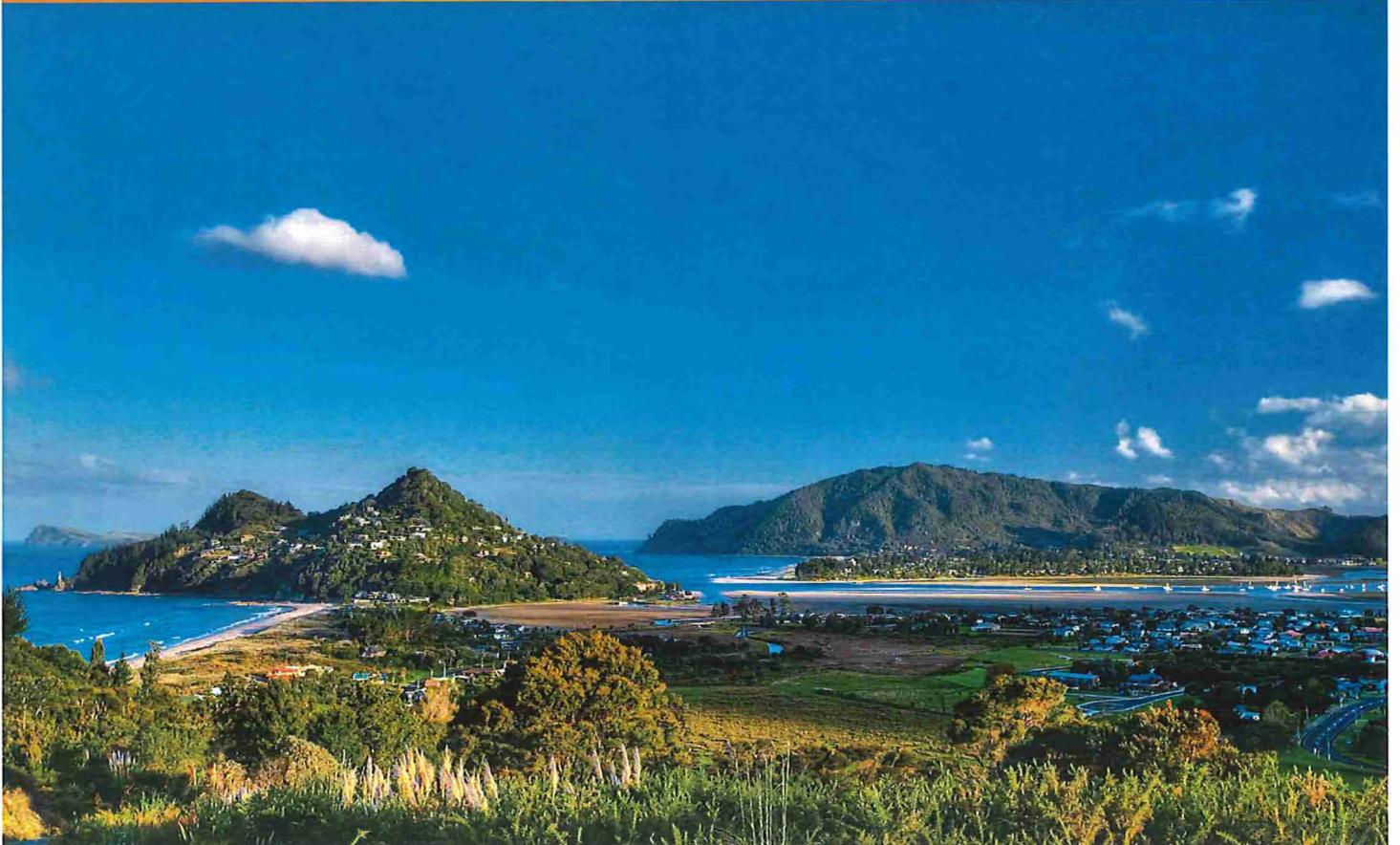




ANNUAL REPORT SUMMARY 2019/2020



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Message from the Mayor and Chief Executive | He karere nā te tumu whakarae

Welcome to our 2019/2020 Annual Report. This annual report reflects on the delivery of the second year of the work programme outlined in the 2018-2028 Long Term Plan. This year we have had mixed results on the delivery of projects. Due to the impact of COVID-19 some were not completed and have been deferred or in some cases stopped.

The year has had some highlights and has challenged the resilience of our staff and our communities. The summer months saw the district in drought, bringing hardship for some and a boom for others as visitors again flocked to our district. We are now living in extraordinary times due to the impact of COVID-19 and are all adapting to the changes we have had to make to the way we work, live and play. During the past year our Council has focused on maintaining core and critical services and supporting initiatives aimed at helping our economy in the COVID-19 climate.

COVID-19

Our response to COVID-19 was a big effort made possible by the collaboration with other agencies and planning by our Emergency Management team. Our focus was initially on public health, safety and welfare, providing items like emergency food parcels to over 6,000 people in the Thames-Coromandel District and surrounding areas.

While our normal way of work and play has changed, we will continue to provide support. Our Economic Development team delivered a first phase recovery plan. This focused on connecting small to medium business to other support agencies. Launching a support local campaign and holding online forums to connect and support industries such as construction, hospitality and tourism.

