2021	31	3,234	254	3,519
As at 30 June 2022 & 1 July 2022	555	3,955	2,884	7,394
As at 30 June 2023	406	4,560	3,711	8,677

18. Intangible assets

	COMPUTER SOFTWARE \$000	CAPITAL WORK IN PROGRESS \$000	CARBON CREDITS \$000	TOTAL \$000
Cost				
GROUP 2022				
Balances at 1 July 2021	4,167	2,425	355	6,947
Additions	26	(677)	2,884	2,233
Disposals	-	-	(355)	(355)
Transfer to property, plant & equipment	-	2,207	-	2,207
Balances as at 30 June 2022	4,193	3,955	2,884	11,032
GROUP 2023				
Balances at 1 July 2022	4,193	3,955	2,884	11,032
Additions	4	605	2,890	3,499
Disposals	-	-	(2,063)	(2,063)
Transfer to property, plant & equipment	-	-	-	-
Balances as at 30 June 2023	4,197	4,560	3,711	12,468
Accumulated amortisation and impairment				
GROUP 2022				
Balances at 1 July 2021	(3,407)	-	-	(3,407)
Disposals	-	-	-	-
Amortisation charge	(195)	-	-	(195)
Balances as at 30 June 2022	(3,602)	-	-	(3,602)
GROUP 2023				
Balances at 1 July 2022	(3,602)	-	-	(3,602)
Disposals	-	-	-	-
Amortisation charge	(171)	-	-	(171)
Balances as at 30 June 2023	(3,773)	-	-	(3,773)
Carrying amounts				
As at 1 July 2021	212	3,234	254	3,700
As at 30 June 2022 & 1 July 2022	591	3,955	2,884	7,430
As at 30 June 2023	424	4,560	3,711	8,695

Impairment

Carbon credits

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

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

19. Depreciation and amortisation expense by group of activity

	COUNCIL	
	2023 \$000	2022 \$000
Water	4,343	3,829
Community Services	249	235
Transport	5,772	6,930
Community Facilities	5,588	4,787
Solid Waste	388	386
Stormwater	1,054	997
Wastewater	4,759	4,986
Economic Development	26	19
Democracy & Planning	42	36
Investments	672	1,133
Depreciation and amortisation not directly related to group of activities	-	-
Total depreciation and amortisation	22,893	23,338

20. Biological assets – Forestry

Accounting policy

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

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

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

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	7,535	7,598	7,535	7,598
Gains/(losses) arising from changes in fair value	196	431	196	431
Additions	137	64	137	64
Disposals	-	(558)	-	(558)
Carrying amount at 30 June	7,868	7,535	7,868	7,535

The forest estate comprises a number of relatively small forests and two larger forests (Rangitaiki & Tirohanga) in the Taupo basin of radiata pine. The total net stocked area of the estate is estimated to be 1,059 hectares (2022: 971 hectares).

Feasibility, cost and timing of developing final access parts of the Tirohanga forest block are presently unknown. The realisation of the fair value assessed for the Tirohanga block is thus contingent on securing access and an assumption has been made in the valuation as to the timing of securing this access. The securing of access may involve additional costs that are not considered in reaching the assessed fair value. Adam Mills of Woodlands Pacific Consulting Limited, an independent valuer, has valued the remaining forestry assets at \$7,940,000 as at 30 June 2023. The following assumptions have been adopted in determining the fair value of forestry assets (excluding the area currently under contract) :

- A pre tax discount rate of 8.0% (2022: 8.0%) has been used in discounting the present value of expected cashflows.
- Notional land rental costs have been included for freehold land.
- Forests have been valued on a going concern basis and includes the value of the existing crops on a single rotational basis.
- Costs and prices are held constant in 2021 NZ dollars i.e. the net impact of inflation is assumed to be zero.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on national export log price indices for the benchmark China A grade.

There are no restrictions over the title of forestry assets, nor is any forestry asset pledged as security for liabilities (2022: nil).

Financial risk management strategies

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

21. Investment property

Accounting policy

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

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

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

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

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Land	30,445	29,864	30,445	29,864
Buildings	1,805	920	1,805	920
Balance at 30 June	32,250	30,784	32,250	30,784

THE MOVEMENT OF INVESTMENT PROPERTY IS AS FOLLOWS:

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance	30,784	18,110	30,784	18,110
Fair value gains/(losses) on valuation	956	5,799	956	5,799
Additions	366	89	366	89
Disposals	-	-	-	-
Transfers (to)/ from property plant and equipment	144	-	144	4,412
Transfers (to)/from held for sale	-	6,786	-	2,374
Balance at 30 June	32,250	30,784	32,250	30,784

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

The valuation methodology and assumptions used were:

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

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Rental revenue from investment property	147	119	147	119
Direct operating expenses related to investment property that generated rental revenue during the period	48	43	48	43
Direct operating expenses related to investment property that did not generate rental revenue during the period	79	46	79	46

22. Trade and payables

Accounting policy

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Trade payables	190	1,888	281	2,036
Amounts due to related parties	17	-	-	-
Accrued expenses	10,309	7,713	10,518	7,836
Councillor fees payable	22	20	22	20
Accrued interest on borrowings	-	-	-	-
Deposits and bonds	2,019	2,078	2,039	2,092
Revenue in advance	7,399	8,906	7,468	9,376
Total trade and other payables	19,956	20,605	20,328	21,360
Total creditors and other payables from exchange transactions	10,516	9,601	10,799	9,601
Total creditors and other payables from non-exchange transactions	9,440	11,004	9,529	11,759
Total current creditors and other payables from exchange and non exchange transactions	19,956	20,605	20,328	21,360

No revenue is included within revenue in advance as unspent government funding in relation to the Town Centre Transformation programme for 2023 (2022: Town Centre Transformation \$3.15m).

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

23. Employee entitlements

Accounting policy

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

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

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

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

A discount factor of 3.34% (2022: 0.38%) and an inflation factor of 5% (2022: 4%) were used.

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current portion				
Accrued pay	908	368	951	393
Annual leave	2,343	2,430	2,409	2,505
Lieu leave	157	155	158	156
Retirement gratuities & long service leave	244	272	250	276
Total current portion	3,652	3,225	3,768	3,330
Non current portion				
Retirement gratuities & long service leave	180	173	180	173
Total non current portion	180	173	180	173
Total non current portion	3,832	3,398	3,948	3,503

24. Borrowings

Accounting policy

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

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

Finance leases

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

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

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

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current portion				
Commercial paper	38,022	38,078	38,022	38,078
Debentures	11,276	25,476	11,276	25,476
Finance lease liabilities	55	79	55	79
Total secured current interest bearing borrowings	49,353	63,633	49,353	63,633
Non current portion				
Debentures	135,000	100,000	135,000	100,000
Finance lease liabilities	13	68	13	68
Total secured non current interest bearing borrowings	135,013	100,068	135,013	100,068
Total borrowings	184,366	163,701	184,366	163,701

Bank Facilities

Council has a total of \$50m committed bank / LGFA facilities (2022: \$50m), \$40m bank facility expires December 2024 and \$10m LGFA expires September 2023. Of the facilities nil was drawn as at balance date (2022: \$nil).

Commercial paper, fixed and floating rate notes

Council has issued nil of fixed and floating rate notes at balance date (2022: \$nil).

Council has commercial paper of \$38m currently on issue (2022: \$38m).

NZ Local Government Funding Agency

Council has issued \$145m of floating rate debt securities as at balance date and these are mostly covered by interest rate swaps at fixed rates (2022: \$125m).

24. Borrowings

Security

All of Council's secured loans are secured under the terms of the Debenture Trust Deed between the Council and Trustees Executors, as Trustee. Security is by a charge over the Council's ability to levy rates in favour of the Trustee. Pursuant to the Trust Deed Council has issued debenture and security stock certificates of \$138.5 million at 30 June 2023 (2022: \$138.5 million) to secure the various debentures issued, bank loan facilities, guarantees issued on behalf of Council and other general banking facilities.

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

ANALYSIS OF COMMERCIAL PAPER & DEBENTURES	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Payable no later than one year	49,298	63,000	49,298	63,000
Later than one, not later than two years	19,000	10,000	19,000	10,000
Later than two, not later than five years	70,000	54,000	70,000	54,000
Later than five years	46,000	36,000	46,000	36,000
Total undrawn committed facilities	184,298	163,000	184,298	163,000

ANALYSIS OF FINANCE LEASES	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Minimum lease payments payable				
Payable no later than one year	56	84	56	84
Later than one, not later than two years	13	56	13	56
Later than two, not later than five years	-	13	-	13
Total minimum lease payments payable	69	153	69	153
Future finance charges	(1)	(6)	(1)	(6)
Present value of minimum lease payments	68	147	68	147
Represented by:				
Current	55	79	55	79
Non current	13	68	13	68
Total finance leases	68	147	68	147

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

The finance leases can be renewed at the Council and Group's option, with rents set by reference to current market rates for items of an equivalent age and condition. The Council and Group do have the option to purchase the assets at the end of the lease term.

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

25. Derivative financial instruments

Accounting policy

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

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current (asset)/liability portion				
Interest rate swaps	(67)	-	(67)	-
Non current (asset)/liability portion				
Interest rate swaps	119	4,935	119	4,935
Total derivative (asset)/liability	52	4,935	52	4,935

The fair value of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced (Infoscan) market parameters such as interest rate yield curves. The interest rate swaps have been valued by Hedgebook as at 30 June 2023.

The notional principal amounts of the outstanding interest rate swap contracts at 30 June 2023 were \$202,650,000 (2022: \$202,650,000). At 30 June 2023, the fixed interest rates of interest rate swaps vary from 3.48% to 6.16% (2022: 3.48% to 6.16%).

26. Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current portion				
Other provisions	40	-	44	4
Total current portion	40	-	44	4
Non current portion				
Value landfill - closure and post closure provision	161	154	161	154
Other provisions	-	-	9	13
Total non current portion	161	154	170	167
Total provisions	201	154	214	171
Movements in provisions:				
Opening balance	154	146	171	167
Additional provisions made during the year	47	8	47	8
Provisions used	-	-	(4)	(4)
Closing balance	201	154	214	171

Taupo District Council gained resource consent in September 1998 to operate the Broadlands Road Landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

CLOSURE RESPONSIBILITIES	POST CLOSURE RESPONSIBILITIES
Final application and vegetation	Treatment and monitoring of leachate
Final application and vegetation	Ground water and surface monitoring
Facilities for leachate collection and monitoring	Gas monitoring and recovery
Facilities for water quality monitoring	Implementation of remedial measures such as needed for cover and control systems
Facilities for monitoring and recovery of gas	On going site maintenance for drainage systems, final cover and vegetation

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

Capacity of the Site

The estimated remaining capacity of the site as at 30 June 2023 is approximately 166,995 cubic metres (2022: 196,400 cubic metres).

The estimated remaining life as at 30 June 2023 is 4 years (2022: 5 years). Council is currently undertaking consultation regarding obtaining a new operating consent that would see the site continue to take waste until 2047. If a consent is unable to be obtained then the site would have to close at the end of the operating consent period which is December 2027.

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

If resource consent is not obtained the cash outflows for landfill post-closure are expected to occur between 2027 and 2032. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 4.46%.

27. Contingencies

Contingent liabilities

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

Council is one of 30 local authority shareholders and 77 local authority borrowers of the NZLGFA. (In that regard it has uncalled capital of \$100,000). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m). This figure is made up of the face value of the LGFA's bonds on issue of \$16,678m (2022: \$15,105m), accrued interest on bonds on issue of \$83.7m (2022: \$87.7m), the face value of bills on issue of \$792m (2022: \$565.0m) and bonds LGFA lent to counterparties under bond repurchase transactions of \$130m (2022: \$31.70m).

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

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

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

Other Contingencies

Taupo District Council

- Scientific advice has been received regarding the Hipaua Geothermal Landslide risk near Waihi at the southern end of Lake Taupo. In the event of a landslide any property damage and/or loss of life could potentially give rise to claim(s) against Council, currently unquantifiable (2022: Same contingency disclosure made).
- A land subsidence issue has been identified in the Taupo urban area, with the potential for property damage and therefore raising unquantifiable liability issues. Taupo District Council does not believe it has any direct potential liability, specifically related to the causes of the subsidence. (2022 - Same contingency disclosure made).
- Council controls and has brought to account certain reserve lands throughout the District which will return to Iwi ownership in the event that they are no longer required for reserve purposes. Council does not envisage that this situation will eventuate (2022 - Same contingency disclosure made).
- Council may be subject to claims relating to weather tightness building defects. Any leaky building claims made against Council after 1 July 2009 are not covered by our insurers. As at the date of this report, there are no leaky building proceedings involving the Council (2022: No claims - Same contingency disclosure made).
- The potential for erosion and flooding risk has been identified through technical reports around the foreshore of Lake Taupo, with the potential for property damage and therefore raising liability issues. That information was communicated to the affected landowners and subsequently incorporated into the District Plan by way of a plan change. There were no appeals to that plan change, and it has become operative. Council also sought technical information related to erosion risks around the margins of Lake Taupo. That information was communicated to affected landowners and continues to be referenced on LIMs. Taupo District Council does not believe it has any direct potential liability, specifically related to the causes of the erosion and flooding. The issue of contingent liability however, currently unquantifiable, remains (2022: Same contingency disclosure made).

27. Contingencies

- Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.
- In April 2023 the Council received a hold-liable letter from the insurer for property owners in Acacia Bay, Taupo relating to a watermain break in May 2021 that flooded their property. The claim is for \$252k. The outcome of the claim is uncertain so the Council cannot reliably estimate the exposure (if any).
- In October 2022 the Council received a hold-liable letter from the insurer for a commercial property owner in relation to a burst watermain in the central business district that flooded several commercial premises. The single claim is in excess of \$90,000 although there were other affected buildings in relation to which claims haven't yet been received, so the contingent liability (if any) is currently unquantifiable.
- In late May 2023 the Council became aware that Producer Statements (Producer Statement – Design (PS1) and/or Producer Statement – Construction Review (PS4)) and/or Certificates of Design issued in the names of Chartered Professional Engineers, may have been provided to Taupō District Council by Jon Hall of Kodiak Consulting Limited, without their involvement and/or consent. These Producer Statements and/or Certificates of Design may have been relied on by the Council in the granting of a building consent and/or code compliance certificate for a building associated with these properties. Council does not believe it is liable for any potential loss caused to property owners from the reliance by Council on the potentially fraudulent building consent documentation, however at present, there is still insufficient information to assess any potential litigation risk and/or claim quantum which therefore raises an unquantifiable contingent liability.
- The Council is alleged to have made an error when processing a Project Information Memorandum in July 2022 for a property in Lisland Drive, Kinloch that resulted in a dwelling encroaching the maximum height plane. The Council has been joined to a claim against the plan drafting company by the owner and his building company seeking in excess of \$40,000 in damages and costs. As the claim has yet to be heard by the courts, the exact quantum of the contingent liability is currently unquantifiable.

Taupo Airport Authority

In April 2021, damage was caused to an aircraft's propeller following a single aircraft incident on the taxiway at Taupo Airport. An independent safety investigation was undertaken shortly after the incident which indicated pilot error. In April 2022 TAA received a demand to reimburse the pilot the costs incurred to repair the aircraft. At this point, TAA cannot reliably determine whether a liability exists, but in any case TAA has insurance coverage for this event so TAA exposure is expected to be minimal (2022: Same disclosure made).

Contingent assets

There are no contingent assets for the Group as at 30 June 2023 (2022 Nil).

28. Net assets/equity

Accounting policy

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

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

Council-created reserves

Reserves are a component of equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Council created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves

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

Available-for-sale revaluation reserve

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

28. Net assets/equity

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Accumulated funds	950,512	904,838	951,723	906,101
Reserves	943,583	786,313	948,126	789,949
Balance at 30 June	1,894,095	1,691,151	1,899,849	1,696,050
The breakdown of accumulated funds and reserves are disclosed as follows:				
Accumulated funds				
Balance at 1 July	904,838	828,505	906,101	829,910
Transfer from special fund	(90,030)	70,503	(90,030)	70,503
Transfer to special fund	91,398	(60,660)	91,398	(60,660)
Deferred tax on disposal	-	-	-	-
Disposal of property, plant and equipment	968	582	968	582
Movements in valuation of associates	(23)	8	(23)	8
Surplus/(deficit) for the year	43,361	65,900	43,309	65,758
Balance at 30 June	950,512	904,838	951,723	906,101
Reserves includes				
Asset revaluation reserves	821,404	662,766	825,947	666,402
Available for sale investments revaluation reserve	-	-	-	-
Council created reserves (see analysis below)	122,179	123,547	122,179	123,547
Total reserves	943,583	786,313	948,126	789,949
Property, plant and equipment revaluation reserve				
Balance at 1 July	662,766	382,430	666,402	384,893
Revaluation gains/(losses)	159,606	280,918	162,124	282,054
Deferred tax on revaluation	-	-	(705)	(14)
Transfer to accumulated funds	(968)	(582)	(968)	(582)
Less non-controlling interest share in change in asset value	-	-	(906)	51
Balance at 30 June	821,404	662,766	825,947	666,402
Asset revaluation reserves for each asset class consist of:				
Operational assets				
Operational land	19,048	18,955	21,438	21,345
Operational buildings	45,199	45,289	45,240	45,331
Fencing	-	-	37	37
Land improvements	-	-	-	-
Investment properties - land	7,376	8,092	7,376	8,092
Restricted assets				
Reserves	94,788	95,971	94,788	95,971
Infrastructure assets				
Land under roads	229,225	228,157	229,225	228,157
Roading	219,641	137,758	220,010	137,821
Wastewater	98,883	73,243	98,883	73,243
Water	69,167	33,378	69,167	33,378
Stormwater	33,556	17,402	33,599	17,433
Runways	-	-	1,663	1,073
Infrastructure buildings	4,521	4,521	4,521	4,521
Total asset revaluation reserves	821,404	662,766	825,947	666,402
Available for sale investments revaluation reserve				
Balance at 1 July	-	-	-	-
Revaluation of corporate bonds	-	-	-	-
Balance at 30 June	-	-	-	-

