



# THE YEAR AHEAD **FOR WAIPA**

ANNUAL PLAN 2017/18





## Whakatauki

Hutia te rito o te harakeke

Kei whea te tauranga o te kōmako e ko?

Ki mai koe, ki ahau

He aha te mea nui o tēnei ao?

Māku e ki atu

He tangata, He tangata, He tangata

If you remove the heart of the flax

Where will the bellbird then rest?

If you should ask me


What is the main thing in this world?

I will say to you

It is people, it is people, it is people

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## Message from the Mayor and Chief Executive

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It is always pleasing to end the year in a strong financial position and to have made progress on some of the key issues identified for our district. We intend remaining on this track and next year will continue to deliver the work programme set out in the 2015-2025 10-Year Plan.

We are however, already turning our minds to some of the emerging challenges we are likely to face in coming years. They are not 'quick fix' issues and will require careful planning to ensure the decisions we make will best meet the longer-term needs of our community.

Growth, and how best to manage growth in our district, continues to be top of our agenda. The substantial volume of building consents and land development we saw in 2016-2017 looks likely to continue. Developments like the expansion of the Waikeria Prison will bring both opportunities and challenges for Waipa. We need to ensure developments like this are balanced against the character of our towns, the need for affordable housing and appropriate managed debt and rating levels.

Water also continues to be a primary issue and Council has some key decisions to make in the year ahead. We must ensure we actively manage and future-proof Te Awamutu's water supply as well as deal with growth issues putting pressure on Cambridge's wastewater infrastructure.

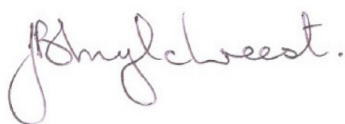
We will continue to discuss the potential to establish a Council Controlled Organisation (CCO) with our neighbouring councils in order to jointly manage water and wastewater. In addition, we support ongoing partnerships, like the Waikato Road Asset Technical Accord (RATA) which is already more efficiently and effectively managing road assets across the wider region on behalf of councils.

On-the-ground activity will also continue at pace in our towns. In Te Awamutu there will be ongoing enhancements at the site of the planned Te Awamutu hub to add vibrancy and amenity value to the town. In Cambridge, big projects include the long-awaited construction of the pool complex.

Because our work programme remains very much in line with what was set out in the 10-Year Plan we have taken a different, less formal approach to engaging with our community on our plans for the year ahead. We received a wide range of feedback on the draft Annual Plan and Councillors discussed issues and opportunities with interested parties in May and June. This feedback has helped shape the 2017/2018 Annual Plan and will assist with the preparation of the 2018-2028 10-Year Plan which is currently under development.

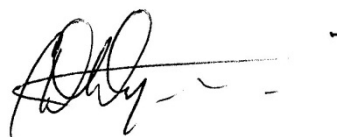
Finally, on behalf of Council's staff and elected members, thank you for your ongoing interest in what is planned for Waipa's future. With your help, we will continue to make Waipa the very best it can be.

Jim Mylchreest JP



**MAYOR**

Garry Dyet JP



**CHIEF EXECUTIVE**

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## Annual Plan overview

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### What is an Annual Plan?

Every three years we produce a 10-Year Plan to set the future direction for the district. Outside of those years, we release an Annual Plan which identifies any changes or additions to the projects, activities and financial information included in the 10-Year Plan.

In addition to the 10-Year Plan and Annual Plan, we produce an Annual Report to review our performance against those plans. Together, these three publications define our priorities and detail our management of the district.

### What has changed from the 10-Year Plan?

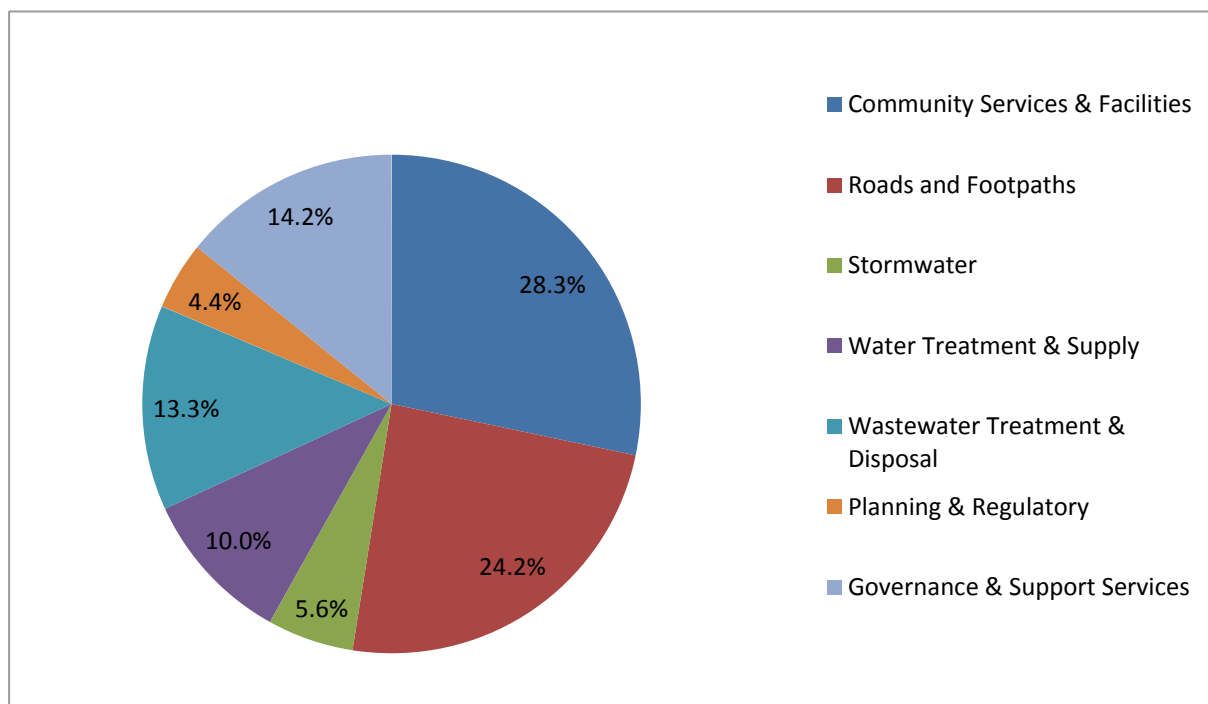
In previous years, we've sought feedback on the draft Annual Plan through a formal submissions and hearings process. Following changes to the Local Government Act in 2014, we now need only request public feedback when major changes are being proposed. This means Councils can reduce costs by avoiding duplication of consultation on issues that were agreed on during the 10-Year Plan.

**The 2017-2018 Annual Plan does not include significant or material differences from the content of Year 3 of the 2015-2025 10-Year Plan**, so, we have taken a simplified approach to consultation this year. We've informed the community about the rates implications of property revaluations and of minor changes to the cost, scope and timing of projects (see [Summary of Changes](#) below).

In our 10-Year Plan we projected we would have a total average rates increase of 3.1 per cent in 2017/18. However, due to a variety of factors, **the total average rates increase has been reduced to 2.03 per cent.**

Reason for change	10-YP '17/'18 Prediction...	Will now be...
<b>Less debt:</b> Our budgeted debt is lower than predicted	\$53.5 million	\$27.0 million
<b>Interest:</b> This will be lower as we have less debt	\$1,859,000	\$934,000
<b>Project Timing:</b> We have changed the timing of a few of our major projects. This has impacted our interest and depreciation expenses	<ul style="list-style-type: none"><li>▪ Water meter installations, originally planned for 2017/18, were undertaken in 2016/17</li><li>▪ Property development at Taylor St / Vogel St will be conducted this year (2017/18)</li><li>▪ Te Awamutu Town Concept Plan work originally planned for 2017/18, was undertaken in 2016/17</li><li>▪ Cambridge wastewater pipe bridge construction was deferred in 2016/17 and will begin in 2017/18</li></ul>	
<b>Revaluations:</b> Although the total value of property in the district has increased, this hasn't affected the cost of providing services, therefore our rates requirement hasn't changed. However, some property owners with the largest valuation increases may receive a significant rate increase. To mitigate this we have used \$570,000 from a 2015-2016 cash surplus to reduce the impact on rates.		

