

Friday, 3 December 2021

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Ōmarunui Refuse Landfill Joint Committee Meeting

Kaupapataka

Attachments Under Separate Cover

Te Rā Hui:
Meeting date: **Friday, 3 December 2021**

Te Wā:
Time: **1.00pm**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

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HASTINGS DISTRICT COUNCIL
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TE KAUNIHERA Ā-ROHE O HERETAUNGA

ITEM	SUBJECT	PAGE
4.	ŌMARUNUI JOINT LANDFILL ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2021	
	Attachment 1: Ōmarunui Landfill Annual Report 30th June 2021	3

**OMARUNUI LANDFILL JOINT COMMITTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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**OMARUNUI LANDFILL JOINT COMMITTEE
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDING 30 JUNE 2021**

2019/20 ACTUAL \$	NOTES	2020/21 ACTUAL \$	2020/21 BUDGET \$	2020/21 VARIANCE \$
REVENUE				
2,073,177	Local Authorities	2,882,466	1,947,792	934,674
5,430,135	Commercial Operations	5,750,818	3,867,963	1,882,855
26,074	Other	20,293	1,046	19,247
18,833	Sale of gas	31,567	25,000	6,567
9,177	Rentals (Farm)	9,177	9,391	(214)
58,971	Interest on funds	20,097	-	20,097
98,718	Leachate Development	(i) 107,792	90,000	17,792
98,718	Waste Tyre Processing	(ii) 107,792	90,000	17,792
987,183	Waste Levy \$10/t	(iii) 1,077,925	900,000	177,925
3,015,398	ETS \$29/t & \$36/t	4,025,658	3,060,000	965,658
11,817,384	Total Revenue	14,033,585	9,991,192	4,042,393
EXPENDITURE				
1,071,233	Maintenance - Landfill	1,101,630	988,096	113,534
700,364	Other refuse disposal	1,060,557	736,574	323,983
642,648	External plant hire	1,108,008	570,000	538,008
70,177	External plant hire escalations	118,620	25,000	93,620
93,811	Leachate Treatment/Disposal	93,690	84,161	9,529
23,238	Kiosk Charges	19,133	37,000	(17,867)
18,996	Ground & Surface Water Testing	23,371	39,080	(15,709)
-	- Gas to Energy	-	1,000	(1,000)
-	- Revaluation Decrement	-	-	-
2,143	Farm operations	10,709	3,683	7,026
17,343	Rates	18,098	23,400	(5,302)
15,664	Overheads - Administrative	(iv) 21,859	-	21,859
1,409,998	Depreciation	1,535,755	1,616,589	(80,814)
1,042,542	Waste Levy \$10/t	(ii) 1,048,031	900,000	148,031
3,015,398	ETS \$29/t & \$36/t	(iii) 4,025,658	3,060,000	965,658
8,123,555	Total Expenditure	10,185,119	8,084,563	2,100,557
Reverse: Landfill Forest				
3,693,829	SURPLUS BEFORE ADJUSTMENTS	3,848,466	1,906,629	1,941,837
494,588	Aftercare - Valley A	(142,472)		
727,231	Aftercare - Valley D	16,077		
(458,884)	Emissions Trading Scheme	(740,443)		
2,013,126	SURPLUS	3,234,418		
59,443	Transfer to/(from) reserves - Plant fund	1 (73,831)		
-	- Transfer to/(from) reserves - Property fund	2 -		
158,663	Transfer to/(from) reserves - Aftercare costs	3 138,646		
(237,770)	Transfer to/(from) reserves - Leachate	4 109,422		
(420)	Transfer to/(from) reserves - Tyre	5 107,792		
-	- Transfer to/(from) reserves - Forest Replant	6 -		
2,033,210	Surplus transferred to accumulated balance	9 2,952,387		
2,013,126	SURPLUS	3,234,417		

The notes on pages 5 to 6 form part of and should be read in conjunction with these financial statements.