28. Net assets/equity

Council created reserves	Activities to which the funds relate	Opening balance \$000	Additions \$000	Withdrawals \$000	Closing balance \$000
2023					
Depreciation Reserves					
Water District	Water	6,653	4,069	(9,709)	1,013
Wastewater District	Wastewater	2,318	5,910	(5,201)	3,027
Solid Waste District	Solid Waste	912	440	(677)	675
Transport & Stormwater District	Transport	8,525	10,163	(17,658)	1,030
Forestry District	Investments	7,017	-	-	7,017
	Community Facilities, Community Services, Water, Wastewater, Solid waste, Investments, Economic Development	4,641	3,127	(3,793)	3,975
Buildings District					
Operational Assets	All activities with the exception of Democracy & Planning	2,606	4,401	(4,251)	2,756
Development Contribution Reserves					
Community Infrastructure District	Community Facilities	662	36	-	698
Parks & reserves Land (Residential)	Community Facilities	2,606	126	-	2,732
District Wide Parks	Community Facilities	822	453	-	1,275
Water Taupo	Water	1,189	1,869	(400)	2,658
Water Kinloch	Water	1,490	506	-	1,996
Water River Road	Water	5	-	-	5
Water Mapara	Water	301	100	-	401
Water Turangi	Water	14	-	-	14
Water Omori	Water	106	1	-	107
Wastewater Taupo	Wastewater	4,066	4,477	(1,675)	6,868
Wastewater Kinloch	Wastewater	1,492	602	-	2,094
Wastewater Mangakino	Wastewater	-	-	-	-
Wastewater Atiamuri	Wastewater	2	-	-	2
Wastewater Turangi	Wastewater	-	-	-	-
Stormwater Taupo Industrial	Stormwater	(4)	-	-	(4)
Transport District Wide	Transport	3,061	2,166	(828)	4,399
Other Reserves					
Disaster Recovery Fund	All Activities	2,425	300	(621)	2,104
District Airport Reserve	Taupo Airport (CCO)	67	-	(26)	41
Parking	Community Services	69	-	-	69
Forestry Silviculture & Tending	Investments	(1,106)	-	(176)	(1,282)
Strategic Property Purchase - District	Investments	6,250	9,734	(3,331)	12,653
TEL	Investments	64,217	36,341	(35,186)	65,372
CIP Funding reserves	3 Waters, Transport, Community Facilities	3,141	4,778	(7,919)	-
Better off funding	Community Facilities	-	493	(9)	484
Total reserves at 30 June 2023		123,547	90,092	(91,460)	122,179

28. Net assets/equity

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

28. Net assets/equity

Nature and purpose of reserves

(i) Depreciation Reserves

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

(ii) Development Contribution Reserves

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

(iii) Disaster Recovery Fund

To provide \$300,000 (2022: \$250,000) annually to assist with readily available funds in the case of a significant natural disaster.

(iv) District Airport Reserve

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

(v) Parking

For the purchase or development of parking.

(vi) Forestry

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

(vii) Strategic Property Purchase - District

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

(viii) TEL

To provide revenue to facilitate the funding of community based projects set by Council without diminishing the value of the Fund.

Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, general financial dealings prudently and in a manner that promotes the current and future interests of the community.

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets while not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

Taupo District Council has the following Council created reserves:

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

Depreciation reserves reflect the value of depreciation expense charged in the financial statements and funded from rates. These reserves are utilised to fund the replacement and renewal of the assets that are being depreciated.

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

The TEL Fund was established in September 1995 when Taupo District Council sold its investments in Taupo Electricity Limited and Taupo Generation Limited. The fund is utilised by facilitating the funding of community based projects set by Council without diminishing the value

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

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

29. Non-controlling interests

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Balance at the beginning of the year	-	-	6,490	3,799
Share of revaluation reserve change in asset value	-	-	906	(48)
Revaluation reserve transfer to appropriations	-	-	-	-
Equity injection by Crown	-	-	154	2,750
Share of surplus/(deficit)	-	-	(175)	(11)
Balance at the end of the year	-	-	7,375	6,490

30. Related party transactions

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

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

Key management personnel compensation

	COUNCIL	
	2023 \$000	2022 \$000
<i>Council members</i>		
Remuneration (Council Elected Members)	648	611
Full-time equivalent members	13	12
<i>Executive team, including the Chief Executive</i>		
Remuneration (CEO & ET)	767	1,339
Full-time equivalent members	4	5
Total full time equivalent personnel	1,415	1,950
Total key management personnel compensation	17	17

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

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

31. Events after balance date

With the change in the Government after year-end, there is a possibility of a change to the water services reform programme. Refer to note 35 for more detail in this regard.

32. Financial instruments

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

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

(a) Financial instrument categories

Assets	FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE \$000	FAIR VALUE THROUGH SURPLUS OR DEFICIT \$000	AMORTISED COST \$000	TOTAL \$000
COUNCIL 2023				
Cash and cash equivalent	-	-	13,379	13,379
Receivables	-	-	5,746	5,746
Other financial assets:				
Term Deposits	-	-	103,603	103,603
Borrowers Notes	-	-	3,329	3,329
Community Loans	-	-	157	157
Other Loans	-	-	1,002	1,002
Related party loans	-	-	200	200
Listed shares	-	6,475	-	6,475
Unlisted shares	185	-	-	185
Balance at the end of the year	185	6,475	127,416	134,076
COUNCIL 2022				
Cash and cash equivalent	-	-	6,936	6,936
Receivables	-	-	6,076	6,076
Other financial assets:				
Term Deposits	-	-	110,792	110,792
Borrowers Notes	-	-	2,539	2,539
Community Loans	-	-	166	166
Other Loans	-	-	1,002	1,002
Listed shares	-	6,610	-	6,610
Unlisted shares	192	-	-	192
Balance at the end of the year	192	6,610	127,511	134,313
GROUP 2023				
Cash and cash equivalents	-	-	14,277	14,277
Receivables	-	-	4,700	4,700
Other financial assets:				
Term Deposits	-	-	103,603	103,603
Borrowers Notes	-	-	3,329	3,329
Community Loans	-	-	157	157
Other Loans	-	-	1,002	1,002
Listed shares	-	6,475	-	6,475
Unlisted shares	185	-	-	185
Total assets	185	6,475	127,068	133,728
GROUP 2022				
Cash and cash equivalent	-	-	11,157	11,157
Receivable	-	-	5,513	5,513
Other financial assets:				
Term Deposits	-	-	110,792	110,792
Borrowers Notes	-	-	2,539	2,539
Community Loans	-	-	166	166
Other Loans	-	-	1,002	1,002
Listed shares	-	6,610	-	6,610
Unlisted shares	192	-	-	192
Total assets	192	6,610	131,169	137,971

32. Financial instruments

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

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

(a) Financial instrument categories

LIABILITIES	FAIR VALUE THROUGH SURPLUS OR DEFICIT \$000	AMORTISED COST \$000	TOTAL \$000
COUNCIL 2023			
<i>Borrowings</i>			
Derivative financial instruments	52	-	52
Debentures & commercial paper	-	184,298	184,298
Payables and accruals	-	12,557	12,557
Total liabilities	52	196,855	196,907
COUNCIL 2022			
<i>Borrowings</i>			
Derivative financial instruments	4,935	-	4,935
Debentures & commercial paper	-	163,000	163,000
Payables and accruals	-	12,153	12,153
Total liabilities	4,935	175,153	180,088
GROUP 2023			
<i>Borrowings</i>			
Derivative financial instruments	52	-	52
Debentures & commercial paper	-	184,298	184,298
Payables and accruals	-	12,860	12,860
Total liabilities	52	197,158	197,210
GROUP 2022			
<i>Borrowings</i>			
Derivative financial instruments	4,935	-	4,935
Debentures & commercial paper	-	163,000	163,000
Payables and accruals	-	12,439	12,439
Total liabilities	4,935	175,439	180,374

32. Financial instruments

(b) Market risk

Price Risk

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

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Taupo District Council has no significant exposure to currency risk.

Interest rate risk

The main objective of interest rate risk management is to reduce uncertainty around net interest expense as interest rates change. Mechanisms used include matching the interest rate profile of the Council and group's financial investments and financial liabilities and, where appropriate, fixing rates through fixed rate borrowings and the use of interest rate derivatives.

Fair value interest rate risk

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

Council's Liability Management Policy sets minimum and maximum levels of fixed rate exposure for borrowings, across various time Council's Investment Policy provides for interest rate risk on investments to be managed by Council as part of its overall investment strategy.

Adoption of PBE IPSAS 41

On the date of initial application of PBE IPSAS41, the classification and carrying amounts of financial assets and liabilities under both PBE IPSAS 41 and PBE IPSAS 29 is outlined below;

	Measurement Classification		30-Jun-22	1-Jul-23	Adoption adjustment
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29 \$000	PBE IPSAS 41 \$000	\$000
Financial instrument					
Financial assets					
Cash & cash equivalents	Loans and receivables	Amortised cost	6,936	6,936	-
Receivables & prepayments	Loans and receivables	Amortised cost	6,076	6,076	-
Term deposits	Loans and receivables	Amortised cost	110,792	110,792	-
Borrowers notes	Loans and receivables	Amortised cost	2,539	2,539	-
Community loans	Loans and receivables	Amortised cost	166	166	-
Other loans	Loans and receivables	Amortised cost	1,002	1,002	-
Related party loans	Loans and receivables	Amortised cost	-	-	-
Shares in listed companies	FVTSD	FVTSD	6,610	6,610	-
Shares in unlisted companies	Available for sale	FVTOCRE	192	192	-
Financial liabilities					
Derivative financial instruments	Held for trading	FVTSD	4,935	4,935	-
Debentures & commercial paper	Measured at amortised cost	Amortised cost	163,000	163,000	-
Payables & accruals	Measured at amortised cost	Amortised cost	12,153	12,153	-

FVTSD - Fair value through surplus or deficit

FVTOCRE - Fair value through other comprehensive revenue and expense

32. Financial instruments

Cash flow interest rate risk

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

Taupo District Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting floating rate borrowings into fixed rates that are generally lower than those available if Taupo District Council borrowed at fixed rates directly.

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

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

Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on Taupo District Council's financial instrument exposures at balance date.