## How will your rates be spent in 2017/2018?



## Revaluations and rates impacts

We review the rateable value of properties every three years and during November, notified property owners of their most recent valuations. Because we charge general rates based on the capital value of your property, the revaluation alters the proportion of the general rate that you pay. **The total amount of rates collected from all properties does not change.**

On average, property values in the district increased by 23.1 per cent. However, this varied significantly depending on the property type and location. Typically, the revaluations saw large increases for urban residential properties and smaller increases for rural and commercial properties.

Property type	Average increase
<b>Residential</b>	
▪ Cambridge	44.9%
▪ Te Awamutu	32.4%
▪ Pirongia	19.4%
<b>Dairy</b>	13.2%
<b>Lifestyle</b>	21.9%
<b>Commercial</b>	7.6%

In general, if your property increased more than the district average (23.1 per cent), your rates increase is likely to be higher than the average 2.03 per cent. However, in addition to capital values, we also calculate rates based on a uniform annual general charge and targeted rates (which depend on the services you receive in your area), so the rates requirement tends to vary from one property to the next.

Between March and May we communicated with ratepayers about the district’s revaluations and what this means for individual rates. Ratepayers will receive their first rates notice at the end of July 2017.

# Summary of changes from the 10-Year Plan 2015-25: by group of activities

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Our 10-Year Plan 2015-25 contains our proposed activities, projects and programmes and associated budgets, for 2017/18. Our Annual Plan looks at the groups of activities detailed in the 10-Year Plan and identifies where these projections have been adjusted from what was originally signalled.

The groups of activities covered in this section are:

▪ Governance	▪ Stormwater
▪ Planning and Regulatory	▪ Wastewater Treatment and Disposal
▪ Community Services and Facilities	▪ Water Treatment and Supply
▪ Roads and Footpaths	▪ Support Services

## Governance group

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### What we do

Council governance is the decision-making function of the elected Council, its committees and community boards. This work is supported by the Planning and Community Relations group and the Legal and Corporate Support department.

### Key projects for 2017/18

- Development of the 2018-28 10-Year Plan.
- Continuing with regional and sub-regional collaboration.

### Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 131-142). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes of interest are as follows:

#### Cost of service variances:

- **Council and Community Board honorariums:** An increase of \$73,000 to reflect the remuneration and allowances payable under the Remuneration Authority determination, which governs all remuneration and allowances paid to elected members.
- **Independent advisor to the Audit and Risk Committee:** Council has appointed an independent advisor to the Audit and Risk Committee - \$25,000.
- **Strategic Planning and Community Relationships:** Reduction in costs due to transfer of responsibility of the District Plan to Planning and Regulatory.
- **Community Grants:** Grant to Commsafe Waipa & CCTV for set up costs of CCTV across the District to the value of \$100,000.



## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Elections	82	-	-	-
Community Grants	39	42	39	3
<b>TOTAL REVENUE</b>	<b>121</b>	<b>42</b>	<b>39</b>	<b>3</b>
<b>OPERATING EXPENDITURE</b>				
Council & Committees	2,496	2,425	2,446	(21)
Cambridge Community Board	186	187	181	6
Te Awamutu Community Board	183	183	179	4
Elections	194	6	7	(1)
Community Grants	486	528	379	149
Strategic Planning	2,505	2,595	2,249	346
Community Relationships	1,731	1,715	1,860	(145)
<b>TOTAL EXPENDITURE</b>	<b>7,781</b>	<b>7,639</b>	<b>7,301</b>	<b>338</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(7,660)</b>	<b>(7,597)</b>	<b>(7,262)</b>	<b>(335)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	61	27	27	-
Debt Repayment (Internal)	552	640	579	61
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>613</b>	<b>667</b>	<b>606</b>	<b>61</b>

## Capital expenditure table

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Improve Level of Service</b>				
Flag Tracking System	61	27	27	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>61</b>	<b>27</b>	<b>27</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>61</b>	<b>27</b>	<b>27</b>	<b>-</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	5,268	6,111	5,904	207
Targeted rates	2,196	1,931	1,934	(3)
Subsidies and grants for operating purposes	46	42	39	3
Fees and charges	57	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>7,567</b>	<b>8,084</b>	<b>7,877</b>	<b>207</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,070	4,015	3,698	317
Finance costs	40	56	80	(24)
Internal charges and overheads applied	2,832	2,705	2,787	(82)
Other operating funding applications	828	856	722	134
<b>Total applications of operating funding (B)</b>	<b>7,770</b>	<b>7,632</b>	<b>7,287</b>	<b>345</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(203)</b>	<b>452</b>	<b>590</b>	<b>(138)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	61	27	27	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(264)	425	563	(138)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(203)</b>	<b>452</b>	<b>590</b>	<b>(138)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>203</b>	<b>(452)</b>	<b>(590)</b>	<b>138</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Planning and Regulatory group

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### What we do

The Planning and Regulatory group of activities covers resource management, building control, environmental health, animal control and development engineering. We provide these services to manage the natural and physical resources of the district, and promote and protect the health and safety of our communities and the general public. The avoidance or mitigation of natural hazards is a core service of our Council and is a central concern of this group of activities.

### Key projects for 2017/18

- Retention of Building Consent Authority accreditation.

### Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 143-149). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes are as follows:

- **Building control – earthquake assessments:** Removal of revenue for earthquake assessments, as current legislation does not allow Council to charge for the assessments.
- **Resource Planning:** Transfer of responsibility of the District Plan from Governance.

## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Fees and Charges:				
Resource Management	1,348	1,279	1,241	38
Building Control	1,737	1,874	1,980	(106)
Environmental Health	383	361	406	(45)
Animal Control	470	464	462	2
Development Engineering	241	257	379	(122)
<b>TOTAL REVENUE</b>	<b>4,179</b>	<b>4,235</b>	<b>4,468</b>	<b>(233)</b>
<b>OPERATING EXPENDITURE</b>				
Resource Management	2,230	2,095	1,779	316
Building Control	1,662	2,096	2,081	15
Environmental Health	768	890	918	(28)
Animal Control	692	744	724	20
Development Engineering	597	665	845	(180)
<b>TOTAL EXPENDITURE</b>	<b>5,949</b>	<b>6,490</b>	<b>6,347</b>	<b>143</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(1,770)</b>	<b>(2,255)</b>	<b>(1,879)</b>	<b>(376)</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	1,431	1,931	1,586	345
Targeted rates	364	323	291	32
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	4,178	4,234	4,468	(234)
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>5,973</b>	<b>6,488</b>	<b>6,345</b>	<b>143</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,603	5,067	4,902	165
Finance costs	-	-	-	-
Internal charges and overheads applied	1,343	1,418	1,440	(22)
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,946</b>	<b>6,485</b>	<b>6,342</b>	<b>143</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>27</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	27	3	3	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>27</b>	<b>3</b>	<b>3</b>	<b>-</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(27)</b>	<b>(3)</b>	<b>(3)</b>	<b>-</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Community Services and Facilities group

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### What we do

The Community Services and Facilities group of activities provides recreational and health benefits and promotes the social, cultural and environmental wellbeing of our communities.

### Key projects for 2017/18

- Cambridge town pool development: Construction of a pool complex that provides for the needs of the Cambridge and sporting communities.
- Property development: Proposed residential subdivision developments, three land parcels on the corner of Taylor/Vogel streets, Addison Street and Arnold Street.
- Pensioner Housing: Following the adoption of the Long Term Plan Amendment which approved the sale of the Palmer Street Pensioner Housing, the cost of renewing these units has been removed from the Annual Plan. The Annual Plan now reflects that the proceeds from the sale (\$1.8 million) will be used for the construction of new units.
- Heritage sites: To provide access, signage and interpretation at key cultural, archaeological and heritage sites. These include: Lakes Mangakaware, Ngaroto, and Rotopiko; and also Matakītaki Pa, Pirongia and Kakepuku, Te Awamutu.
- Te Awamutu community hub precinct: This project builds on the original 'Heart of Te Awamutu' work, and focuses on the precinct around Te Awamutu Events Centre and the new library which was completed in November 2016. Projects to follow include extensions to Pioneer Park playground and redevelopment of the riparian zones adjoining the Mangaohoi Stream (to make these areas more accessible and visually appealing).
- Development and restoration of Lake Ngaroto: Lake Ngaroto is becoming one of the most visited reserves managed by Council. Activities include sailing, rowing, walking, fishing and hunting. Maintaining and improving the lake environment through restorative planting and pest control will enhance both public experience and use and also protect the diversity and abundance of fauna supported by the reserve. Works proposed include:
  - Working with adjoining landowners to treat inflows from private land;
  - Continuing with the planting programme;
  - Renewing the retained lake frontage between the boat ramps; and
  - Reviewing the Reserve Management Plan.
- Design and build Te Awamutu museum: A feasibility plan for the proposed new Museum will be prepared together with a fund raising strategy.

### Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 151-170). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes are as follows:

#### Cost of service variances:

- **Interest costs:** Adjusted on all activities due to savings in finance costs from lower external debt.

- **Maintenance costs:** Additional maintenance expenses across the district due to growth.
- **Property sales:** Gain on property sales has increased due to the timing of sales for Taylor Street / Vogel Street development being deferred from 2015/16.
- **Rural Fire Management:** The Rural Fire responsibilities has been transferred to Fire and Emergency NZ (FENZ) as at 1 July 2017.

**Capital variances:**

- **Property development:** The Taylor Street/Vogel Street and Addison Street developments, originally planned for completion earlier, have been deferred to 2017/18, \$1,712,000.
- **Property purchases:** Due to movements in market value, budgets for purchases of Own Your Own Units and land for Te Awamutu Western Arterial have increased \$154,000.

## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Fees and Charges:				
Mighty River Domain	695	682	635	47
District Museums	116	97	113	(16)
District Libraries	225	236	236	-
District Pools	256		-	-
Cemeteries	179	188	184	4
Public Toilets	15	-	31	(31)
Properties	830	821	792	29
Pensioner Housing & Own your Own Housing	1,147	980	1,188	(208)
Forestry	-	-	-	-
Rural Fire/Civil Defence	95	97	97	-
Waste Management	155	159	159	-
<b>TOTAL REVENUE</b>	<b>3,713</b>	<b>3,260</b>	<b>3,435</b>	<b>(175)</b>
<b>OPERATING EXPENDITURE</b>				
Parks and Reserves	4,658	4,991	4,755	236
Mighty River Domain	1,169	1,138	1,128	10
District Museums	1,082	991	1,036	(45)
District Libraries	1,876	1,885	1,901	(16)
District Pools	2,172	1,847	2,016	(169)
Heritage	717	508	499	9
Cemeteries	299	313	317	(4)
Public Toilets	504	510	571	(61)
Properties	3,289	844	1,479	(635)
Pensioner Housing & Own your Own Housing	916	1,526	980	546
Forestry	53	93	119	(26)
Rural Fire/Civil Defence	284	174	326	(152)
Waste Management	1,531	1,546	1,563	(17)
National Cycle Centre of Excellence	51	27	54	(27)
<b>TOTAL EXPENDITURE</b>	<b>18,601</b>	<b>16,393</b>	<b>16,744</b>	<b>(351)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(14,888)</b>	<b>(13,133)</b>	<b>(13,309)</b>	<b>176</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	8,780	15,152	11,461	3,691
Debt Repayment (Internal)	1,275	1,174	1,346	(172)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>10,055</b>	<b>16,326</b>	<b>12,807</b>	<b>3,519</b>



## Capital expenditure

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Meet Additional Demand</b>				
Buffer Reserve Land Purchase	609	105	105	-
Reserve Purchases - Developments	76	150	-	150
Playground Reserve Land Cambridge North	-	420	420	-
Playground on Neighbourhood Reserve Cambridge North	410	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>1,095</b>	<b>675</b>	<b>525</b>	<b>150</b>
<b>To Improve Level of Service</b>				
Cambridge Town Pool Development	424	7,613	7,613	-
Cambridge Town Hall Repairs & Maintenance	51	37	37	-
Reserve Developments	176	134	134	-
Development & Restoration of Lake Ngaroto	225	168	168	-
Pa Sites	-	-	-	-
Castleton Park - Sports Fields	30	149	-	149
Discretionary Community Facility Projects	114	53	53	-
Taylor/Vogel Street Development - Property	44	1,194	-	1,194
Addison Street Development - Property	68	909	391	518
Karapiro Minor Assets (Don Rowlands Centre)	20	16	16	-
Upgrade Site Managers House - Mighty River Domain	42	-	-	-
Children's Playground - Mighty River Domain	-	42	-	42
Public Conveniences - New Toilet Blocks	132	53	53	-
Purchase of Own Your Own Units	195	200	137	63
Renew Pensioner Housing - Palmer Street	1,161	-	682	(682)
Pensioner Housing - Renewals and Upgrades	267	314	314	-
New Pensioner Housing Construction	-	1,800	-	1,800
Purchase of land for Te Awamutu Western Arterial	-	300	209	91
Property Purchases	1,830	-	-	-
New Te Awamutu Library Construction	1,574	-	-	-
Te Awamutu Library - Refit - New Library	344	-	-	-
Design and Built Te Awamutu Museum	111	-	32	(32)
Te Awamutu Community Hub Precinct	153	430	357	73
Waipuke Park Development	84	-	-	-
Lake Mangakaware Enhancement of Heritage Values	64	79	79	-
Matakitaki Access & Restoration	59	33	33	-
Rata-Tu Reserve Implementation of Management Plan	50	63	63	-
EOC IT Hardware Procurement	36	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>7,254</b>	<b>13,587</b>	<b>10,371</b>	<b>3,216</b>
<b>To Replace Existing Assets</b>				
Parks Renewals	-	115	-	115
Karapiro / Arapuni Lakes Programme	41	176	26	150
Playground Equipment & Safety Surfaces Renewal	46	48	48	-
Parks Structure Renewals	11	132	72	60
Plant Replacement - Mighty River Domain	11	14	14	-
Library Books Te Awamutu	159	171	171	-
Library Books Cambridge	159	171	171	-
Carpark Renewals	4	63	63	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>431</b>	<b>890</b>	<b>565</b>	<b>325</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>8,780</b>	<b>15,152</b>	<b>11,461</b>	<b>3,691</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,675	9,845	9,626	219
Targeted rates	5,380	4,654	5,068	(414)
Subsidies and grants for operating purposes	28	11	53	(42)
Fees and charges	3,701	3,247	3,382	(135)
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>17,784</b>	<b>17,757</b>	<b>18,129</b>	<b>(372)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,208	12,855	12,644	211
Finance costs	268	280	525	(245)
Internal charges and overheads applied	2,352	2,277	2,404	(127)
Other operating funding applications	335	297	341	(44)
<b>Total applications of operating funding (B)</b>	<b>16,163</b>	<b>15,709</b>	<b>15,914</b>	<b>(205)</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,621</b>	<b>2,048</b>	<b>2,215</b>	<b>(167)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	327	2,199	2,157	42
Development and financial contributions	282	307	307	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>609</b>	<b>2,506</b>	<b>2,464</b>	<b>42</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,095	675	525	150
- to improve the level of service	7,254	13,587	10,371	3,216
- to replace existing assets	431	890	565	325
Increase (decrease) in reserves	(6,550)	(10,598)	(6,782)	(3,816)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,230</b>	<b>4,554</b>	<b>4,679</b>	<b>(125)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,621)</b>	<b>(2,048)</b>	<b>(2,215)</b>	<b>167</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Roads and Footpaths group

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### What we do

The Roads and Footpaths group of activities are the primary service provider for the construction and maintenance of the local transport network within the district. Our work in the road corridor, includes road and footpath construction and maintenance, road safety, cycling and walking, car parks, street lights and passenger transport. This group of activities is a core service for Council and is recognised as a significant activity by our Significance and Engagement Policy. The [Infrastructure Strategy](#) outlines the strategic intent of this activity.

### Key Projects for 2017/18

- Street light improvements: This is part of a programme to improve street lighting standards in urban areas to LED lighting.
- Road seal extensions: Programme to seal currently unsealed roads.
- Cycling projects: Ongoing development of cycling and walking from Te Awamutu to Pirongia.
- Te Awa River Ride: Extension of the River Ride between the Avantidrome and Hamilton.

### Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 171-182). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes are as follows:

#### Cost of service variance:

- **Waikato Road Asset Technical Accord (RATA):** Council provides the RATA services to the Waikato Local Authority Shared Services (Waikato LASS), which manages the relationship with the participating Councils (currently nine of the eleven Waikato councils, excluding Taupo, Rotorua and the Regional Council). RATA is budgeted to have a break-even financial position made up of an estimated revenue of \$608,000 offset by expenditure to the equivalent amount.
- **Depreciation:** Higher depreciation costs due to the impact of the 2014/15 revaluation of infrastructure assets.
- **Cambridge third bridge study:** Timing change to 2016/17, reducing the operating costs in 2017/18 by \$125,000.
- **Finance costs:** Interest costs are expected to be lower due to reductions in external loans, resulting in interest savings.