This support continues as we enter phase two of our COVID-19 Pandemic Response Package, which addresses the medium to longer term needs of our local businesses over the next 12 months.

Activity Highlights

2019/2020 Council set out to complete a comprehensive programme of work which included capital work projects and ensuring the provision of quality core services. COVID-19 emergency saw some of our projects be deferred. Delivering quality core services, like three waters, rubbish and recycling, roads, wharves and boat ramps, parks and reserves is a priority for Council to ensure we can contribute to the wellbeing of our communities. What our services look like and how we performed in detail can be found in the statement of service performance. The following is a snapshot of some of our key services performance.



Roads and footpaths: We maintain 705 kms of roads and footpaths to ensure the provision of safe, effective, and comfortable movement of people and freight within the District. We delivered \$18.2 million in road maintenance and renewal activity with an NZTA subsidy of \$ 10.4 million in 2019/2020. The year the Coromandel Town Main Street upgrade, to improve traffic flow and the street camber to make parking easier and safer, while protecting buildings verandas has been completed.



Water supply: Water Supply: We supply safe water for our communities. Operating 10 water supply networks which produce 5,923,640 m³ of water a year. The average consumption of drinking water per day per resident was 517 liters. The total pipe length of the districts water supply is 534 kms, servicing 19,709 water connections throughout the district. The continuation of the water treatment plant upgrades saw the completion of the Tairua water treatment plant and work has started at Pauanui. These upgrades will ensure our drinking water quality complies with the current NZ Drinking Water standards. This year we experienced prolonged dry periods and combined with peak populations of approximately 120,00 people, our communities were faced with longer than usual water restriction periods.



Solid Waste: We collect, recycle, recover, and dispose of rubbish and recyclables from households and businesses in the district. The 2019/2020 year we picked up and processed 16,481,620 KG of rubbish. Our solid waste collection experienced significant changes because of COVID-19 and our customers adapted well.



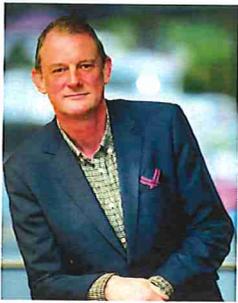
Public toilets: Successful applications to the Tourism Infrastructure Fund (TIF) enabled us to make upgrades to a number of our 91 public toilets, including Onemana, Whangapoua and Hahei.



Wharves and boat ramps Wharves and boat ramps: Council maintains 13 Wharves and jetties and 21 boat ramps. 2019/2020 we made significant upgrades to a number of boat ramps. Robinson road, Royal Billy, pleasant point. Whangapoua. These upgrades have improved safety, accessibility and parking for all users. Successful funding of \$20m from the government's Provincial Growth Fund towards the redevelopment of the Sugarloaf Wharf in Coromandel Harbour.



Wastewater We maintain 10 wastewater treatment plants and 134 wastewater pump stations. The Hahei and Matarangi wastewater treatment plants had membrane upgrades to improve functionality and meet resource consent requirements.



Rob Williams
Chief Executive



Sandra Goudie
Mayor

Highlights of the year | Miramira o te tau o mua

We achieved a lot in the 2019/2020 year. We've had some great highlights. These are shared below for each of our activities.

Roads and footpaths

The Lees Road seal extension project, which was completed in December 2019, involved sealing the first 1.6 kilometers from the Hahei Road intersection, constructing a right turn bay on Hahei Road and improving sight distance at the Lees Road/Hahei Road intersection.

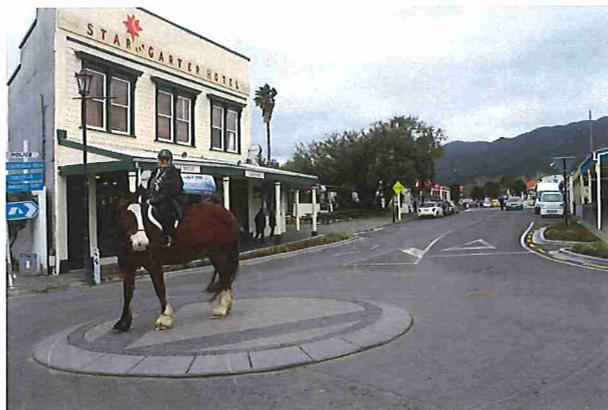
Coromandel Town main street upgrade was completed. The upgrade saw an improvement to traffic and pedestrian safety as well as correcting the cross-fall to prevent ongoing damage to building verandas and make parking easier in town.

Protection of People and the Environment

Coastal and hazard management

Our Council is proud to be part of the Coastcare partnership, alongside the Waikato Regional Council (WRC) working closely with the Department of Conservation (DOC), iwi and ratepayer groups to protect and restore our coast. During the year we had over 250 volunteers help plant over 35,000 native dune plants into the dunes around the district and geared up to plant the same amount again in the year to follow. Council now has a newly formed and dedicated Coastal Team to continue this great work.

This past year Council carried out dune restoration planting in Opito Bay, Whangapoua, Rings Beach, Wharekaho, Buffalo Beach, Taputapuatea Spit, Cooks Beach, Hot Water Beach, Pauanui and Whangamata.