These tables represent both the Council & Group position as there are no financial instruments requiring analysis for controlled

COUNCIL AND GROUP	2023				2022			
	100BPS		+100BPS		100BPS		+100BPS	
INTEREST RATE RISK	PROFIT \$000	OTHER EQUITY \$000	PROFIT \$000	OTHER EQUITY \$000	PROFIT \$000	OTHER EQUITY \$000	PROFIT \$000	OTHER EQUITY \$000
Financial assets								
Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Other loans (4)	-	-	-	-	-	-	-	-
Local authority stock (5)	-	-	-	-	-	-	-	-
Financial liabilities								
Borrowings (6)	-	-	-	-	-	-	-	-
Interest rate derivatives (7)	(5,784)	-	5,286	-	(11,911)	-	1,450	-
Total sensitivity to interest rate risk	(5,784)	-	5,286	-	(11,911)	-	1,450	-

COUNCIL AND GROUP	2023				2022			
	100BPS		+100BPS		100BPS		+100BPS	
FOREIGN EXCHANGE RISK	PROFIT \$000	OTHER EQUITY \$000	PROFIT \$000	OTHER EQUITY \$000	PROFIT \$000	OTHER EQUITY \$000	PROFIT \$000	OTHER EQUITY \$000
Financial assets								
Quoted share investments (8a)	296	-	(268)	-	336	-	(304)	-
risk	296	-	(268)	-	336	-	(304)	-

Equity price risk financial assets

Cash and cash equivalents (1)	-	-	-	-	-	-	-	-
Term deposits (2)	-	-	-	-	-	-	-	-
Community loans (3)	-	-	-	-	-	-	-	-
Other loans (4)	-	-	-	-	-	-	-	-
Local authority stock (5)	-	-	-	-	-	-	-	-
Quoted share investments (8b)	(324)	-	324	-	(319)	-	319	-
Bonds (4)	-	-	-	-	-	-	-	-
Financial liabilities								
Borrowings (6)	-	-	-	-	-	-	-	-
Interest rate derivatives (7)	-	-	-	-	-	-	-	-
Total sensitivity to interest rate risk	(324)	-	324	-	(319)	-	319	-

32. Financial instruments

Explanation of sensitivity analysis - Council & Group

1 - Cash and Cash Equivalents

Cash and cash equivalents include deposits at call of \$13,369k (2022: \$6,917k), which are at an interest rate close to the Official Cash Rate and term deposits of less than three months from acquisition date of \$5,029k (2022: \$nil). As the likelihood of this rate moving on balance date is unlikely no sensitivity analysis has been applied.

2 - Term Deposits

Term deposits are valued at principal plus accrued interest \$98,574k (2022: \$110,792k). A movement of plus or minus 1% in the interest rate has nil effect on the profit and loss (2022: \$nil).

3 - Community Loans

Taupo District Council has lent the Southern Lakes Taupo Health Trust \$300,000 for a period of 25 years at 2% pa, this loan was valued at fair value of \$157k (2022: \$166k) at balance date. Changes in interest rates at balance date will not affect the valuation of the remaining community loan.

4 - Other Loans

Taupo District Council has subscribed to an Investment Bond issued by Ruapehu Alpine Lifts (RAL) for the Gondola development at a fair value of \$1,000,000 (2022: \$1,000,000). Interest receivable on the bond is a provisional 3%pa payable quarterly, with a potential performance adjustment to interest payable if the Gondola usage exceeds specified targets. Changes in interest rates at balance date will not affect the value of this asset. RAL went into voluntary administration on 11 October 2022 with the appointment of PwC Administrators, John Fisk and Richard Nacey. On the 6th of June RAL submitted insolvency documents, and on the 21st of June a liquidator was appointed. A provision for the write-off of the remaining debt and accrued interest has been raised in the financial year ended 30 June 2023.

5- Local Authority Stock and Corporate Bonds

Corporate Bonds have a fair value of \$nil (2022: \$nil). A movement of plus or minus 1% in the interest rate has an effect on other equity of (\$nil)/\$nil (2022: (\$nil)/\$nil).

6 - Borrowings

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

7- Interest Rate Derivatives

Derivative financial instruments liabilities include interest rate swaps with a fair value totalling (\$51,803)(2022: (\$4,935,108)). A movement in interest rate of plus/minus 1% has an effect on the unrealised value of the derivatives of \$5,285,923 / (\$5,783,526) (2022: \$1,450,051 / (\$11,910,863)).

8- Quoted Share Investments

a) Taupo District Council holds listed equity instruments in Adelaide Brighton Concrete, AGL Energy, Amcor Limited, ANZ, APA Group, Brambles, Bunzl, Costa Group, Estia Health, Link Administration Holdings, Pact Group, PEXA Group Limited, South 32, Scentre Group, Syrah Resources and Tesco Ltd which are publicly traded and included in the LSE or ASX equity indices. If there was a movement of plus or minus 5% in the British pound and Australian dollar the effect has an impact of (\$268,081)/\$296,300 in the fair value through profit. (2022: (\$304,201)/\$336,226).

b) For these same shares and the NZ shareholdings in A2 Milk, Gentrack, Synlait Milk and Tourism Holdings if the share price moved plus or minus 5% the effect has an impact of \$323,754/ (\$323,754) in the fair value through profit, (2022: \$319,411 / (\$319,411)).

(c) Credit risk

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

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

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

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

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

32. Financial instruments

Maximum exposure to credit risk

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash at bank and term deposits	116,982	117,728	117,880	121,949
Debtors and other receivables	9,756	7,051	8,758	6,558
Community & other loans	1,359	1,169	1,159	1,169
Local authority & government stock (NZLGFA)	3,429	2,639	3,429	2,639
Balance at the end of the year	131,526	128,587	131,226	132,315

Credit quality of financial assets

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Counterparties with credit ratings				
Cash at bank and term bank deposits				
AA-	92,321	88,543	94,030	92,764
A	24,661	29,185	24,661	29,185
Total cash at bank and term bank deposits	116,982	117,728	118,691	121,949
LGFA Borrower Notes				
AAA	3,429	2,639	3,429	2,639
Total LGFA	3,429	2,639	3,429	2,639
Counterparties without credit ratings				
Community and other loans	1,359	1,169	1,159	1,169
Total community and related party loans	1,359	1,169	1,159	1,169

Debtors and other receivables mainly arise from Taupo District Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Taupo District Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and Taupo District Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

(d) Liquidity risk

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

Liquidity risk management ensures that there is sufficient cash available to meet obligations in an orderly manner as they fall due. As part of liquidity risk management Council, at 30 June 2023, had \$50m of un-drawn committed bank facilities (2022: \$50m). Councils' Treasury Management Policy also requires spreading of debt maturities across financial periods to avoid concentration of risk.

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

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

Contractual maturity analysis of financial assets and liabilities

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

32. Financial instruments

	LESS THAN 1 YEAR \$000	BETWEEN 1 AND TWO YEARS \$000	BETWEEN 2 AND 5 YEARS \$000	OVER 5 YEARS \$000	TOTAL CONTRACTUAL CASH FLOWS \$000	CARRYING AMOUNT ASSETS/ LIABILITIES \$000
COUNCIL 2023						
Financial assets						
Cash and cash equivalents	13,379	-	-	-	13,379	13,379
Debtors and other receivables	9,756	-	-	-	9,756	9,756
Term deposits	103,603	-	-	-	103,603	103,603
Community and other loans*	6	6	218	186	416	357
Local authority stock (NZLGFA)	278	468	1,866	1,467	4,079	3,085
Total financial assets	127,022	474	2,084	1,653	131,233	130,180
Financial liabilities						
Creditors and other payables	12,557	-	-	-	12,557	12,557
Net settled derivative liabilities	(119)	(545)	(3,904)	(3,803)	(8,371)	52
Secured loans	110	95	45	250	500	340
Debentures & commercial papers	62,582	26,883	85,083	50,224	224,772	184,298
Finance leases	56	13	-	-	69	69
Total financial liabilities	75,186	26,446	81,225	46,671	229,527	197,316
COUNCIL 2022						
Financial assets						
Cash and cash equivalents	6,936	-	-	-	6,936	6,701
Debtors and other receivables	7,051	-	-	-	7,051	7,051
Term deposits	110,792	-	-	-	110,792	110,792
Community and other loans	36	36	108	1,231	1,411	1,169
Local authority stock (NZLGFA)	477	265	1,117	920	2,779	2,360
Total financial assets	125,292	301	1,225	2,151	128,969	128,073
Financial liabilities						
Creditors and other payables	12,153	-	-	-	12,153	12,153
Net settled derivative liabilities	3,309	3,138	5,593	3,339	15,379	4,935
Secured loans	110	95	45	250	500	500
Debentures & commercial papers	66,159	12,585	58,914	38,370	176,028	163,000
Finance leases	63	10	54	36	163	163
Total financial liabilities	81,794	15,828	64,606	41,995	204,223	180,751
GROUP 2023						
Financial assets						
Cash and cash equivalents	14,277	-	-	-	14,277	14,277
Debtors and other receivables	8,758	-	-	-	8,758	8,758
Term deposits	103,603	-	-	-	103,603	103,603
Community and other loans*	6	6	218	186	416	357
Local authority stock (NZLGFA)	278	468	1,866	1,467	4,079	3,085
Total financial assets	126,922	474	2,084	1,653	131,133	130,080
Financial liabilities						
Creditors and other payables	12,860	-	-	-	12,860	12,860
Net settled derivative liabilities	(119)	(545)	(3,904)	(3,803)	(8,371)	52
Secured loans	110	95	45	250	500	340
Debentures & commercial papers	66,159	12,585	58,914	38,370	176,028	163,000
Finance leases	56	13	-	-	69	69
Total financial liabilities	79,066	12,148	55,055	34,817	181,086	176,321
GROUP 2022						
Financial assets						
Cash and cash equivalents	11,157	-	-	-	11,157	6,701
Debtors and other receivables	6,558	-	-	-	6,558	6,558
Term deposits	110,792	-	-	-	110,792	110,792
Community and other loans	36	36	108	1,231	1,411	1,169
Local authority stock (NZLGFA)	477	265	1,117	920	2,779	2,360
Total financial assets	129,020	301	1,225	2,151	132,697	127,580
Financial liabilities						
Creditors and other payables	12,439	-	-	-	12,439	12,439
Net settled derivative liabilities	3,309	3,138	5,593	3,339	15,379	4,935
Secured loans	110	95	45	250	500	500
Debentures & commercial papers	66,159	12,585	58,914	38,370	176,028	163,000
Finance leases	63	10	54	36	163	163
Total financial liabilities	82,080	15,828	64,606	41,995	204,509	181,037

* Community loans are reported net of a provision for impairment on the Ruapehu Alpine Lift bond.