#### Capital variances:

- **Growth projects, Cambridge North & St. Leger Rd:** \$389,000 planned for expenditure Cambridge North in 2017/18 was brought forward to 2016/17. \$207,000 budgeted for development of St. Leger Rd has been deferred.
- **Te Awamutu Town Concept Plan:** \$518,000 planned for expenditure in 2017/18 to complete streetscape work at Selwyn Lane and Gorst Street has been undertaken 2016/17.
- **Cambridge Victoria / Hamilton Rd Intersection:** \$700,000 planned for expenditure in 2018/19 has been brought forward to 2017/18.

## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Fees, charges and NZTA subsidy	8,119	7,658	6,964	694
<b>TOTAL REVENUE</b>	<b>8,119</b>	<b>7,658</b>	<b>6,964</b>	<b>694</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	10,214	10,761	9,636	1,125
Activity Expenses	8,399	8,576	7,825	751
Internal charges and Overheads	1,385	1,484	1,495	(11)
Finance Costs	277	351	637	(286)
<b>TOTAL EXPENDITURE</b>	<b>20,275</b>	<b>21,172</b>	<b>19,593</b>	<b>1,579</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(12,156)</b>	<b>(13,514)</b>	<b>(12,629)</b>	<b>(885)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	18,778	11,308	10,889	419
Vested Assets	4,163	1,464	1,465	(1)
Debt Repayment (Internal)	1,603	2,100	1,809	291
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>24,544</b>	<b>14,872</b>	<b>14,163</b>	<b>709</b>

## Capital expenditure table

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Capital Projects	3,537	100	389	(289)
St Leger Road		-	207	(207)
Urban Upgrades - Development Related	51	103	52	51
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>3,588</b>	<b>203</b>	<b>648</b>	<b>(445)</b>
<b>To Improve Level of Service</b>				
Seal Extensions	507	628	518	110
New Footpaths	66	66	40	26
Car Park Improvements	54	54	83	(29)
Town Concept Plans Implementation	1,025	-	518	(518)
Passenger Transport Infrastructure	10	10	10	-
Street Light Improvements	481	445	445	-
Cycling Projects District Wide	795	1,586	352	1,234
Associated Improvements	-	500	500	-
Minor Improvements	1,179	519	519	-
Cambridge Bypass Roading Improvements	3,056	-	-	-
Cambridge Gateways Project	200	-	-	-
CBD Accessibility Improvements	101	153	104	49
Bridge Footpath Widening	-	20	20	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>7,474</b>	<b>3,981</b>	<b>3,109</b>	<b>872</b>
<b>To Replace Existing Assets</b>				
Footpath Renewals	325	325	332	(7)
Amenity Lighting Renewals	2	2	2	-
Car Park Renewals	75	75	77	(2)
Drainage Renewals	590	390	370	20
Sealed Road Resurfacing	3,029	2,867	2,867	-
Unsealed Road Metalling	97	97	100	(3)
Pavement Rehabilitation	3,030	3,000	3,000	-
Structures Component Renewal	485	285	301	(16)
Traffic Services Renewals	25	25	25	-
Bus Shelter Renewals	8	8	8	-
Guardrail Renewals	50	50	50	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>7,716</b>	<b>7,124</b>	<b>7,132</b>	<b>(8)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>18,778</b>	<b>11,308</b>	<b>10,889</b>	<b>419</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,433	9,649	10,355	(706)
Targeted rates	5,618	2,814	1,695	1,119
Subsidies and grants for operating purposes	2,837	2,859	2,768	91
Fees and charges	622	632	23	609
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>15,510</b>	<b>15,954</b>	<b>14,841</b>	<b>1,113</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,497	7,636	6,886	750
Finance costs	277	351	637	(286)
Internal charges and overheads applied	1,385	1,484	1,495	(11)
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,159</b>	<b>9,471</b>	<b>9,018</b>	<b>453</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,351</b>	<b>6,483</b>	<b>5,823</b>	<b>660</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6,561	4,168	4,173	(5)
Development and financial contributions	641	686	686	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>7,202</b>	<b>4,854</b>	<b>4,859</b>	<b>(5)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	3,588	203	648	(445)
- to improve the level of service	7,474	3,981	3,109	872
- to replace existing assets	7,716	7,124	7,132	(8)
Increase (decrease) in reserves	(5,225)	29	(207)	236
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>13,553</b>	<b>11,337</b>	<b>10,682</b>	<b>655</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,351)</b>	<b>(6,483)</b>	<b>(5,823)</b>	<b>(660)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Stormwater

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## What we do

Stormwater is rainfall that runs off roofs, roads and other surfaces and then into gutters and stormwater collection systems such as pipes, culverts, open drains/swales and detention structures.

## Key projects for 2017/18

- Cambridge deferred residential stormwater works: Works to develop the stormwater network within the Cambridge North residential area 2015/16 – 2019/20.
- Renewals (Stormwater): Ongoing district wide stormwater network renewals programme 2015/16 – 2024/25.

## Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 183-190). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes of interest are as follows:

### Cost of service variances:

- **Depreciation:** lower depreciation cost due to impact of 2014/15 revaluation of infrastructure assets.

### Capital variances:

- **Cambridge Residential Stormwater:** The timing of the programme of works has seen \$150,000 of the 2017/2018 budget brought forward to completion in 2016/2017.

## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	1,158	1,159	1,320	(161)
Activity Expenses	1,231	1,401	1,387	14
Internal charges and Overheads	366	383	391	(8)
Finance Costs	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>2,755</b>	<b>2,943</b>	<b>3,098</b>	<b>(155)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,755)</b>	<b>(2,943)</b>	<b>(3,098)</b>	<b>155</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	1,662	2,095	1,935	160
Vested Assets	1,431	577	577	-
Debt Repayment (Internal)	487	-	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>3,580</b>	<b>2,672</b>	<b>2,512</b>	<b>160</b>

## Capital expenditure table

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge Deferred Residential Stormwater Works	1,454	1,781	1,721	60
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>1,454</b>	<b>1,781</b>	<b>1,721</b>	<b>60</b>
<b>To Replace Existing Assets</b>				
Renewals	208	314	214	100
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>208</b>	<b>314</b>	<b>214</b>	<b>100</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,662</b>	<b>2,095</b>	<b>1,935</b>	<b>160</b>



## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	168	185	192	(7)
Targeted rates	2,652	2,703	2,852	(149)
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>2,820</b>	<b>2,888</b>	<b>3,044</b>	<b>(156)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,168	1,336	1,323	13
Finance costs	-	-	-	-
Internal charges and overheads applied	366	383	391	(8)
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,534</b>	<b>1,719</b>	<b>1,714</b>	<b>5</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,286</b>	<b>1,169</b>	<b>1,330</b>	<b>(161)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	1,434	1,476	1,476	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,434</b>	<b>1,476</b>	<b>1,476</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,454	1,781	1,721	60
- to improve the level of service	-	-	-	-
- to replace existing assets	208	314	214	100
Increase (decrease) in reserves	1,058	550	871	(321)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,720</b>	<b>2,645</b>	<b>2,806</b>	<b>(161)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,286)</b>	<b>(1,169)</b>	<b>(1,330)</b>	<b>161</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Wastewater treatment and disposal

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## What we do

This activity includes the reticulation network for the collection of sewage and trade waste and its treatment and disposal.

## Key Projects for 2017/18

- **Renewals (sewer pipes district wide):** Renewal of existing wastewater pipes will be a focus until 2024/25.
- **Te Awamutu wastewater treatment plant upgrade:** Upgrade of the existing plant to meet environmental compliance and accommodate for future growth 2016/17 - 2017/18.
- **Cambridge pipe bridge:** Upgrading and strengthening the bridge to accommodate increased volumes of wastewater.

## Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 191-199). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes of interest are as follows:

### Cost of service variances:

- **Trade waste revenue:** Revenue has been increased for waste discharge at the Karapiro Water Treatment Plant.
- **Depreciation:** Lower depreciation cost due to impact of 2014/15 revaluation of infrastructure assets.
- **Activity costs:** Decrease in salary costs due to re-structure of the water services department.
- **Internal charges:** Increase in internal charges due to change in salary recovery from the re-structure of the Water Services Department.