We successfully completed the erosion protection works located at the western end of the Purangi reserve, Cooks Beach. This work involved applying for resource consents to construct a buried backstop wall and for ongoing beach nourishment. The backstop wall was completed in December 2019 and provides essential protection of the remaining reserve and the underground services that lie behind the wall. The first beach nourishment has been completed in July 2020.

Emergency management

The Emergency Management unit has had a very busy year with the Emergency Operations Center being activated six times, five for weather events and one for the COVID-19 response. The COVID-19 response has been ongoing and the established community response readiness highlighted the importance of strong community relationships and community response plans.

Community Health and Safety

The Animal Nuisances Bylaw came into force in October 2019 to help manage the effect of kept animals including bees, pigs and poultry.

Funding received for responsible camping initiatives gave us the opportunity to implement the Responsible Camping Ambassadors programme. Our ambassadors frequented popular freedom camping sites and provided education and advice to campers. The ambassadors were able to provide advice on where to stay and how to camp responsibly.

The team took on the role of community ambassadors during COVID-19 alert levels 3 and 4. This involved carrying out rapid response checks across the district to support the Civil Defence team.



Community spaces and development

Thames

A monument to commemorate the 1769 landing of Captain Cook at the Waihou River was installed on the Hauraki Rail Trail at the Kopu Bridge. The project was joint funded with the Ministry of Cultural Heritage.

Improvement works were undertaken at the Thames Airfield including more drainage systems that have helped in keeping the airfield safe and operational. The concrete pad at the fuel pumps was extended which has seen an increase in bigger helicopters coming in to re-fuel and having it used as a staging area for helicopter based rescues.



The Thames Library introduced a "Need a Nerd" service where people can bring their own device and have time with a Librarian for anything to do with technology; including setting up MYIR accounts, learning to use their smartphones, internet banking, family history support and accessing e-books.

A walking track was upgraded at J.W. Hall Arboretum to protect kauri. A kauri dieback boot cleaning station was also installed at the J.W Arboretum and Karaka Track, to raise awareness and help prevent kauri dieback pathogens from spreading.

Coromandel-Colville

Remedial works on the Coromandel Wharf were completed including replacement of missing and broken fender piles and re-piling of the Harbour Masters office.

At each entrance of the Long Bay Kauri Walk a kauri dieback boot cleaning station has been installed to raise awareness and help prevent kauri dieback pathogens from spreading. Upgrade works on Tucks Bay track were undertaken.

Mercury Bay

Over \$1 million was secured from the Tourism Infrastructure Fund (TIF), which enabled the extension and sealing of the main car park to Cathedral Cove and Hahei Beach. The project also included safe walking connections from the car park to the beach through Hahei Village, and enabled improvements to wayfinding signage and cultural archways to improve the visitor experience.

The Cook Monument was refurbished in October 2019, before the Tuia 250 celebrations.

The Buffalo Beach fitness station project was completed in collaboration with Lions and the Cancer Support Group of Whitianga

The Taiwawe Track located at Hotwater Beach had the walkway along the stream to the hot pools refurbished.

Tairua-Pauanui

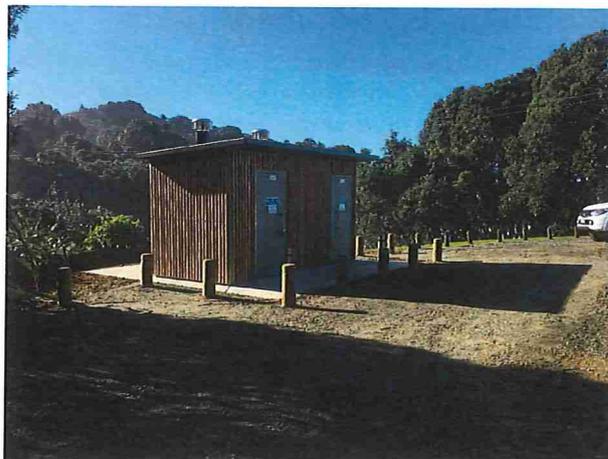
Design and public consultation work was completed for the Pauanui Skate Bowl upgrade, which is scheduled to be completed before the summer of 2020/2021. This was a collaborative project with the local skate community and contractors.

The old wooden public convenience facility in Te Karo was upgraded and an extra restroom added as a funded project through the Tourism Infrastructure Fund (TIF) .

The Royal Billy boat ramp / jetty upgrade was completed and is now fully functional.

Whangamata

A new public convenience facility was built at the main beach access car park in Onemana, providing much needed public toilets. The design provides a roof structure that doubles as a bus shelter and it also helped free up space at the Surf Club building so that the Onemana Surf Club could proceed with the refurbishment and extension of their building.



Planning and regulation

Resource consents

We had 338 resource consent applications during the year. The average days to process a resource consent is 13.8 working days.

Building control

The Building Consent Authority achieved good results for its audit and maintained accreditation status. We processed 1,197 building consent applications. 98 % were processed within the statutory time-frames. The average working days to issue a building consent was 13 days. Online consenting allowed for minimal disruptions to lodging and processing of building consents during COVID-19 lock down.

Economic development

Our Economic development team has been working on a Productivity Plan for the District which focuses on high value opportunities across five targeted work streams: land use; land productivity; connected journeys; aquaculture; and destination tourism.