32. Financial instruments

(e) Fair value estimation

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

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

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

Maximum exposure to credit risk

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

	TOTAL \$000	LEVEL 1 \$000	LEVEL 2 \$000	LEVEL 3 \$000
30 JUNE 2023 - COUNCIL				
Financial assets				
Local government and corporate bonds	3,329	3,329	-	-
Other loans	1,002	-	-	1,002
Listed shares	6,475	6,475	-	-
Unlisted shares	185	-	100	85
Total financial assets	10,991	9,804	100	1,087
Financial liabilities				
Derivative financial instruments	52	52	-	-
Total financial liabilities	52	52	-	-
30 JUNE 2022 - COUNCIL				
Financial assets				
Local government and corporate bonds	2,539	2,539	-	-
Other loans	1,002	-	-	1,002
Listed shares	6,610	6,610	-	-
Unlisted shares	192	-	100	92
Total financial assets	10,343	9,149	100	1,094
Financial liabilities				
Derivative financial instruments	4,935	4,935	-	-
Total financial liabilities	4,935	4,935	-	-
30 JUNE 2023 - GROUP				
Financial assets				
Local government and corporate bonds	3,329	3,329	-	-
Other loans	1,002	-	-	1,002
Listed shares	6,475	6,475	-	-
Unlisted shares	185	-	100	85
Total financial assets	10,991	9,804	100	1,087
Financial liabilities				
Derivative financial instruments	52	52	-	-
Total financial liabilities	52	52	-	-
30 JUNE 2022 - GROUP				
Financial assets				
Local government and corporate bonds	2,539	2,539	-	-
Other loans	1,002	-	-	1,002
Listed shares	6,610	6,610	-	-
Unlisted shares	192	-	100	92
Total financial assets	10,343	9,149	100	1,094
Financial liabilities				
Derivative financial instruments	4,935	4,935	-	-
Total financial liabilities	4,935	4,935	-	-

33. Explanation of major variances against budget

Explanations for major variations from the Council's budget figures in the 2022/23 Annual Plan to 30 June 2023 actual are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	COUNCIL	
	2023 \$000	2022 \$000
Budget - surplus before tax	26,135	23,927
Unbudgeted gains/(losses) of:		
First time recognition of assets	1,022	959
Realised & unrealised gains / (losses) on shares and bonds	(645)	(229)
Gain on valuation of investment properties and non-current assets held for sale	956	13,458
Dividends	38	234
Gain/(loss) on revaluation of interest rate derivatives	859	16,549
Subsidies and grants higher than plan due to Covid-19 related capital grants, TTCT, Kerb and Channel, Three Waters	8,847	14,425
Revenue from Developer Agreements	6,695	2,503
Rates revenue higher than plan	464	213
Development and financial contributions behind plan due to several new subdivisions being completed in previous period and COVID delays	(5,738)	(7,607)
Fees and charges ahead of plan	3,249	1,566
Finance revenue ahead/(behind) plan	2,079	187
Gain on sale of property, plant and equipment lower due to delays in development and settlement	(7,885)	(1,353)
Vested assets catch up to budget from delays in prior year	15,206	(875)
Forestry valuation ahead of/(behind) plan	(397)	(93)
Petrol tax and donations ahead of plan	3	(38)
Insurance proceeds not budgeted	270	-
Other revenue ahead of plan	455	447
Loss on disposal/impairment of assets unbudgeted	(1,885)	(1,058)
Salary & wage variance was mainly due to project on-charges from digital projects being below budget due to vacant positions, extra positions for the Affordable Waters Reform which was offset by revenue received from DIA, market-based salary increases being higher than budget, additional positions due to operational requirements, and salary capitalisation being under budget due to limitations from project partners and other capitalisation variances.	(2,921)	531
Depreciation & amortisation lower than plan	1,965	1,931
Finance costs (higher)/lower than plan	(1,369)	(833)
Reduced/(Increased) maintenance & contract costs	(868)	657
Increased professional/consulting/legal fees	(388)	(197)
Increased insurance costs	(72)	(139)
Community grants & funding	(32)	832
Impairment of Ruapehu Alpine Lifts bondholding unbudgeted	(1,002)	-
Increased occupancy & utilities	(721)	-
Increased vehicle running	(360)	-
Increased other operational costs	(601)	(98)
Actual surplus before tax	43,361	65,900
STATEMENT OF FINANCIAL POSITION		
Budget - total net assets	1,419,480	1,334,835
Property, plant & equipment revaluations higher than plan	461,616	251,813
Property, plant & equipment additions higher than plan	6,153	37,111
Other financial assets	(46,796)	7,127
Movement in derivative financial instruments	16,832	20,198
Cash and investments higher than budget	14,041	4,018
Investment in CCO and other similar entities	(85)	(1,875)
Non-current assets held for sale	(6,885)	(8,176)
Investment property	18,440	34,480
Trade and other receivables	3,524	-
Trade and other payables	(3,592)	(8,199)
Borrowings	8,676	15,528
Intangible assets higher than budget	2,702	3,875
Other movements	(11)	416
Actual - total net assets	1,894,095	1,691,151

34. Investments in Associates and Joint Ventures

Accounting policy

ASSOCIATE

An associate is an entity over which the Institute has significant influence and that is neither a subsidiary nor an interest in a joint venture.

JOINT VENTURE

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

EQUITY METHOD OF ACCOUNTING IN GROUP FINANCIAL STATEMENTS

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

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

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

Waikato Local Authority Shared Services Limited

WLASS Ltd is a company owned by twelve councils, Waikato Regional Council, Hamilton City Council, Rotorua District Council, Waikato District Council, Thames Coromandel District Council, Waipa District Council, Matamata Piako District Council, South Waikato District Council, Hauraki District Council, Waitomo District Council, Western Bay of Plenty District Council and Otorohanga District Council. In September 2022, Taupo District Council exited its shareholding in WLASS Ltd.

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

TDC owned 1.2% of the shares of WLASS Ltd in 2022. WLASS Ltd was deemed to be an associate of Taupo District Council. Due to disposal of the shareholding, WLASS Ltd is no longer equity accounted for in the 2023 financial statements, and any remaining investment value has been written off through other comprehensive income.

Bay of Plenty Local Authority Shared Services Limited

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

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

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

	WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD. (WLASS) \$000	BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LTD. (BOPLASS) \$000	TOTAL \$000
Investment in associates			
Balance at 1 July 2022	24	6	30
Share of 2023 next profit/(loss)	-	1	1
Disposal of shares	(24)	-	(24)
Balance at 30 June 2023	-	7	7

34. Investments in Associates and Joint Ventures

SUMMARY FINANCIAL STATEMENTS OF ASSOCIATES

	WAIKATO LOCAL AUTHORITY SHARED SERVICES LTD. (WLISS) \$000		BAY OF PLENTY LOCAL AUTHORITY SHARED SERVICES LTD. (BOLISS) \$000	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current				
Cash and cash equivalents	-	2,570	371	371
Other current assets (excluding cash)	-	1,369	802	802
Total current assets	-	3,939	1,173	1,173
Current liabilities	-	(2,042)	(1,153)	(1,153)
Total current liabilities	-	(2,042)	(1,153)	(1,153)
Non current				
Assets	-	98	32	32
Total non current assets	-	98	32	32
Non current liabilities	-	(3)	-	-
Total non current liabilities	-	(3)	-	-
Net assets	-	1,992	52	52
Revenue	-	8,576	1,998	1,998
Depreciation and amortisation	-	(32)	(7)	(7)
Other expenses	-	(8,000)	(1,979)	(1,979)
Net profit after tax	-	544	12	12

35. Water Services Reform Programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

However, the financial impact of the transfer of three water assets and associated function, is not certain. With the change in the Government there is a possibility of a change to the water services reform programme. Considering the recent developments there is a possibility that the new Government might repeal or substantially amend the three legislations.

36. Legislative Compliance

Section 98 of the Local Government Act 2002 required Taupo District Council to prepare and adopt an annual report within four months after the end of each financial year. The annual report 2022/23 was adopted by resolution of the Taupo District Council on 12 December 2023 outside the four month window. This was due to conflicting priorities for staff resourcing due to delays in Council's Long-term Planning process with sector wide uncertainties

Council Controlled Organisations

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

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

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

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

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

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

This section of the Annual Report describes the performance of these entities in the 2022/23 financial year.

Taupō Airport Authority (TAA)

Background

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

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

Auditors – Silks (Whanganui) on behalf of the Auditor General
Bankers - Bank of New Zealand
Solicitors - Le Pine and Co, Taupō

Significant Policies and Objectives

The objective of the Taupō Airport Authority is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō District. The authority provided for the safe, appropriate and efficient air transport needs of the Taupō District during the year. In meeting this objective, the authority operated at a loss.