### Capital variances:

- **Cambridge wastewater pipe upgrades:** Further work on Cambridge wastewater pipe upgrades has been deferred from 2016/17, \$340,000.
- **Cambridge wastewater treatment plant:** The works program (\$7.7m) has been deferred to 2018/2019 for further consideration in the 2018-28 10-Year Plan.
- **Cambridge wastewater pipe bridge:** \$3.8m has been deferred from 2016/17 into 2017/18.
- **Te Awamutu Wastewater treatment plant:** \$1.1m has been deferred from 2016/17 into 2017/18.

## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Fees and Charges	597	555	501	54
<b>TOTAL REVENUE</b>	<b>597</b>	<b>555</b>	<b>501</b>	<b>54</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	2,859	2,899	3,486	(587)
Activity Expenses	2,589	2,694	2,909	(215)
Internal charges and Overheads	1,039	1,343	901	442
Finance Costs	-	-	64	(64)
<b>TOTAL EXPENDITURE</b>	<b>6,487</b>	<b>6,936</b>	<b>7,360</b>	<b>(424)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(5,890)</b>	<b>(6,381)</b>	<b>(6,859)</b>	<b>478</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	4,237	14,512	16,000	(1,488)
Vested Assets	1,657	221	221	-
Debt Repayment (Internal)	-	-	120	(120)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>5,894</b>	<b>14,733</b>	<b>16,341</b>	<b>(1,608)</b>

## Capital expenditure table

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Deferred Residential	772	-	-	-
Cambridge Wastewater Pipe Upgrades	671	340	-	340
Te Awamutu Wastewater Pipe Upgrades	259	-	-	-
Te Awamutu Wastewater Treatment Plant Upgrade	597	3,718	2,542	1,176
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>2,299</b>	<b>4,058</b>	<b>2,542</b>	<b>1,516</b>
<b>To Improve Level of Service</b>				
Waikeria Prison Expansion - WW Connection	-	750	-	750
Cambridge Wastewater Treatment Plant Upgrade Stage 1	245	200	7,891	(7,691)
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>245</b>	<b>950</b>	<b>7,891</b>	<b>(6,941)</b>
<b>To Replace Existing Assets</b>				
Renewals	840	802	802	-
Cambridge Pipe Bridge	563	8,400	4,575	3,825
Plant and Pumps	290	302	190	112
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>1,693</b>	<b>9,504</b>	<b>5,567</b>	<b>3,937</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,237</b>	<b>14,512</b>	<b>16,000</b>	<b>(1,488)</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	491	560	596	(36)
Targeted rates	6,175	6,280	6,300	(20)
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	597	555	501	54
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>7,263</b>	<b>7,395</b>	<b>7,397</b>	<b>(2)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,492	2,594	2,809	(215)
Finance costs	-	-	64	(64)
Internal charges and overheads applied	1,039	1,343	901	442
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,531</b>	<b>3,937</b>	<b>3,774</b>	<b>163</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,732</b>	<b>3,458</b>	<b>3,623</b>	<b>(165)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	750	-	750
Development and financial contributions	997	1,079	1,079	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>997</b>	<b>1,829</b>	<b>1,079</b>	<b>750</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	2,299	4,058	2,542	1,516
- to improve the level of service	245	950	7,891	(6,941)
- to replace existing assets	1,693	9,504	5,567	3,937
Increase (decrease) in reserves	492	(9,225)	(11,298)	2,073
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,729</b>	<b>5,287</b>	<b>4,702</b>	<b>585</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,732)</b>	<b>(3,458)</b>	<b>(3,623)</b>	<b>165</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Water Treatment and Supply group

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### What we do

This group of activities includes all the services involved in abstracting, treating, storing and distributing water to users through the reticulation network.

### Key projects for 2017/18

- District-wide main replacement criticality 1 & 2: Renewal of existing water pipes 2016/17 - 2024/25.
- District-wide rider main installation: Renewal of existing water pipes 2016/17 - 2024/25.
- Karāpiro Water Treatment Plant upgrade: Upgrade of the existing treatment plant to cater for growth 2016/17 - 2017/18.

### Changes from the 10-Year Plan 2015-25

There are no clearly significant or material changes from the programme outlined in the 10-Year Plan (pages 201-215). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes of interest are as follows:

#### Cost of service variance:

- **Depreciation:** Lower depreciation cost due to impact of 2014/15 revaluation of infrastructure assets.
- **Activity costs:** An increase of \$100,000 for discharge of waste at the Karapiro Water Treatment Plant not previously budgeted for. Decrease in salary costs due to re-structure of the water services department.
- **Internal charges:** Decrease in internal charges due to change in salary recovery from the re-structure of the Water Services Department.
- **Interest Expense:** Higher interest costs from bringing forward the installation of water meters.

#### Capital variances:

- **Dedicated Main Leamington to Hautapu:** Timing change to reflect timing of growth in Hautapu.
- **Parallel Rd Water Treatment Plant Upgrade:** The works programme (\$535,000) has been deferred to 2018/2019 for further consideration in the 2018-28 10-Year Plan.
- **Pukerimu Water Supply – Upgrade Supply to Airport:** \$150,000 originally planned for 2015/16 has been deferred to this year.
- **Water meters:** Timing of the major contract for meter installation was brought forward into 2016/17 - \$2.2m.

## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Fees, charges and targeted rates for water supply	6,161	6,423	6,345	78
<b>TOTAL REVENUE</b>	<b>6,161</b>	<b>6,423</b>	<b>6,345</b>	<b>78</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	3,959	4,293	4,516	(223)
Activity Expenses	6,053	5,996	5,565	431
Internal charges and Overheads	282	98	409	(311)
Finance Costs	-	44	-	44
<b>TOTAL EXPENDITURE</b>	<b>10,294</b>	<b>10,431</b>	<b>10,490</b>	<b>(59)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(4,133)</b>	<b>(4,008)</b>	<b>(4,145)</b>	<b>137</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	17,310	6,936	9,345	(2,409)
Vested Assets	1,008	317	317	-
Debt Repayment (Internal)	-	1,784	-	1,784
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>18,318</b>	<b>9,037</b>	<b>9,662</b>	<b>(625)</b>

## Capital expenditure table

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Meet Additional Demand</b>				
Karapiro Rising Main	1,384	-	-	-
Cambridge North Water Provision	161	-	-	-
Dedicated Main Leamington to Hautapu	-	200	-	200
Karapiro Water Treatment Plant Upgrade	2,699	2,913	2,913	-
Cambridge Water Reticulation Active Control	70	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>4,314</b>	<b>3,113</b>	<b>2,913</b>	<b>200</b>
<b>To Improve Level of Service</b>				
Cambridge Hicks Rd WTP Upgrade	2,246	-	-	-
Parallel Rd Water Treatment Plant Upgrade	-	-	535	(535)
Parallel Rd to Taylors Hill Pipeline	208	214	214	-
Standby Generators for Treatment Plants	98	137	137	-
Pukerimu Water Supply - Upgrade Supply to Airport	-	150	-	150
Drinking Water Compliance	50	-	-	-
Investigation of New Water Sources Te Awamutu	343	-	-	-
Water Meters - New and Replacement	7,249	-	2,224	(2,224)
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>10,194</b>	<b>501</b>	<b>3,110</b>	<b>(2,609)</b>
<b>To Replace Existing Assets</b>				
Renewals	552	189	189	-
DW Main Replacement Criticality 1	2,114	1,710	1,710	-
District Wide Rider Main Installation	136	140	140	-
District Wide Main Replacement & Upgrade - Criticality 2	-	1,283	1,283	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>2,802</b>	<b>3,322</b>	<b>3,322</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>17,310</b>	<b>6,936</b>	<b>9,345</b>	<b>(2,409)</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	673	759	760	(1)
Targeted rates	4,165	4,403	4,548	(145)
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	6,161	6,423	6,345	78
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>10,999</b>	<b>11,585</b>	<b>11,653</b>	<b>(68)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,928	5,867	5,437	430
Finance costs	-	44	-	44
Internal charges and overheads applied	282	98	409	(311)
Other operating funding applications	5	5	5	-
<b>Total applications of operating funding (B)</b>	<b>6,215</b>	<b>6,014</b>	<b>5,851</b>	<b>163</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,784</b>	<b>5,571</b>	<b>5,802</b>	<b>(231)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	802	872	872	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>802</b>	<b>872</b>	<b>872</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	4,314	3,113	2,913	200
- to improve the level of service	10,194	501	3,110	(2,609)
- to replace existing assets	2,802	3,322	3,322	-
Increase (decrease) in reserves	(11,724)	(493)	(2,671)	2,178
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,586</b>	<b>6,443</b>	<b>6,674</b>	<b>(231)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,784)</b>	<b>(5,571)</b>	<b>(5,802)</b>	<b>231</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Support Services group

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### What we do

This group provides a range of specialist skills and support services, including customer support, financial management, human resources, information services, legal and corporate support, and property management.