Working with the Coromandel Marine Farmers (CoroMFA) to obtain \$19.95 million from the Provincial Growth Fund (PGF) to redevelop the Sugarloaf Wharf in Coromandel Harbour to increase mussel farming capacity by almost 20,000 tonnes.

Grants and remissions

The Community Boards allocated \$164,419.82 in local grants and to community based organisations with projects, activities and events aimed at promoting and developing local communities. These included assistance for local community groups and support for volunteer organisations.

Solid waste (rubbish and recycling)

Council continues to deliver solid waste services in line with the the joint Waste Management and Minimisation Plan, in collaboration with Hauraki and Matamata-Piako District Councils.

The peak collection period was delivered well with no significant issues.

COVID-19 resulted in a significant change in the collection model across the entire district and the community and our contractors responded well to the very short lead in time for the significant service change. Feedback was in the most part positive on the response from Council, to be able to continue collections through the lockdown period.

Three Waters (water supply, wastewater, stormwater)



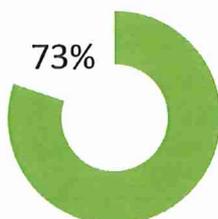
As part of the Coromandel Main Street road upgrade project we took the opportunity to upgrade the existing stormwater pipe network and install a stormwater quality treatment device to improve the stormwater discharge into the environment.

Consent applications have been submitted for renewal for the Thames, Cooks Beach and Matarangi wastewater treatment plants. All are anticipated to be in place by 31 December 2020.

Significant progress has been made with the programme to upgrade ten water treatment facilities across the District. The Tairua plant is now complete. The Pauanui plant is expected to be operational before Christmas 2020 and site works have also started in Coromandel.



Service performance overview | Tirohanga whānui o ngā whakahaere ratonga



Our projects and work programmes are contained within 13 groups of Council activities. This table summarises how we did, where we met expectations and where we need to improve. Our performance measures provide us with targets to meet, such as responsiveness, safety, timeliness, meeting statutory requirements and compliance. This year we achieved 73% of our service performance targets.

Group of Activity	No. of measures	Achieved	Not Achieved	Not Measured
Roads and footpaths	6	33%	33%	33%
Stormwater	9	78%	22%	0%
Wastewater	12	67%	33%	0%
Water supply	40	65%	20%	15%
Rubbish and recycling	5	40%	60%	0%
Council	8	88%	13%	0%
Planning and regulation	6	100%	0%	0%
Protection of people and the environment	7	57%	43%	0%
Coromandel-Colville	6	83%	17%	0%
Mercury Bay	9	89%	11%	0%
Tairua-Pauanui	9	89%	0%	11%
Thames	12	75%	8%	17%
Whangamata	7	100%	0%	0%

Commentary on the performance measures

There are a number of reasons why some performance measures are not achieved each year. The reasons range from situations such as COVID-19 restrictions, extreme weather events, or a change to the planned work programme, through to issues with our systems for measuring the results. Below is a brief explanation of the reasons why some of our performance measures have not been achieved this year. For more details refer to the introduction and statement of service performance sections in our full annual report.

Activity	Summarised commentary on "not achieved" and "not measured" performance measures
Roads and footpaths	Two of the six measures were not achieved. One measure not met was the area of the sealed local road network resurfaced which needed to be greater than 187,479 m ² or 5%. However, only 165,299 m ² was achieved. Also the percentage of unsealed roads complying with quality requirements did not achieve. Both were due to COVID-19 restrictions and grading was only undertaken for safety.
Stormwater	Two of the nine measures were not achieved. They are both in relation to operational resource consents and one abatement notice. Work is underway to address the non-compliance raised.
Wastewater	Four of the 12 measures were not achieved. One was in relation to the number of operational resource consent conditions not complied with and another around the number of abatement notices. We did not comply with 19 consent conditions and received three abatement notices. Work is underway to address the non-performance. Two measures were within 5% achieved. These were, the total number of complaints about wastewater per 1,000 connected properties for odour and blockages. The target for odour is ≤ 1 and ≤ 3 for blockages, the result was 1.01 complaints per 1.000 connections for odour and 3.26 per 1000 Connections for blockages.
Water supply	Eight of the 40 measures were not achieved. Five related to Drinking Water Standard compliance, two related to water loss and one to continuity of supply. There were also 14 performance measures relating to Drinking Water Standard compliance where the target was to be not compliant. These performance measures were achieved because Council was not compliant. A three year programme to progressively upgrade water treatment plants to meet part 4 and 5 of the standards is underway.
Solid waste	Three of the five measures were not achieved. These measures related to kerbside pickup services and waste minimisation. Performance of kerbside pick up suffered in the second part of the year due to COVID-19 restrictions and the requirement to make changes to kerbside collection quickly. Staff training around the delay in the close off of requests for service has been addressed and Council continues to work with the contractor to ensure actual responsiveness is better reflected. There has also been an increase in the disposal of waste. This is due to COVID-19 restrictions and the changes to how recycling and refuse was collected.
Protection of people and the environment	Three of the seven measures were not achieved. One was in relation to the completion of an introductory civil defence course for new staff and the initiation of community response plans and the third was in relation to the delivery of capital expenditure for the Coastal and Hazard Management activity this was not achieved but within 5% of achieving, the target is 80% and 75% was achieved.
Coromandel-Colville	One of the six measures was not achieved but within 5% of achieving. Three public convenience request for service went outside the contractual timeframe
Mercury Bay	One of the nine measures were not achieved. The Whitianga Hall was booked for 26% of the total available time, bookings were reduced in March, May and June and no booking were permitted in April due to COVID-19 restrictions.
Thames	Two of the 12 measures were not achieved but within 5% of achieving. The Jack McLean Community Recreation Centre was booked for 55% if the total time available. There were reduced bookings in March, May and June due to COVID-19 restrictions. Cemetery interment requests responded to \leq one day result was 89% not achieved but within 5% of achieving.
Council Property	One of the four measures was not achieved. Full compliance with legislative requirements through achieving an annual Building Warrant of Fitness. Due to COVID-19 restrictions inspections could not be undertaken and a building warrant could not be issued, a building system safety report was produced.
Not measured	There were 11 performance measures that were not measured across the Council activities. This is because the measurement of these performance measures are only performed on a cyclical basis. Some are measured every two years and some every three. The Civil Aviation inspection for the airfields was