Nature and Scope of Activities

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

Taupō Airport Authority		
Objective:		
To operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō district.		
Performance targets	Results	Achievement
To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.	Achieved	No diversions or cancellations due to facility maintenance (2022: Achieved)
The airport will be operated in such a way as to continue to hold CAA Part 139 certification.	Achieved	The Airport is CAA Part 139 certified (2022: Achieved)
The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.	Achieved	Rule Part 139 Compliant Rule Part 100 Compliant (2022: Achieved)
The TAA will be self-funding in terms of its own cash flow.	Not Achieved	Operating cash flow for the year was \$(277)k (2022: \$48k, considered not achieved as was due to delaying payment to Taupo District Council)

Financial performance:

Consolidated shareholder funds to total assets 88.3% (2022: 92.5%) against a projected 87.8%.

SUMMARY OF AIRCRAFT MOVEMENTS

For the year ended 30 June 2023

	Year to 30 June 2023	Year to 30 June 2022	Year to 30 June 2021	Year to 30 June 2020	Year to 30 June 2019
Scheduled airlines	2,225	1,824	2,016	2,278	3,012
Private operation	6,050	7,572	7,235	5,014	6,296
Parachuting	3,158	2,547	2,840	5,612	7,648
Military operations	0	6	16	12	52
Helicopters	5,928	5,567	4,875	4,642	5,626
	17,361	17,516	16,982	17,558	22,634

Destination (Great) Lake Taupō Trust (DGLT)

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

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

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

Significant Policies and Objectives

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

Nature and Scope of Activities

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

Performance Measures

Below is a table outlining the full year measures against performance targets set for year-end 30 June 2023 (based on the 2021-24 Statement of Intent).

Objective 1 – Grow the value of the local tourism economy						
As measured	Data Source	Prior Year Actual YE Jun 2022	Target/Goal YE Jun 2023	YE Actual 2022-2023	Status	Comments
Growth in tourism expenditure	TECT's	Domestic: \$339 M	Retain domestic spend	Domestic: \$359M (+6%)	Achieved	Domestic visitors have continued to support the destination over the last year with spend up 6% on YE 2022 and up 30% since 2019.
		International: \$14M	Grow international spend 100% if borders reopen	International: \$64M (+417%)	Achieved	International visitors have returned more quickly than anticipated and growth is now just 12% down on pre-Covid levels.
Objective 2 – Sustainably manage and develop the destination to create a “Destination of Excellence”						
As measured	Performance Measures	Baseline	Target/Goal YE Jun 2022	YE Actual 2022-2023	Status	Comments
Develop a Destination Management strategy ensuring the balance of economic growth with the social, cultural and environmental well-being of the community.	Quarterly meetings of Leadership Advisory Group	Development of Destination Management Plan	Ongoing	Complete	Achieved	Completed Dec 2022
	Grow industry capability.	Industry workshops	Minimum 4 per year	9	Achieved	
	Product Development	Product Audit	Ongoing	Complete	Achieved	Product Audit refreshed in August '22
	Social license - connect with residents.	Annual Community Sentiment Survey, brand and community workshops.	Ongoing	Ongoing	Ongoing	Change of scope

Objective 3 – Run an efficient and effective tourism organisation, strongly supported by the local tourism industry																								
As measured	Data Source	Prior Year Actual YE Jun 2022	Target/Goal YE Jun 2023	YE Actual 2022-2023	Status	Comments																		
Support for DGLT marketing initiatives	Measured by free of charge, in-kind or advertising support for marketing and famils activity. Participation in DGLT hosted activities.	\$101,825	\$80,000 120 deals \$30,000 in operator advertising	\$ 102,312 178 deals \$19,090 in operator listings	Achieved Achieved Not Achieved	<table border="0"> <tr><td>Media Famils</td><td>\$9,300</td></tr> <tr><td>Content Creation</td><td>\$13,311</td></tr> <tr><td>Trade Famils</td><td>\$18,994</td></tr> <tr><td>BE In Kind</td><td>\$600</td></tr> <tr><td>DGLT Support</td><td>\$13,016</td></tr> <tr><td>Campaign Prizes</td><td>\$2,663</td></tr> <tr><td>Website Advertising</td><td>\$19,090</td></tr> <tr><td>BE Partnerships</td><td>\$25,338</td></tr> <tr><td>Total in Kind</td><td>\$102,312</td></tr> </table>	Media Famils	\$9,300	Content Creation	\$13,311	Trade Famils	\$18,994	BE In Kind	\$600	DGLT Support	\$13,016	Campaign Prizes	\$2,663	Website Advertising	\$19,090	BE Partnerships	\$25,338	Total in Kind	\$102,312
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Stakeholder Satisfaction	Survey of active tourism operators	82%	85%	93%	Achieved	The survey conducted via Survey Monkey was sent out to 283 industry operators across the Taupō District. 42 responses were received. 10% margin of error at 95% confidence level.																		

The Lake Taupō Protection Trust (LTPT)

Background

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

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

In June 2023 it was decided by TDC, WRC and The Crown that TDC would take over as the sole trustee of the LTPT from 1 July 2023.

Auditors - Audit New Zealand

Significant Policies and Objectives

The Trust completed the final nitrogen agreement on 29 June 2015 to achieve the project's overall target of 170,300 kgs. During the ensuing four-year period, the remaining annual N reduction payments were completed and 'on farm' N reductions were achieved in accordance with the requirements of the N reduction agreements.

Nature and Scope of Activities

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

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

Performance Measures

The following performance measures were incorporated into the Statement of Intent for the 2022/23 financial year:

Actions	Performance Measures	Performance against target
Carry out Trust operations out in accordance with the approved annual budget.	Financial statements are reported to trustees quarterly throughout the year, no surprises.	Quarterly reporting achieved.
Oversee the financial position of the Trust to meet and maintain budgeted cash flow projection.	Cash Flow Projection in place, updated and reported to Trustees quarterly.	Quarterly reporting achieved.
Ensure that all nitrogen reduction agreements are being complied with to achieve the overall Nitrogen reduction target of 170,300 kgs.	Nitrogen reduction agreements are compliant; any contractual failure is addressed and if relevant, to achieve repatriation of any loss of nitrogen.	All nitrogen reduction agreements were compliant.
Incoming correspondence relating to the nitrogen reduction agreements is processed in a timely manner.	No complaints received because of time delays.	Achieved; no complaints.
Track that annual compliance monitoring letters are received from Waikato Regional Council for farms that the Trust has an interest in.	Monitoring compliance results are received from Waikato Regional Council in accordance with monitoring plan timelines, and the results reported to trustees, and copies provided to Audit NZ for inclusion with the Trust's annual audit.	Receipt of annual compliance monitoring for the 2021/2022 farming year completed in May 2023; all contracted parties achieved compliance.
Participate and assistance in the annual audit of the Trust.	Positive audit result.	Achieved unmodified audit opinion.
Report the cash flow projection to the Joint Committee (to show the ability of the Trust to operate within budget).	Cash flow projection reported to the Joint Committee before balance date.	Achieved.
Keep the Joint Committee up to date with any planned or proposed monitoring activities in relation to the nitrogen reduction agreements as prescribed in the Deed of Variation - Schedule of Changes to the Monitoring Deed.	Joint Committee up to date with any Trust monitoring activities undertaken or proposed by way of quarterly reporting.	Joint Committee informed of pro-active aerial monitoring activities.
Continue to liaise with Waikato Regional Council staff regarding their use of OverseerFM and the regional plan, to ensure there are no	Trustees are kept up to date with any OverseerFM issues that may impact Nitrogen reduction agreements.	Trustees were kept informed of external timing delays relating to resource consent reviews (OverseerFM) which caused a time delay for the

Actions	Performance Measures	Performance against target
impacts that may affect the Nitrogen reduction agreements.		Trust to progress Deeds of Variation with contracted parties relating to the Overseer version change.
Carry out Trust responsibilities identified in the Taupo Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties, which includes the Trust's support of the Lake Taupo Protection Project's Communication Plan.	Trust actions completed and the Taupo Catchment Compliance Monitoring Plan is supported on an ongoing basis.	Fulfilled the Trust requirements detailed in the plan.
Provide ongoing support as required in the operation of the Lake Taupo Catchment Compliance Framework.	Support provided as required to achieve the aims of the Lake Taupo Catchment Compliance Framework.	No LTPT support was requested.
Participate in the independent review of the Lake Taupo Protection Project from a project management perspective.	Trustees and staff are engaged in the review process.	LTPT contributed as required throughout the review process.

Waikato Local Authority Shared Services Limited (WLASS) t/a Co-Lab

Taupo District Council was a shareholder for WLASS t/a Co-Lab, however exited as a shareholder on 1 July 2022.

Bay of Plenty Local Authority Shared Services Limited (BOPLASS)

Background

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

Auditors - BDO New Zealand on behalf of the Auditor General

Significant Policies and Objectives

The company was set up to provide Bay of Plenty Region councils with an umbrella vehicle to investigate, procure, develop and deliver shared services.