### Key projects for 2017/18

- **Vehicle and other plant renewals:** An ongoing programme that ensures our plant and vehicles are up-to-date and reliable 2016/17 - 2024/25.
- **Office accommodation fit out and modernisation:** Utilising of the old Te Awamutu library building as office space, enabling the leases on additional office spaces in Cambridge to be discontinued.

### Changes from the 10-Year Plan 2015-25

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 217-223). The variations from the 10-Year Plan 2015-25 are shown in the following tables. Activity changes of interest are as follows:

#### Cost of service variances:

- **Depreciation:** Reduction in depreciation as capital costs are decreased due to migration of Information Technology into a service cloud platform.
- **Finance costs:** Interest costs are lower due to reduction in external loans resulting in interest savings.
- **Activity costs:** Higher Information Technology operating costs as capital work is replaced by migration into a service cloud platform.
- **Accommodation costs:** Savings through the use of 135 Roche St Te Awamutu for staff office space and terminating the rental at 14 Wilson St Cambridge. The timing has been brought forward compared to the 10-Year Plan.

#### Capital variances:

- **Building refurbishment:** \$500,000 planned for refurbishment works to convert the Te Awamutu Library into office space had been brought forward to 2016/2017.
- **Computer Hardware:** Budgets transferred to operating cost – leases.
- **Computer Software:** \$139,000 cost reduction achieved through cloud sources software model.



## Statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Fees and Charges	58	43	7	36
<b>TOTAL REVENUE</b>	<b>58</b>	<b>43</b>	<b>7</b>	<b>36</b>
<b>OPERATING EXPENDITURE</b>				
Employee Related Expenses	6,287	6,441	6,538	(97)
Depreciation and Amortisation	932	906	1,170	(264)
Activity Expenses	3,441	3,467	3,161	306
Finance Costs	70	203	553	(350)
<b>TOTAL EXPENDITURE</b>	<b>10,730</b>	<b>11,017</b>	<b>11,422</b>	<b>(405)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(10,672)</b>	<b>(10,974)</b>	<b>(11,415)</b>	<b>441</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	1,919	2,070	2,557	(487)
Debt Repayment	407	461	458	3
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,326</b>	<b>2,531</b>	<b>3,015</b>	<b>(484)</b>

## Capital expenditure table

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>To Improve Level of Service</b>				
Buildings	857	889	804	85
Computer Hardware Upgrades	-	50	105	(55)
Computer Software Upgrades	47	-	-	-
<b>Total to Improve Level of Service</b>	<b>904</b>	<b>939</b>	<b>909</b>	<b>30</b>
<b>To Replace Existing Assets</b>				
Plant	467	594	541	53
Carparks Renewals	-	19	19	-
Computer Hardware Renewals	215	226	657	(431)
Computer Software Renewals	333	292	431	(139)
<b>Total to Replace Existing Assets</b>	<b>1,015</b>	<b>1,131</b>	<b>1,648</b>	<b>(517)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,919</b>	<b>2,070</b>	<b>2,557</b>	<b>(487)</b>

## Funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	289	323	303	20
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	58	43	7	36
Internal charges and overheads recovered	10,446	10,614	11,082	(468)
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>10,793</b>	<b>10,980</b>	<b>11,392</b>	<b>(412)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	9,728	9,908	9,699	209
Finance costs	70	203	553	(350)
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,798</b>	<b>10,111</b>	<b>10,252</b>	<b>(141)</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>995</b>	<b>869</b>	<b>1,140</b>	<b>(271)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	20	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	904	939	909	30
- to replace existing assets	1,015	1,131	1,648	(517)
Increase (decrease) in reserves	(904)	(1,201)	(1,417)	216
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,015</b>	<b>869</b>	<b>1,140</b>	<b>(271)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(995)</b>	<b>(869)</b>	<b>(1,140)</b>	<b>271</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Financial planning

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### Statement of prospective financial information

The financial information contained within this plan is prospective financial information which complies with the Financial Reporting Standard 42 (FRS42). FRS42 sets the principles and specifies minimum disclosures for the preparation and presentation of general purpose prospective financial information. The purpose of this financial information is to enable the public to participate in the decision making process as to the services that we will provide over the financial year 2017/18, and to provide a broad accountability mechanism for Council to the community. The financial information may not be appropriate for purposes other than those described.

In relation to the FRS42, the financial year 2017/18 is considered to be a 'forecast year' and based on future events, which are expected to occur. The actual results achieved for the period are likely to vary from the information presented and may vary depending upon the circumstances that arise during the period.

The forecast financial information has been prepared in accordance with Council's current policies which comply with the New Zealand International Financial Reporting Standards.

We are responsible for the Prospective Financial Statements, including the appropriateness of the underlying assumptions and all other required disclosures.

### Use of prior year surpluses

In the 2015/16 year Council realised a general funds cash surplus of \$891,000 against a break even budget. Part of these funds (\$570,000) have been applied to reduce the rates required for the 2017/18 year from the average 3.1 per cent indicated in the 10-Year Plan to 2.0 per cent average increase.

### Hall Rates

Two Community Halls have requested increases to their hall rates which are collected and paid to the hall committees.

Whitehall Settlers Hall Assn – requested its levy be increased by \$5 per dwelling to be \$30.00 GST inclusive, an additional \$530 to cover the higher basic costs of running the hall being insurance, power and maintenance.

Pirongia Sports & Recreation Centre sent in a late request to the 2016/17 Annual Plan. The request was excluded from the 2016/17 Annual Plan but to be included for consideration as part of the 17/18 draft Annual Plan process.

Pirongia Sports & Recreation Centre requested an increase of \$3.60 per dwelling to be \$13.80 GST inclusive, an additional \$3,990 to cover the significant cost increase of insurance and associated costs of the centre.

## Prospective statement of comprehensive revenue and expense for year ending 30 June 2018

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>OPERATING INCOME</b>				
Rates, excluding targeted water supply rates	47,592	50,106	50,593	(487)
Fees, charges, and targeted rates for water supply	15,374	15,135	14,767	368
Reserve contributions	282	307	307	-
Development contributions	3,874	4,113	4,113	-
Gain on revaluation of investment properties & forestry	559	577	577	-
Vested assets	8,308	2,580	2,580	-
Discovered assets	50	-	-	-
Finance income	1,071	310	263	47
Subsidies and Grants	9,819	10,029	9,190	839
Other revenue	333	342	342	-
<b>Total Operating Income</b>	<b>87,262</b>	<b>83,499</b>	<b>82,732</b>	<b>767</b>
<b>OPERATING EXPENDITURE</b>				
Employee benefit expenses	18,514	19,658	19,040	618
Depreciation & amortisation	20,810	21,530	21,911	(381)
Other expenses	31,318	29,383	27,298	2,085
Finance costs	1,068	934	1,859	(925)
<b>Total Operating Expenditure</b>	<b>71,710</b>	<b>71,505</b>	<b>70,108</b>	<b>1,397</b>
<b>OPERATING SURPLUS</b>	<b>15,552</b>	<b>11,994</b>	<b>12,624</b>	<b>(630)</b>
<b>Other Comprehensive Income recognised directly in Equity</b>				
Property Plant and Equipment				
Revaluation gains/(losses) taken to equity	27,836	22,900	21,487	1,413
Cash flow hedges	114	107	107	-
<b>Total Other Comprehensive Income for the year</b>	<b>27,950</b>	<b>23,007</b>	<b>21,594</b>	<b>1,413</b>
<b>Total Comprehensive Income for the year</b>	<b>43,502</b>	<b>35,001</b>	<b>34,218</b>	<b>783</b>

Any operating surpluses generally come from non-cash items; we budget for a general funds cash break-even position. The statement of comprehensive revenue and expense also includes significant infrastructural revaluations which are also non-cash items.