Activity	Summarised commentary on "not achieved" and "not measured" performance measures
	due and cancelled due to COVID-19 restrictions. The biennial road roughness survey and the triennial footpath condition rating survey were planned for completion in 2019/2020 but due to COVID-19 restrictions were delayed.



Council benchmarks and where your money was allocated | Ngā taumata a kaunihera me te toha toha pūtea

Part 2 of The Local Government (Financial Reporting and Prudence) Regulations require us to disclose our financial performance in relation to various benchmarks. A complete picture of the results can be obtained from the full Annual Report. The following is a snap shot of the results that were obtained in the 2019/2020 financial year.

Rates affordability benchmarks



- 76% of total revenue received by Council was rates income. Rates received is capped at 80% of total revenue received.
- Rates rose by 3.13% for existing ratepayers. Council's limit was that rates must not rise by more than 5% in the 2019/2020 financial year.

Debt affordability benchmarks



- Total net external debt was \$57.3 million as at 30 June 2020 and was equivalent to 53% of total revenue. This is \$104.0 million under our total external debt cap of \$161.3 million (150% of total revenue).
- Net external interest on external debt was 4% of rates revenue. This was well within the limit set of 15%.
- Net interest on external debt was 7.0% of operating revenue. This was well within the limit set of 15%.

Balanced budget benchmark



- Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) was 93% of total operating expenditure. Council did not meet this benchmark as revenue (as a proportion) of total operating expenses was less than 100%. This is due to unbudgeted increased operating costs in the water, wastewater, stormwater, roading and solid waste activities.

Essential services benchmark



- Council met this benchmark for the 2019/2020 financial year as capital expenditure on network services was 129% of depreciation expenditure on network services.
- Council is continuing to fund depreciation in order to build depreciation reserves so that costs towards major renewals can be met without additional borrowings.

Debt servicing benchmark



- Council's borrowing costs are 3.1% of its operating revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment). Council meets this benchmark if its borrowing costs equal or are less than 10% of its revenue.

Debt control benchmark



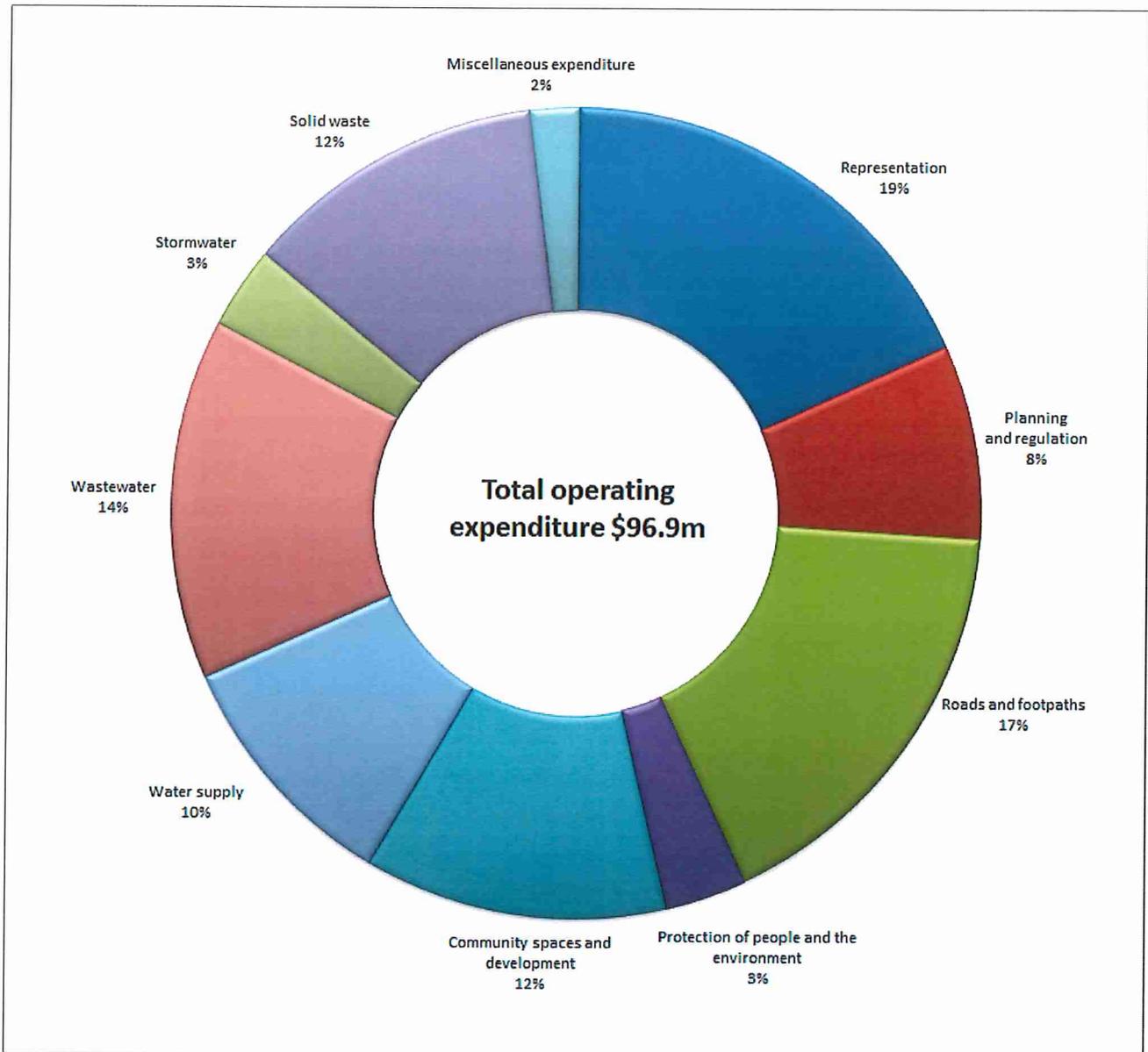
- Council's actual net debt of \$84.4 million was 114% of its planned net debt as at 30 June 2020. Net debt means financial liabilities less final assets (excluding trade and other receivables). Council did not meet this benchmark as actual net debt was more than 100%. This is due to increased borrowing required to fund the capital works programme.