Reasons for the variance between actual and budget:

- (i) A provision for leachate/tyre development of \$1/T*
- (ii) A waste Levy of \$10/T collected and paid back to the Ministry of Environment*
- (iii) ETS levy has been collected since January 2013. Current financial year is \$36/T, last year \$29/T*
- (iv) The overhead costs have been agreed with NCC at budget time*
- (v) The adjustment to the present value of the aftercare provision. This adjustment takes into account future cashflows, landfill fullness and all costs associated with landfill post closure*

**OMARUNUI LANDFILL JOINT COMMITTEE
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDING 30 JUNE 2021**

2019/20		Note	2020/21	2020/21	2020/21
Total			Total	HDC Share	NCC Share
100%			100%	63.68%	36.32%
INVESTMENTS					
2,737,997	Plant Replacement Reserve	1	2,664,166	1,696,541	967,625
-	Property Reserve	2	-	-	-
2,518,535	Aftercare Reserve	3	2,657,181	1,692,093	965,088
205,728	Leachate Development Reserve	4	315,150	200,688	114,462
175,213	Tyre Reserve	5	283,006	180,218	102,788
56,982	Forest Replant Reserve	6	56,982	36,286	20,696
93,442	Forestry	8	93,442	59,504	33,938
<u>5,787,896</u>			<u>6,069,927</u>	<u>3,865,329</u>	<u>2,204,597</u>
FIXED ASSETS					
9,437,367	Landfill assets		10,398,355	6,621,672	3,776,682
\$ 15,225,264	Total assets		\$ 16,468,282	\$ 10,487,001	\$ 5,981,280
PROVISIONS					
2,071,690	Aftercare Provision		1,945,294	1,238,763	706,531
<u>2,071,690</u>			<u>1,945,294</u>	<u>1,238,763</u>	<u>706,531</u>
911,929	ETS Provision		1,652,373	1,052,231	600,142
<u>911,929</u>			<u>1,652,373</u>	<u>1,052,231</u>	<u>600,142</u>
RATEPAYER EQUITY					
6,547,191	Accumulated Balance	9	6,874,485	4,377,672	2,496,813
5,694,455	Reserves	10	5,996,130	3,818,336	2,177,795
<u>12,241,646</u>			<u>12,870,615</u>	<u>8,196,008</u>	<u>\$ 4,674,607</u>
\$ 15,225,264	Total funds employed		\$ 16,468,282	\$ 10,487,002	\$ 5,981,280

The notes on pages 5 to 6 form part of and should be read in conjunction with these financial statements

**OMARUNUI LANDFILL JOINT COMMITTEE
 STATEMENT OF MOVEMENTS IN EQUITY
 FOR THE PERIOD ENDING 30 JUNE 2021**

2019/20 Total	Note	2020/21 Total
13,332,575	Equity at the start of the period	12,241,645
-	Plus Revaluation Reserve	19,646
2,013,126	Net Surplus for the period	3,234,417
	Total Recognised Revenues and Expenses	
2,013,126	for the Period	3,234,417
<u>Distributions to Owners</u>		
(1,127,393)	Napier City Council	(953,434)
(1,976,663)	Hastings District Council	(1,671,659)
<u>\$ 12,241,645</u>	Equity at the end of the Period	<u>\$ 12,870,615</u>
<u>Components of Equity</u>		
6,547,191	Accumulated Balance	6,874,485
5,694,455	Reserves	5,996,130
<u>\$ 12,241,645</u>		<u>\$ 12,870,615</u>

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OMARUNUI LANDFILL JOINT COMMITTEE NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2021

Statement of Accounting Policies

Reporting Entity

These are the financial statements of the Omarunui Landfill Joint Committee. The Joint Committee comprises members from the Hastings District Council which owns 63.68% of the Landfill and the Napier City Council which owns the remaining 36.32%.