## Prospective statement of changes in equity for the year ending 30 June 2018

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
Balance at 1 July	1,333,556	1,377,058	1,291,589	85,469
Total comprehensive income previously reported	43,502	35,001	34,218	783
<b>Balance at 30 June</b>	<b>1,377,058</b>	<b>1,412,059</b>	<b>1,325,807</b>	<b>86,252</b>
Equity represented by				
Retained Earnings	422,472	435,900	411,973	23,927
Other Reserves	954,586	976,159	913,834	62,325
Total Equity	1,377,058	1,412,059	1,325,807	86,252

## Prospective statement of financial position as at 30 June 2018

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	1,996	1,849	2,135	(286)
Trade and other receivables	2,890	2,087	4,058	(1,971)
Other financial assets	-	-	208	(208)
<b>Total Current Assets</b>	<b>4,886</b>	<b>3,936</b>	<b>6,401</b>	<b>(2,465)</b>
<b>Non Current Assets</b>				
Property plant and equipment	1,382,511	1,434,614	1,367,046	67,568
Intangible Assets	1,154	1,427	1,800	(373)
Forestry Assets	1,623	1,623	1,318	305
Investment Properties	15,170	12,814	12,064	750
Other financial assets	2,997	2,997	2,836	161
<b>Total Non Current Assets</b>	<b>1,403,455</b>	<b>1,453,475</b>	<b>1,385,064</b>	<b>68,411</b>
<b>Total Assets</b>	<b>1,408,341</b>	<b>1,457,411</b>	<b>1,391,465</b>	<b>65,946</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	14,903	15,072	9,657	5,415
Provisions	35	32	51	(19)
Employee benefit liabilities	1,104	1,138	1,291	(153)
Borrowings	7,000	6,000	6,000	-
<b>Total Current Liabilities</b>	<b>23,042</b>	<b>22,242</b>	<b>16,999</b>	<b>5,243</b>
<b>Non Current Liabilities</b>				
Derivative financial instruments	1,526	1,419	510	909
Provisions	715	691	649	42
Borrowings	6,000	21,000	47,500	(26,500)
<b>Total Non Current Liabilities</b>	<b>8,241</b>	<b>23,110</b>	<b>48,659</b>	<b>(25,549)</b>
<b>Total Liabilities</b>	<b>31,283</b>	<b>45,352</b>	<b>65,658</b>	<b>(20,306)</b>
<b>EQUITY</b>				
Retained Earnings	422,472	435,900	411,973	23,927
Other reserves	954,586	976,159	913,834	62,325
<b>Total Equity</b>	<b>1,377,058</b>	<b>1,412,059</b>	<b>1,325,807</b>	<b>86,252</b>

## Prospective statement of cash flow for the year ending 30 June 2018

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Cash Flows from Operating Activities</b>				
Receipts from rates revenue	47,592	50,106	50,594	(488)
Interest received	1,071	310	263	47
Receipts from other revenue	29,682	29,925	28,623	1,302
Payments to suppliers and employees	(46,279)	(48,630)	(45,925)	(2,705)
Interest Paid	(1,068)	(934)	(1,859)	925
<b>Net Cash Flow from Operating Activities</b>	<b>30,998</b>	<b>30,777</b>	<b>31,696</b>	<b>(919)</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from sale of property, plant and equipment	-	1,800	-	1,800
Proceeds from sale of investment property	-	4,387	1,704	2,683
Purchase of intangible assets	(380)	(292)	(431)	139
Purchase of property, plant and equipment	(46,299)	(48,716)	(51,392)	2,676
Purchase & Development of investment property	(68)	(2,103)	(391)	(1,712)
<b>Net Cash Flow from Investing Activities</b>	<b>(46,747)</b>	<b>(44,924)</b>	<b>(50,510)</b>	<b>5,586</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	-	21,000	26,000	(5,000)
Repayment of borrowings	-	(7,000)	(7,000)	-
<b>Net Cash Flow from Financing Activities</b>	<b>-</b>	<b>14,000</b>	<b>19,000</b>	<b>(5,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,749)</b>	<b>(147)</b>	<b>186</b>	<b>(333)</b>
Cash and cash equivalents at the beginning of the year	17,745	1,996	1,949	47
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>1,996</b>	<b>1,849</b>	<b>2,135</b>	<b>(286)</b>

## Statement of borrowing for the year ending 30 June 2018

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Movements in Borrowings</b>				
Opening Balance	13,000	13,000	34,500	(21,500)
Net Loans Raised/(Repaid)	-	14,000	19,000	(5,000)
Closing Balance	13,000	27,000	53,500	(26,500)
Current Portion of External Debt	7,000	6,000	6,000	-
Term Portion of External Debt	6,000	21,000	47,500	(26,500)
	13,000	27,000	53,500	(26,500)



## Operating expenditure variations to 10-Year Plan

	2017/18 Annual Plan	2017/18 LTP	2017/18 Variance
Net Cost of Service of Significant Activities	\$000	\$000	\$000
<b>Governance</b>	7,597	7,262	335
Costs for an independent audit advisor for Audit and Risk Committee. Honorariums for Councillors. Funding for Mayoral forum and Healthy Rivers. Increase in community grants. Offset by transferring the District Plan between Significant Activities, and transfer of salary costs between activities due to restructure 15/16 year.			
<b>Planning and Regulatory</b>	2,255	1,879	376
Removal of revenue from Earthquake building assessments due to legislation not allowing for direct charging of work. Salary costs transfer between activities due to restructure in 15/16 year and cost of District Plan transferred from Governance.			
<b>Community Services and Facilities</b>	13,133	13,309	(176)
Timing of Gain on Sale from development of properties, Reduction in interest expense on loans, additional maintenance expenses for locations due to growth			
<b>Roads and Footpaths</b>	13,514	12,629	885
Reduction in interest expense on loans, higher depreciation due to revaluation			
<b>Stormwater</b>	2,943	3,098	(155)
Lower depreciation due to revaluation			
<b>Water Treatment and Supply</b>	4,008	4,145	(137)
Lower depreciation due to revaluation, internal waste disposal costs, Salary and activity costs transferred between activities due to restructure, higher interest costs due to timing of Water meters project brought forward			
<b>Wastewater Treatment and Disposal</b>	6,381	6,859	(478)
Reduced interest expense and lower depreciation due to revaluation offset by salary and activity costs transferred between activities due to restructure.			
<b>Support Services</b>	360	333	27
Lower depreciation due to lower asset values, salary costs transfer between activities due to restructure, reduction in interest expenses on loans, Internal Audit costs, reduction in cost of office rental, offset by increased IT costs from IT platforms moving to the Cloud			
	50,191	49,514	677

## Capital expenditure programme

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Projects</b>				
Governance	61	27	27	-
Community Services and Facilities	8,780	15,152	11,461	3,691
Roads and Footpaths	22,941	12,772	12,354	418
Stormwater	3,093	2,672	2,512	160
Wastewater Treatment and Disposal	5,894	14,733	16,221	(1,488)
Water Treatment and Supply	18,318	7,253	9,662	(2,409)
Support Services	1,919	2,070	2,557	(487)
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>61,006</b>	<b>54,679</b>	<b>54,794</b>	<b>(115)</b>

**Note:** Refer to the group of activity section in this plan which outlines the individual projects in detail and the variations to the 10-Year Plan.