Operations control benchmark



- Council's net cash flow from operations was \$22.2 million which was \$7.8 million less than budgeted. Council did not meet the operations control benchmark as its actual net cash flow from operations was less than its planned net cash flow from operations (74%). This was mainly because the actual receipts from rates was less than budgeted in the Annual Plan and the final rates instalment date was extended to provide relief to those affected by Covid-19.

Where your money was allocated



Overview of our financial performance | Tirohanga whānui ki te whakahaere pūtea

Summary financial statements for the financial year ending 30 June 2020

	2020	2020	2019
Statement of comprehensive revenue and expense	Budget	Actual	Actual
For the year ended 30 June 2020	\$000's	\$000's	\$000's
Rates revenue	68,945	68,051	65,458
Fees and charges	11,950	11,997	12,142
Other revenue	17,223	27,453	28,062
Total revenue	98,118	107,501	105,663
Personnel costs	18,822	18,508	17,433
Depreciation and amortisation	22,418	22,027	20,465
Finance costs	2,859	2,758	2,460
Other expenses	44,074	53,640	52,090
Total expenditure	88,173	96,933	92,449
Share of joint venture surplus/(deficit)	0	0	4
Surplus/(deficit)	9,946	10,568	13,218
Gains on revaluation of property, plant and equipment	28,641	14,278	84,024
Gains on revaluation of financial assets	0	0	0
Total other comprehensive revenue and expense	28,641	14,278	84,024
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	38,587	24,846	97,242

	2020	2020	2019
Statement of financial position	Budget	Actual	Actual
As at 30 June 2020	\$000's	\$000's	\$000's
Total current assets	9,151	13,092	13,232
Total non-current assets	1,598,993	1,639,755	1,603,467
Total assets	1,608,144	1,652,847	1,616,699
Total current liabilities	20,321	31,931	23,195
Total non-current liabilities	69,584	63,367	60,801
Total liabilities	89,905	95,298	83,996
NET ASSETS AND TOTAL EQUITY	1,518,239	1,557,549	1,532,703




	2020	2020	2019
Statement of changes in equity	Budget	Actual	Actual
For the year ended 30 June 2020	\$000's	\$000's	\$000's
Balance at 1 July	1,479,652	1,532,703	1,435,460
Total comprehensive revenue and expense for the year	38,587	24,846	97,242
BALANCE AT 30 JUNE	1,518,239	1,557,549	1,532,703
Equity represented by:			
Accumulated funds	405,823	404,659	400,077
Reserves	1,112,416	1,152,891	1,132,627

	2020	2020	2019
Statement of cash flows	Budget	Actual	Actual
For the year ended 30 June 2020	\$000's	\$000's	\$000's
Net cash inflow/(outflow) from operating activities	30,054	22,173	25,146
Net cash inflow/(outflow) from investing activities	(43,134)	(32,106)	(27,183)
Net cash inflow/(outflow) from financing activities	13,565	10,000	5,400
Net increase/(decrease) in cash and cash equivalents	485	67	3,363
Cash and cash equivalents at the beginning of the year	358	3,562	199
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	843	3,629	3,562

Summary financial statements

The summary financial statements were extracted from the full audited financial report of Thames-Coromandel District Council for 30 June 2020.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as completed an understanding as provided by the full financial statements.

The full annual report was authorised for issue by Council on 12 November 2020.