The financial statements of the Omarunui Landfill Joint Committee have been prepared in accordance with the Local Government Act 2002 and the generally accepted accounting principles, as appropriate and relevant for the reporting of financial information in the public sector, recognised by Chartered Accountants Australia New Zealand (CAANZ).

Measurement Base

The measurement base adopted is that of historical cost.

Inventories

There were no inventories on hand at balance date. Spare part stocks are owned by the Hastings District Council and expensed when work is completed.

Fixed assets

Fixed assets are recorded at cost, less depreciation.

Depreciation

Depreciation is provided on straight line basis on all tangible fixed assets other than land, at rates calculated to allocate the assets' cost less residual value, over their estimated useful lives.

Investments

Investments, which include forestry assets are recorded at market value.

Development costs (Valley A and Valley D development)

Development costs are charged to expense as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where development costs are deferred they amortise over future periods on a basis related to expected future revenue.

Goods and Services Tax

All amounts shown are exclusive of Goods and Services Tax. GST which cannot be recovered on exempt items is expensed to the income account.

Cost of capital

A charge of 6% was made on the book value of the plant items operated out of the plant operating account. No cost of capital was made for any other assets.

Overhead costs

Overheads have been charged for labour, plant and corporate administration.

Aftercare Costs

The Provision for Valley A Aftercare costs was established in the financial year 2001/02. Valley A closed in 2006 and as of 01 July 2021 the on-going aftercare costs of this valley will be \$99,298 per annum for 15 years.

A Provision for Closure and Aftercare costs for Valley D was established in the financial year end 30 June 2008. It is assumed closure costs will be approximately \$3.39 million and on-going aftercare costs will be \$80,202 per annum for 30 years.

Operating Surpluses

No Operating Surpluses are held by the Landfill Committee for the purpose of future development. All surpluses are distributed to the sponsoring Councils, who, in turn use these funds for purposes related to Landfill and waste disposal operations within their individual accounting structures.

Changes in Accounting Policies

There have been no changes in accounting policies since the previous annual financial statements.

Notes to Financial Statements

2019/20 Total 100%		Note	2020/21 Total 100%	2020/21 HDC Share 63.68%	2020/21 NCC Share 36.32%
PLANT REPLACEMENT RESERVE					
2,678,554	Balance at beginning of year	1	2,737,997	1,743,556	994,440
30,138	Transfer to/from reserves		(83,651)	(53,269)	(30,382)
29,305	Interest		9,820	6,254	3,567
\$ 2,737,997	Balance at end of year		\$ 2,664,166	1,696,541	967,625
PROPERTY RESERVE					
-	Balance at beginning of year	2	-	-	-
-	Interest		-	-	-
-	Transfer to/from reserves - forestry		-	-	-
\$ -	Balance at end of year		\$ -	-	-
AFTERCARE RESERVE					
2,359,872	Balance at beginning of year	3	2,518,535	1,603,803	914,732
25,803	Interest		8,647	5,506	3,140
132,860	Transfer to/from reserves		130,000	82,784	47,216
\$ 2,518,535	Balance at end of year		\$ 2,657,181	1,692,093	965,088
LEACHATE RESERVE					
443,498	Balance at beginning of year	4	205,728	131,008	74,720
4,863	Interest		1,630	1,038	592
(242,634)	Transfer to/from reserves		107,792	68,642	39,150
\$ 205,728	Balance at end of year		\$ 315,150	200,688	114,462
TYRE RESERVE					
175,633	Balance at beginning of year	5	175,213	111,576	63,637.50
-	Interest		-	-	-
(420)	Transfer to/from reserves		107,792	68,642	39,150
\$ 175,213	Balance at end of year		\$ 283,006	180,218	102,788
FOREST REPLANT RESERVE					
56,982	Balance at beginning of year	6	56,982	36,286	20,696
-	Interest		-	-	-
-	Transfer to/from reserves		-	-	-
\$ 56,982	Balance at end of year		\$ 56,982	36,286	20,696
REVALUATION RESERVE					
-	Balance at beginning of year	7	-	-	-
-	Transfer to/from reserves		19,646	12,510	7,135
\$ -	Balance at end of year		\$ 19,646	12,510	7,135
FORESTRY					
\$ 93,442	Accumulated costs to date	8	\$ 93,442	59,504	33,938
<u>Costs comprised as follows:</u>					
Consultants					
Insurance					
Management					