Such services will be initiated under the umbrella of this company where a business case shows that they provide benefit to the (voluntary) council users by either improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

Performance

Performance Targets 2022-2025

Target <u>2022/23</u>	Result	Narration
<p>Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts are reviewed annually to test for market competitiveness.</p> <p>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.</p>	Achieved	<p>Contracts negotiated and/or renewed for:</p> <p><u>Cyber Insurance</u> – BOPLASS was able to again maintain councils’ cyber insurance policies with Berkshire Hathaway by working closely with councils to ensure all underwriter requirements were met and demonstrated. Through the collective approach, BOPLASS was able to secure the renewal on favourable terms and with an increased policy limit across the collective group. <i>Cyber cover is an annual agreement that requires going to market every year.</i></p> <p><u>GIS software and services</u> – Geocortex Essentials Geocortex Analytics NZ Archaeological Association <i>Contracts renegotiated and renewed – no alternative suppliers.</i></p> <p><u>FME software</u> – significant price increase negated by negotiating two-year extension of current agreement under the same terms and pricing. <i>Sole NZ provider</i></p>

Target <u>2022/23</u>	Result	Narration
		<p><u>X-Tools</u> - With the agreement of councils' GIS managers, a decision was made to discontinue the XTools maintenance licence as it was purchased from Russia. This supported the NZ Government's position on trade sanctions and the absence of this software did not have an undue impact on council operations.</p> <p><u>LiDAR Capture</u> – the capture of LiDAR data was completed this year across the BOP region ahead of schedule. The early provision of this updated data helps councils with catchment mapping, understanding and preparing for natural hazards, and better planning for climate change.</p> <p><u>My Everyday Wellbeing</u> – BOPLASS renewed the annual subscription for the staff online wellbeing platform with the supplier continuing to provide pricing for all participating councils as a single entity. Increased participation from MW LASS, Co-Lab and BOPLASS councils resulted in further financial savings for the collective.</p> <p><u>Print Media Copyright Agency (PMCA)</u> – a collective contract providing savings for all BOPLASS councils has been renewed with PMCA for councils' print and media copyright services. <i>Sole NZ provider of print and media copyright services.</i></p> <p><u>ESRI Enterprise Licensing Agreement</u> – Core GIS software used in all BOPLASS councils. BOPLASS Enterprise Agreement renegotiated and renewed for a further 3-year term with no increases. Retained the same structure, with all councils continuing to participate under a collective MOU. <i>No alternative provider in NZ.</i></p> <p><u>n3 (previously known as GSB)</u> – Collective purchasing group membership negotiated by BOPLASS. Councils achieving significant savings on membership costs and trade pricing through the group scheme. Agreement renewed for another year at same rates. <i>Sole NZ provider.</i></p> <p><u>Media Monitoring Services</u> – BOPLASS continues to manage a collective media monitoring service with Isentia that provides automatic monitoring and reporting of broadcast, print and social media based upon council requirements. The single BOPLASS portal provides substantial savings to councils while also providing a significant reduction in internal</p>

Target <u>2022/23</u>	Result	Narration
		<p>resource requirements. This service has proven to be invaluable for councils during the pandemic and weather events. <i>Service to be put to tender in 2023-24.</i></p> <p><u>Inter-Council Network (ICN)</u> – Review, redesign and renegotiation of suppliers and services – the ICN is a shared service high-capacity fibre network connecting the majority of BOPLASS councils. A review of ICN contracts was undertaken in 2021 to deliver further cost reductions. Since then, further reviews have been conducted with some service costs reduced. This was balanced out by additional services as requested from councils.</p> <p><u>Zoom Video Conferencing Services</u> – Zoom video conference services continue to provide BOPLASS councils with a centralised account management and shared infrastructure. The collective contract was renewed through BOPLASS. <i>VC infrastructure upgrades underway.</i></p> <p><u>Standards NZ</u> – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils. <i>No alternative provider in NZ.</i></p> <p><u>Antenno</u> – this LG community engagement tool is used by the majority of BOPLASS councils. Uptake in the Waikato and MW LASS regions has recently increased. By working in conjunction with the other two LASS a discounted fee was negotiated for any further LASS councils wishing to take up the service.</p> <p><u>Health & Safety Management Software</u> – BOPLASS has negotiated with the collective H&SMS provider on behalf of BOPLASS and Waikato councils for an improvement to reporting systems and an alternative fee structure.</p> <p><u>IPWEA Membership</u> - The Institute of Public Works Engineering Australasia (IPWEA) agreement was renewed in 2022 to provide a single BOPLASS portal to allow all constituent councils to access the full IPWEA online catalogue at heavily reduced pricing. The standards are used by all councils for a variety of engineering purposes. The collective agreement provides for unrestricted access for all councils at a significantly lower cost than under individual arrangements. <i>No alternative provider in NZ.</i></p>

Target <u>2022/23</u>	Result	Narration
		<p><u>Aerial Imagery</u> – BOPLASS coordinates a regional imagery programme across the region. Two new tenders were run for orthophotography services this year with contracts awarded to AAM NZ for the BOP region and a TCC interim flying programme, including specific requirements for the capture of high growth areas and high specification 8-Pulse LiDAR.</p> <p><u>GIS Training</u> – BOPLASS coordinated specialised GIS ArcPro training across the BOPLASS councils. Substantial savings were achieved through the collective training while also helping to bring all councils up to similar skill levels.</p>
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	<p>Achieved</p>	<p>The new procurement initiatives which have been investigated during the year are as follows:</p> <p><u>MFDs (Photocopiers/Printers)</u> – Joint procurement for a multi-function device provider resulted in Canon NZ being appointed as preferred provider to the BOPLASS councils. The outcome through the group approach included very competitive pricing, with further savings achieved through bundled services and shared software solutions across the councils. The procurement process maintained a strong focus on achieving broader outcomes, with Canon demonstrating support for local businesses and communities, working with Māori/Pasifika communities through Ākina and Amotai, and practicing sustainable and environmental processes.</p> <p><u>Oblique Aerial Imagery</u> – BOPLASS investigated collaborative opportunities for the capture of Oblique Aerial Imagery for the BOPLASS councils. The imagery provides a more effective visual experience than traditional vertical imagery and is particularly useful for discerning features in the landscape. Delivered through a tailored online viewer and using a subscription-based model through BOPLASS negates the need for councils to store and manage the data. <i>One council has trialled the solution and negotiations with the provider are underway for group pricing.</i></p> <p><u>Infrastructure Insurance</u> – the international placements for BOPLASS councils' infrastructure insurance are only provided on a 12-month term and all placements need to be procured annually. This involves identifying and negotiating with alternative markets every year and often undertaking placements through new or different</p>

Target <u>2022/23</u>	Result	Narration
		<p>insurers. Negotiations for councils' infrastructure insurance were undertaken in late 2022 through direct engagement with the London markets and Lloyds syndicates. The size of the collective BOPLASS account allows us to undertake this direct engagement. Despite the restricted capacity and the underwriters become more risk adverse, very good outcomes were achieved for all councils, in both insurance rates and the level of cover achieved. Insurance markets remain cautious about the risk they are prepared to write but have demonstrated confidence in the BOPLASS programme due to the quality of information provided and our historical relationship.</p> <p><u>Social Listening Services</u> – Although BOPLASS manages a media monitoring contract on behalf of the councils, the growth in social media (and decline in traditional media) requires specific tools for identifying and analysing online conversations about councils' brand, to help better understand our communities and their feedback through these channels. <i>A collective procurement process has been initiated.</i></p> <p><u>Crime Prevention Co-funding</u> – BOPLASS successfully secured co-funding from the Ministry of Social Development (MSD) to undertake crime prevention initiatives and programmes within the Bay of Plenty. BOPLASS councils identified the key areas as installation of CCTV equipment and monitoring services; and Crime Prevention through Environmental Design (CPTED) projects. <i>\$1M co-funding has been received and the below projects initiated.</i></p> <p><u>CCTV Monitoring</u> – BOPLASS has worked with councils to identify opportunities for improved CCTV coverage and to collaborate with CCTV monitoring. Joint procurement of systems and technologies are being undertaken as well as shared project management resource. <i>Project is still underway.</i></p> <p><u>Crime Prevention through Environmental Design (CPTED)</u> – To support further crime reduction initiatives, BOPLASS is working with councils on the effective use of the environmental design to reduce criminal opportunity, with designs also fostering positive social interaction within community spaces. <i>Project is still underway.</i></p> <p><u>24/7 Emergency Communications</u> – The BOPLASS IT Managers group have reviewed the</p>

Target <u>2022/23</u>	Result	Narration
		<p>harsh lessons learned about telecommunication interruptions in the aftermath of Cyclone Gabrielle. They have undertaken a project to identify improved technologies for councils' usage that are not reliant on traditional methods of delivery. Starlink has been identified as a reliable solution during severe weather events and investigations are underway to determine the opportunities for councils to share membership and/or hardware or leverage improved pricing through collective procurement. <i>Project is still underway.</i></p> <p><u>New service for ICN</u> – Following a redesign of some aspects of the Inter-Council Network (ICN) new links were required. BOPLASS engaged with suitable vendors and Spark were appointed to provision this service. Discounted rates were achieved on behalf of the councils. Procurement was undertaken for the addition of a service in Whakatāne for a new council site and reinstatement of a service to provide backup/redundant services for councils between Whakatāne and Tauranga.</p> <p><u>Waste Operator and Licensing Data System (WOLDS)</u> – The second phase of this project has been initiated with procurement underway for a WOLDS service provider including the provision of an Information Management System. This BOPLASS led project covers all BOPLASS and Co-Lab councils, with a number of other councils expressing interest in participating once the service is established. A single shared service provides the opportunity for standardisation across all regions, improved waste data, and savings through a centralised service. <i>Project is still underway.</i></p> <p><u>NAMS+ Subscription</u> – BOPLASS negotiated discounted rates for NAMS+ subscription used by council asset managers.</p> <p><u>Electronic Signing</u> – BOPLASS has led a project undertaking investigation into a shared agreement for DocuSign for councils. <i>Project is still underway.</i></p>
<p>Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.</p> <p>BOPLASS to regularly engage with other LASS to identify and</p>	<p>Achieved</p>	<p>BOPLASS continues to work closely with MW LASS and Co-Lab with the LASS leads engaging regularly and formally meeting on a quarterly basis.</p> <p>Shared services projects being undertaken by other LASS have been offered to BOPLASS councils, with the board making a decision utilise</p>