The full annual report is available from the Council offices or can be downloaded at www.tcdc.govt.nz.

An unmodified audit report was issued on the full financial statements.

Explanations for key variances from the budget

Revenue

Subsidies and grants

Subsidy and grant revenue was \$2.2 million less than budget due to a reduction in NZTA subsidy because of the reduced Capex program in roading as the result of COVID-19.

Development contributions

Development contributions are \$1.8 million more than budget due to a larger than expected increase in the number of building consents and subdivisions processed.

Other revenue

Other revenue was more than budgeted by \$10.6 million largely as a result of vested assets. The budget for vested assets is based on a rolling 5 year average.

Expenses

Other expenses

Other expenses were \$9.5 million higher than budgeted. There was an unbudgeted loss on disposal of property, plant and equipment and on financial instrument revaluation of \$1.9 million. The loss was mostly related to roading assets that were replaced before the end of their useful lives and interest swaps being revalued. The remaining variance is a result in operating expenditure because of contractual increases in the delivery of roading, water, wastewater, stormwater and solid waste services.

Gain on property, plant and equipment revaluations

The actual revaluation movement was lower than budget by \$14.4 million. This was mainly attributable to the biannual revaluing of land which did not take place this financial year, along with lower increases in indexes than expected.

Assets

Cash and cash equivalents

The closing cash position is \$2.8 million higher than budgeted mainly as a result of unbudgeted cash reserves held at year end for payment of creditors.

Receivables

Receivables were \$1.1million higher than budget due to the extension of time given to assist with the impact of Covid-19.

Property, plant and equipment

Property, plant and equipment is \$41 million higher than budgeted. This is mainly attributable to the increase in land value across the district.

Intangible assets

Intangible assets were \$1.3 million lower than budget due to the move to software as a service which are not capitalised.

Liabilities

Payables and deferred revenue

The closing payables position is \$1.3 million higher than budgeted. This can be attributed to large infrastructure invoices having to be accrued at year end as they were not received in time.

Derivative financial instruments

There are inherent difficulties in predicting valuation of derivatives. The gap between the notional outstanding interest rate swap contracts and the 90 day bank bill market (BKBM) rate widened more than budgeted during the financial year.

Employee Entitlements

The closing entitlements were \$0.6 million higher than budgeted due to less leave being taken during COVID-19 lockdown.

Borrowings

The total external debt is \$1 million lower than budgeted due to the reduction in the capex programme as a result of COVID-19 lockdown.

Disclosure

Reporting entity

Thames-Coromandel District Council (Council) is a territorial local authority established under the Local Government Act 2002.

Basis of preparation

Statement of compliance

The Summary Annual Report is for the year ended 30 June 2020 and was authorised for issue by the Chief Executive on 11 December 2020. The full Annual Report was adopted by Council and approved for issue on 12 November 2020. The full financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They also comply with Tier 1 PBE accounting standards. All other statutory requirements relating to the Annual Report have been complied with. This Summary Annual Report has been prepared in accordance with the PBE Financial Reporting Standard 43 (PBE FRS 43) Summary Financial Statements.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investments, forestry assets and certain 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's).

Contingent liabilities

Contingent liabilities, which are dependent on other future events, are \$3.13 million (2019: \$2.87 million). Of this \$2.01 million (2019: \$1.67 million) relates to possible future claims against Council for damages relating to leaky buildings and \$1.10 million (2019: \$1.12 million) relates to financial guarantees given to community organisations.

Subsequent events after balance date

There have been no post balance date events up to the date of the adoption of the Annual Report that are known to have a material effect on the financial statements and notes to the financial statements of the Council.

COVID-19 Disclosure

Impact of COVID-19

On 11 March 2020 the World Health Organisation declared the outbreak of COVID-19 a pandemic. Following this, on 25 March 2020, the New Zealand Government enforced a lockdown of the country as a result of the COVID-19 pandemic. Only businesses that were classified as an essential service were allowed to continue to operate during the level 4 lockdown.

Council services not regarded as essential ceased and Council buildings were closed to all staff except for those working in emergency services providing welfare services to the community at the direction of the Ministry of Social Development.

Council staff were able to largely work remotely from home during the level four period. Council was not eligible for the wage subsidy over this period.

Revenue for Council from the processing of building and resource consents reduced by approximately \$50,000 to \$60,000 per month, solid waste bag sales reduced \$25,000 per month during lockdown. Transfer station revenue also reduced during lockdown but recovered the lost revenue once the transfer stations re-opened. Other activities were mainly unaffected over this period apart from minor reduction in revenue in relation to halls, harbours, pools and parks/reserves.

Delays caused by COVID-19 to construction projects are being actively managed, however there is the potential for cost increases as a result of the delays. COVID-19 has not had a significant impact on assets held at fair value with the majority of Council assets valued using depreciated replacement cost.

Expenditure was also mainly unaffected apart from an increase in staff leave accruals as staff were not able to take leave. Additional costs for contractors for solid waste were also incurred due to the revised Health & Safety plans and extra staff required to carry out activities. This expenditure is not considered material.

In the Council's capital work programme the following delays were incurred to COVID-19.

- The drinking water standards plant upgrades at Tairua and Pauanui were delayed for the period of lockdown, 6 weeks.
- Renewals for three waters were delayed for the same period.
- Public convenience construction at Hahei was delayed for one month.