	Rates			
\$	-	\$	-	
	ACCUMULATED BALANCE	9		
7,618,037	Balance at beginning of year	6,547,191	4,169,251	2,377,940
2,033,210	Surplus for year	2,952,387	1,880,080	1,072,307
9,651,247		9,499,578	6,049,331	3,450,247
3,104,056	Distributions	2,625,093	1,671,659	953,434
\$ 6,547,191	Balance at end of year	\$ 6,874,485	4,377,672	2,496,813
	RESERVES	10		
2,737,997	Plant Replacement Reserve (note 1)	2,664,166	1,696,541	967,625
-	Property Reserve (note 2)	-	-	-
2,518,535	Aftercare Reserve (note 3)	2,657,181	1,692,093	965,088
205,728	Leachate Reserve (note 4)	315,150	200,688	114,462
175,213	Tyre Reserve (note 5)	283,006	180,218	102,788
56,982	Forest Replant Reserve (note 6)	56,982	36,286	20,696
-	Revaluation Reserve (note 7)	19,646	12,510	7,135
\$ 5,694,455	Total Reserves at end of year	\$ 5,996,130	3,818,336	2,177,795

**OMARUNUI LANDFILL JOINT COMMITTEE
STATEMENT OF CASHFLOWS
FOR THE PERIOD ENDING 30 JUNE 2021**

2019/20 Total	Note	2020/21 Total
CASHFLOWS FROM OPERATING ACTIVITIES		
<u>Cash was received from:</u>		
5,475,042 Receipts from customers		5,792,678
2,073,177 Receipts from Local Authorities		2,882,466
59,971 Interest Received		20,097
98,718 Leachate Development		107,792
98,718 Waste Tyre Processing		107,792
3,015,398 ETS \$29/t & \$36/t		4,025,658
987,183 Waste levy \$10/t		1,077,925
9,177 Rent Received		9,177
11,817,384		14,023,585
<u>Cash was disbursed to:</u>		
6,713,557 Payments to Suppliers and Employees		8,636,776
6,713,557		8,636,776
5,103,827 Net Cash Inflow from Operating Activities	A	5,386,809
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Cash was received from:</u>		
- Sale of Fixed Assets		10,000
<u>Cash was applied to:</u>		
- Valley A Development		
1,786,312 Valley D Development		1,995,394
199,058 Valley B/C Development		326,582
34,485 Purchase of Fixed Assets		167,709
Forestry Development		
59,443 (Increase)/Decrease in Plant Replacement Reserve		(73,831)
- (Increase)/Decrease in Property Reserve		-
158,663 (Increase)/Decrease in Aftercare Reserve		138,646
(420) (Increase)/Decrease in Tyre Reserve		107,792
- (Increase)/Decrease in Forest Replant Reserve		-
(237,770) (Increase)/Decrease in Leachate Reserve		109,422
1,999,771		2,771,716
(1,999,771) Net Cash (Outflow) from Investment Activities	B	(2,761,716)
CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Distribution to Owners:</u>		
(1,127,393) Napier City Council (36.32%)		(953,434)
(1,976,663) Hastings District Council (63.68%)		(1,671,659)
(3,104,056) Net Cash(Outflow) from Financing Activities	C	(2,625,093)
CLOSING CASH RECONCILIATION		

0 Net Increase/(Decrease) in Cash Held	A+B+C	0
0 Add Opening Cash		0
0 Closing Cash Balance		0