Target <u>2022/23</u>	Result	Narration
<p>explore opportunities for further inter-regional collaboration.</p> <p>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually.</p>		<p>these opportunities to avoid any duplication of services where we can work with other LASS.</p> <p>Some of the shared service projects offered to BOPLASS councils include:</p> <ul style="list-style-type: none"> • Debt Management Central • Archives Central • Building Consent services <p>BOPLASS is leading or managing, on behalf of other LASS:</p> <ul style="list-style-type: none"> • Waste Operator and Licensing Data System • Postal services • Courier services • H&S management system • Staff wellbeing portal • Regional contractor database • Occupational Health Services <p><u>Broader Outcomes in Procurement</u> – The BOPLASS Procurement Group have identified the need to develop a framework around broader outcomes in procurement. To assist this process, BOPLASS are also working closely with Co-Lab and MW LASS for extended understanding, sharing of best practice, and to explore the opportunity for establishing a standard framework across the three regions.</p> <p>In conjunction with this shared work, MWLASS are leading a specific project on social procurement and sharing the outputs with the other two LASS.</p> <p><u>Health & Safety training</u> – BOPLASS and Co-Lab have established aligned contracts with H&S trainers. To provide improved market leverage and ensure the best value is delivered to all councils, it was agreed to tender for service as a collective covering all BOPLASS and Co-Lab councils. This project is being led by Co-Lab on behalf of both LASS.</p> <p><u>Managing Conflict & Aggressive Behaviour</u> – The BOPLASS Health & Safety Advisory Group identified an increase in aggressive behaviour across all BOPLASS councils. Working in collaboration with Waikato councils allowed the group to share resources between regions ensuring best practice was shared and to reduce the duplication of effort to the benefit of all parties.</p> <p><u>SHE Prequalification</u> – Co-Lab have funded full access to the SHE prequalification database and extended this access to cover BOPLASS councils opting into the scheme.</p> <p><u>Insurance Markets Joint Communications</u> – To ensure an aligned approach to insurance</p>

Target <u>2022/23</u>	Result	Narration
		<p>renewals, and leverage maximum benefits from an aggregated approach, LASS leads collaborated to develop joint underwriter communications that emphasised the geographical spread of assets and the diversity of risk across the greater region. The communications also highlighted risk management and resiliency work undertaken by LASS councils that had proved to perform well through recent events. Continued collective messaging and leveraging of our underwriter relationships remains critical to reinstalling confidence within the markets we engage with.</p> <p><u>Insurance Forum</u> – BOPLASS hosted and coordinated an insurance forum to cover key insurance topics in local government. The forum was well attended by councils from throughout the upper and central North Island.</p> <p><u>Engagement with other LG collaborative groups:</u> Taranaki councils have formed an informal corporate services group to collaborate and share information across the district. BOPLASS and Co-Lab presented to the group on how our formal arrangements work and the benefits achieved, both within the LASSes and inter-regionally. An offer has been made to include Taranaki councils in any BOPLASS contracts that will be beneficial to all parties.</p> <p>A similar presentation and offer were provided to the Canterbury Mayoral Forum (10 TAs and the regional council), with the group expressing strong interest in utilising the MahiTahi Portal and widening their collaboration</p>
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>Increase usage of the Collaboration Portal by providing support and training material for new and existing users.</p> <p>Proactively market the benefits to councils.</p> <p>Number of listed projects to increase by 5% per year.</p> <p>Number of active users to increase by 5% per year.</p>	<p>Achieved</p>	<p>Projects continue to be added to the MahiTahi LG Collaboration Portal, increasing 5% from 88 to 93 this year. Over time, usage of the dedicated project area has declined, with project activity increasing but now being mainly run from within specific Teams or Channels within the Portal. Given this change in usage, and the difficulty of monitoring individual Channels, this target has been removed for future years.</p> <p>Continued promotion of the MahiTahi LG Collaboration Portal has seen a 13% increase in registered users with numbers increasing from 429 to 485.</p> <p>On-boarding and training material has been helpful in creating a smooth transition for any new members.</p> <p>The Regional Software Holdings Limited migration has resulted in exponential growth, with the Te Uru Kahika hub (regional and unitary councils) now</p>

Target <u>2022/23</u>	Result	Narration
		<p>hosted within the same environment as the MahiTahi Collaboration Portal. Both the MahiTahi LG Collaboration Portal and Te Uru Kahika sit side-by-side, with regional council users able to interact on both platforms.</p> <p>A Teams environment was developed for Entity B of the Affordable Water Reform in order to provide a secure workspace and assist the group with communications and collaboration. The development of this Team was conducted in conjunction with the Entity B stakeholders and a third-party Teams developer.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with members of Executive Leadership Team.</p> <p>At least one meeting per year.</p>	<p>Achieved</p>	<p>BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.</p> <p>Engagement with individual ELT members was regularly undertaken but formal meetings with all executive teams was unable to be completed with all councils this year.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	<p>Achieved</p>	<p>The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.</p> <p>Council contributions were levied with annual council contributions now CPI adjusted.</p> <p>Contributions were received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>An annual contribution from Co-Lab, MW LASS, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements and budget variances reported and reviewed at Board meetings.</p>

New Zealand Local Government Funding Agency (LGFA)

Background

The LGFA is a significant initiative by the Local Government sector to provide the sector with long term access to debt funding at attractive and stable margins. The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation for the purposes of the Local Government Act 2002.

On 30 August 2011 Council resolved to participate in the LGFA as a Principal Shareholding Local Authority.

The LGFA is a limited liability company incorporated in December 2011 and has a current credit rating from Standard & Poor's of AA+/AAA. As at the 02 March 2022 there were 31 shareholders made up of 30 local and regional authorities and the Crown.

A Shareholders' Council has been established. The role of the Shareholders' Council comprises the following:

- Review and report performance of the LGFA and board.
- Recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Recommendations to Shareholders as to any changes to policies, or the Statement of Intent (SOI), requiring their approval.
- Update Shareholders on LGFA matters and to coordinate Shareholders on governance decisions.

Auditors KPMG on behalf of the Auditor General

Nature and Scope of Activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

The SOI set out two primary performance objectives and eight additional objectives for LGFA for the year ended 30 June 2022:

2022-23 performance targets

LGFA performance targets for 2022-23 fall within the following five strategic priorities which encompass our shareholders' foundation objectives and guide the Board and management in determining our strategy:

- Governance, capability and business practice
- Optimising financing services for local government
- Environmental and social responsibility
- Effective management of loans
- Industry leadership and engagement

Our quarterly reports to shareholders provide more detail on our performance against objectives and performance targets. The reports for the four quarters ended June 2023 are available on the LGFA website.

Performance targets	2022-2023 target	Our performance to 30 June 2023
Comply with the Shareholder Foundation Polices and the Board-approved Treasury Policy at all times.	No breaches.	✓ No breaches.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	✓ Our ratings remain equivalent to the New Zealand Government for both S&P Global Ratings and Fitch Ratings. Fitch Ratings upgraded LGFA Foreign Currency Rating to AA+ on 16 Sept 2022. S&P Global Ratings affirmed our domestic currency credit rating at AAA in March 2023.
LGFA's total operating income for the period to 30 June 2023.	> \$12.2 million.	✗ Not met. Total operating income \$11.6 million at 30 June 2023.
LGFA's total operating expenses for the period to 30 June 2023.	< \$9.4 million.	✓ Met. Operating expenses \$9.1 million at 30 June 2023.

Performance targets	2022-2023 target	Our performance to 30 June 2023
Share of aggregate long-term debt funding to the Local Government sector.	> 80%	✓ Met – 93.3% as at 30 June 2023
Total lending to Participating Borrowers.	> \$15,004 million	✓ Met – \$16,314 million as at 30 June 2023
Conduct an annual survey of Participating Borrowers who borrow from LGFA as to the value added by LGFA to the borrowing activities.	> 85% satisfaction score	✓ 100% satisfaction score in August 2022 Stakeholder Survey.
Successfully refinance existing loans to councils and LGFA bond maturities as they fall due.	100%	✓ Met
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	100%	✓ Met

Performance targets	2022-2023 target	Our performance to 30 June 2023
Review each participating borrower's financial position under LGFA policies.	100%	✓ Met
Arrange to meet each Participating Borrower at least annually, including meeting with elected officials as required, or if requested.	100%	✓ Met

Performance targets	2022-2023 target	Our performance to 30 June 2023
Comply with the Health and Safety at Work Act 2015.	No breaches	✓ No breaches.
Maintain Toitū net carbonzero certification.	Net carbonzero certification maintained.	✓ Toitū Net Carbon-zero recertification approved 11 October 2022.
Meet reduction targets outlined in our carbon reduction management plan.	Reduction targets met.	✓ Met. Refer to the emissions table on page 43 that highlights the uncertainties that exist in regards to emission reporting.
Increase our GSS lending book.	Two new participating borrowers enter into GSS loans.	✓ Three new participating borrowers approved for GSS lending.
Ensure Annual Report is prepared in compliance with applicable GRI Standards.	100%	✓ 2023 Annual Report prepared to meet the requirements of the Global Reporting Initiative (GRI) Standards (core option).
Meet all mandatory climate reporting standards.	100%	✓ There are no mandatory climate reporting standards applying at the date of this report. LGFA has elected to prepare this annual report in compliance with the GRI standard (core option).

Data Capture Systems Limited (DCSL)

Background

Taupō District Council is the 100 per cent owner of Data Capture Systems Limited (DCSL).

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

Destination Lake Taupō Limited (DLTL)

Background

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

Council Directory

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

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

Service Centres

Tūrangi
1 Ngawaka Place
Tūrangi 3334
Tel 07 386 7017
Fax 07 386 8449

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

Bankers and Funding

Bank of New Zealand
ANZ Bank New Zealand Limited
Westpac Banking Corporation
ASB Bank Limited
KiwiBank Limited

Auditor

Audit New Zealand, on behalf of the Auditor-General

Insurance Broker

Aon New Zealand Limited