- Road construction projects were delayed for the six week period of lockdown, which was for some projects, within the prime construction period. When contractors could commence after lockdown there were further delays due to site re-establishment, revision of health and safety policies and supply of materials.
- Due to the reduction in the roading work programme this resulted in a reduction in revenue from NZ Transport Agency.

Council has considered the realisation of accounts receivable balances and has not noted any impairment indicators that would require these balances to be written down lower than their carrying amounts.

Fair Value Assessment – COVID-19

All of infrastructure assets with the exception of land and buildings are valued using depreciated replacement cost. Land and buildings are valued using both market value and depreciated replacement cost. A fair value assessment has been performed on assets, held at fair value, that have not been revalued at 30 June 2020. For assets valued under depreciated replacement cost it is too early to conclude on the impact that Covid-19 will have on construction costs. For assets held at market value the values of land and buildings have not changed significantly due to Covid-19.



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Independent Auditor's Report

To the readers of Thames-Coromandel District Council's summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the Thames-Coromandel District Council (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 8 to 10 and pages 14 to 18:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the service performance overview.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 12 November 2020. That report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of

Covid-19 on the Council as set out in full Annual Report in note 31 to the financial statements and page 21 of the statement of service provision. An extract of this information is included in the summary of the annual report on pages 17 to 18.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

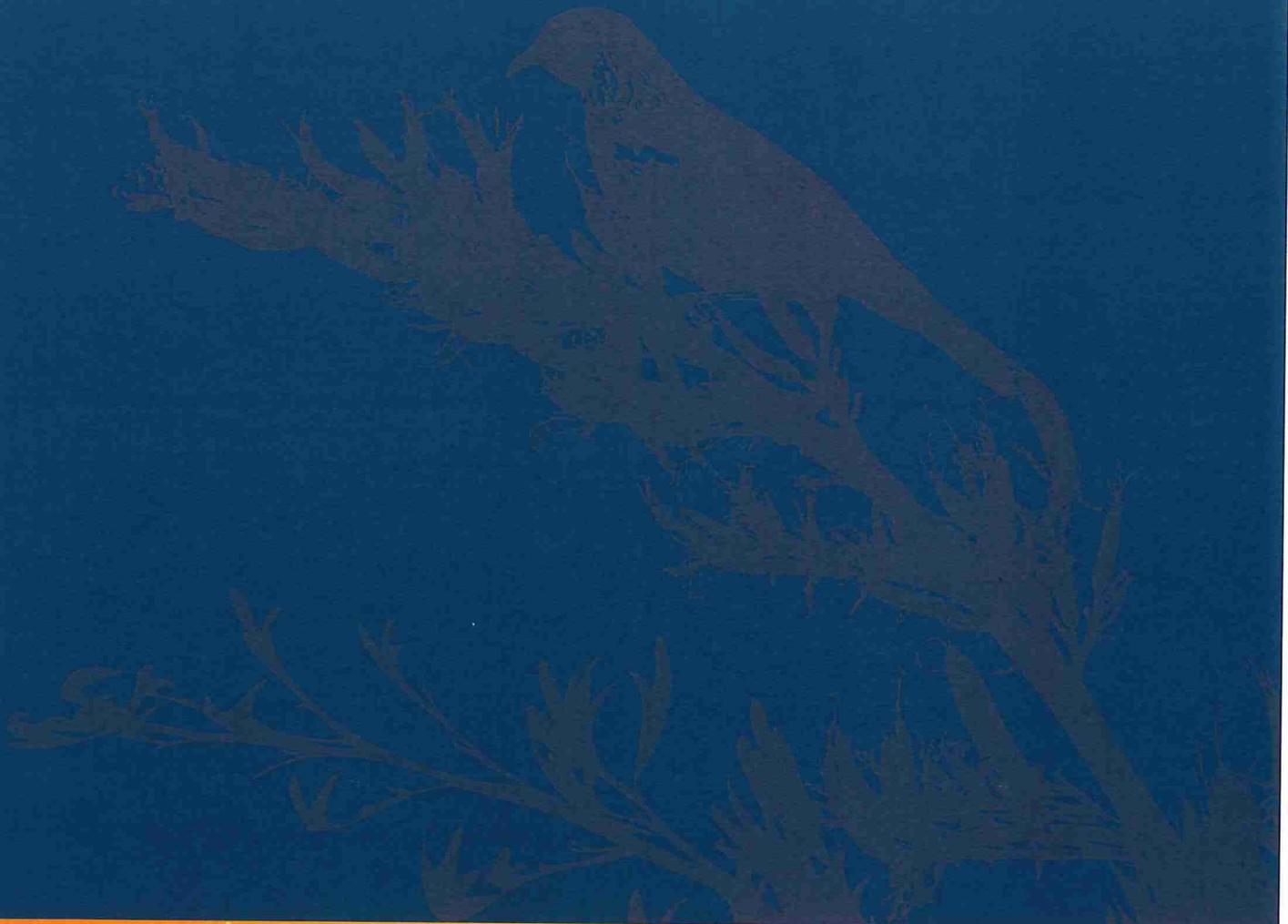
Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



Carl Wessels
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
11 December 2020





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