## Council reserve funds, movements and balances

	2016/17	2017/18	2017/18	2017/18
	Forecast	Transfer to	Transfer From	Closing
	\$000	Reserve	Reserve	Balance
		\$000	\$000	\$000
<i>Council created reserves consist of:</i>				
<b>Property Reserves</b>				
Asset Sales Cambridge	1,875	858	(802)	1,931
Asset Sales Te Awamutu	221	7	-	228
Asset Sales General	439	13	-	452
Endowment Land Cambridge	2,178	3,650	(1,116)	4,712
Endowment Land Pirongia	18	1	-	19
Endowment Land Te Awamutu	96	3	-	99
Endowment Land Waipa District	13	1	-	14
Residential Housing Reserve	155	1,027	(729)	453
<b>Reserve Contributions &amp; Development Contributions</b>				
Cambridge North	1,124	2,799	(2,613)	1,310
District Wide Stormwater	249	24	-	273
District Wide Waste Water	1,670	605	(1,945)	330
District Wide Water Treatment and Supply	368	535	(294)	609
District Wide Rooding	851	265	(103)	1,013
District Wide Reserve Developments	356	141	(242)	255
District Wide Land Purchase	610	51	(234)	427
Te Awamutu Library/Museum	130	-	-	130
<b>Special Funds</b>				
Cemetery Paterangi	4	-	-	4
Project Funding Reserve	3,544	-	(1,680)	1,864
General Insurance Reserve	197	50	-	247
Infrastructure Insurance Reserve	467	30	-	497
Te Awamutu 110kv Compensation Reserve	348	-	-	348
Pavement Levies	17	-	-	17
<b>Separate Balances</b>				
Rooding Reserve	1,520			1,520
Stormwater Reserve	498	4,732	(4,148)	1,082
Water Supply Reserve	1,608	15,023	(15,023)	1,608
Waste Water Reserve	5,438	15,712	(17,402)	3,748
Depreciation Reserve - Long Term Assets	590	1,079	(957)	712
Depreciation Reserve - Medium Term Assets	1,782	1,095	(1,394)	1,483
<b>Asset Revaluation Reserves</b>				
<b>Operational assets</b>				
Land	101,133	-	(70)	101,063
Buildings	22,084	-	(276)	21,808
Intangible	291	-	-	291
<b>Infrastructural Assets</b>				
Sewerage System	49,667	2,661	-	52,328
Water System	59,357	3,541	-	62,898
Drainage network	37,586	1,851	-	39,437
Rooding network	658,102	14,847	-	672,949
<b>Total</b>	<b>954,586</b>	<b>70,601</b>	<b>(49,028)</b>	<b>976,159</b>

## Council reserves

The table below sets out the purpose of the reserves held by Council and the related activities for these reserves.

Reserve	Purpose	Activity
<b>Property Reserves</b>		
Asset Sales Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	Properties
Asset Sales Te Awamutu	Proceeds from Te Awamutu asset sales held in reserve to fund future asset purchases	Properties
Asset Sales General	Proceeds from district wide asset sales held in reserve to fund future asset purchases	Properties
Endowment Land Cambridge	Proceeds from sale of Cambridge endowment land held in reserve for endowment purposes	Properties
Endowment Land Pirongia	Proceeds from sale of Pirongia endowment land held in reserve for endowment purposes	Properties
Endowment Land Te Awamutu	Proceeds from sale of Te Awamutu endowment land held in reserve for endowment purposes	Properties
Endowment Land Waipa District	Proceeds from sale of District Wide endowment land held in reserve for endowment purposes	Properties
Forestry Reserve	Proceeds from forestry harvesting to fund future forestry activities	Forestry
Residential Housing Reserve	Proceeds from residential housing rental revenue to fund the operating and capital expenditure	Properties
Pensioner Housing & Own Your Own Housing	Proceeds from pensioner housing and own your own housing revenue to fund the operating and capital expenditure within its own portfolio	Properties
<b>Reserve Contributions &amp; Development Contributions</b>		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths / Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
District Wide Stormwater	Proceeds from development contributions to fund growth related expenditure	Stormwater
District Wide Wastewater	Proceeds from development contributions to fund growth related expenditure	Wastewater Treatment & Disposal
District Wide Water Treatment & Supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply
District Wide Roding	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths
District Wide Reserve	Proceeds from development	Parks & Reserves

Reserve	Purpose	Activity
Developments	contributions to fund growth related expenditure	
District Wide Land Purchase	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
Te Awamutu Library/Museum	Proceeds from development contributions to fund growth related expenditure for Te Awamutu Library/Museum	District Libraries / Museums
<b>Special Funds</b>		
Cemetery Paterangi	Proceeds held in reserve to fund future capital works	Cemeteries
Project Funding Reserve	Funding for specific projects to be completed in the following year	All activities
General Insurance Reserve	Provision to pay call-ups and to fund increase in deductibles of claims as well as to help to pay future premium increases	All activities
Infrastructure Insurance Reserve	Provision to pay additional contributions that may occur and to help cover the insurance deductible if a major event happens in the Waipa District	Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
Te Awamutu 100kv Compensation Reserve	Proceeds from the granting of easement rights for the Waipa Networks 110kv line, held in reserve for appropriate future utilisation with due regard to the source of these funds.	Properties
<b>Separate Balances</b>		
Roading Reserve	Funds held in reserve for capital works expenditure	Roads & Footpaths
Stormwater Reserve	Funds held in reserve for capital works expenditure	Stormwater
Water Supply Reserve	Funds held in reserve for capital works expenditure	Water Treatment & Supply
Wastewater Reserve	Funds held in reserve for operating and capital works expenditure	Wastewater Treatment & Disposal
Depreciation Reserve Long Term Assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
Depreciation Reserve Medium Term Assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
<b>Asset Revaluation Reserves</b>		
<b>Operational</b>		
Land	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
Buildings	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
<b>Infrastructural Assets</b>		
Sewerage System	Non cash reserve to record appreciation values arising from asset revaluations	Wastewater Treatment & Disposal
Water System	Non cash reserve to record appreciation values arising from asset revaluations	Water Treatment & Supply
Drainage Network	Non cash reserve to record appreciation values arising from asset revaluations	Stormwater

Reserve	Purpose	Activity
Roading Network	Non cash reserve to record appreciation values arising from asset revaluations	Roads & Footpaths

## Financial Disclosure Statements

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Annual Plan disclosure statement for year ending 30 June 2018.

### What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual plan 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.

Benchmark		Planned	Met
Rates affordability benchmark:			
▪ Income	Rate levels will be limited to a maximum of 65% of total revenue.	60%	Yes
▪ Increases	Annual increases for existing ratepayers will be limited to no more than the forecast Local Government Cost Index for the year plus 3%	2.0%	Yes
Debt affordability benchmark	Quantified limit is set at 110% of the debt forecasted	\$27m	Yes
Balanced budget benchmark	100%	108%	Yes
Essential services benchmark	100%	183%	Yes
Debt servicing benchmark	10%	1.21%	Yes

#### Notes:

#### 1 Rates affordability benchmark

- (a) For this benchmark:
- (i) The council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's 10-year Plan; and
  - (ii) The council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's 10-year Plan.
- (b) The council meets the rates affordability benchmark if:
- (i) Its planned rates income for the year equals or is less than each quantified limit on rates; and
  - (ii) Its planned rates increases for the year equal or are less than each quantified limit on rates increases.

#### 2 Debt affordability benchmark

- (a) For this benchmark, the council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the council's 10-year Plan.
- (b) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

### **3 Balanced budget benchmark**

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

### **4 Essential services benchmark**

- (a) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (b) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

### **5 Debt servicing benchmark**

- (a) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (b) Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



## Statement of accounting policies

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### Reporting entity

Waipa 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 group consists of the ultimate parent, Waipa District Council, and the Waipa Community Facilities Trust.

The primary objective of Council and group is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

### 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.

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council is New Zealand dollars.

### Revenue

Revenue is measured at the fair value of consideration received.

Revenue may be derived from either exchange or non-exchange transactions.

#### *Exchange Transactions*

Exchange transactions are transactions where Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Specific accounting policies for major categories of exchange revenue transactions are listed below.

#### *Interest and dividends*

Interest income is recognised using the effective interest method.

Dividends are recognised when Council's right to receive the payment is established.

### *Pensioner Housing Revenue*

Rental revenue arising from tenancy agreements is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of revenue and expenditure due to its operating nature.

### *Other gains and losses*

Other gains and losses include fair value gains and losses on financial instruments at fair value through surplus or deficit, unrealised fair value gains and losses on the revaluation of investment properties and realised gains and losses on the sale of Property, Plant and Equipment (PPE) held at cost.

### *Sales of goods*

Revenue from the sale of goods is recognised when a product is sold to the customer.

### **Non-Exchange Transactions**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange, or where the value given or received is not able to be accurately measured.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.

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.

Specific accounting policies for major categories of non-exchange revenue transactions are listed below.

### **Rates Revenue**

The following policies for rates have been applied:

- General rates and targeted rates (excluding water-by-meter) are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The 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 actual basis. 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 in rates revenue when the Council has received an application that satisfies its rates remission policy.

### **Development 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.

#### ***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 received***

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.

#### ***Direct charges***

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licencing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

#### ***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 the Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.

#### ***Infringement fees and fines***

Infringement fees and fines mostly relate to animal infringements and parking infringements and is recognised when the revenue is received. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

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

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in Council are recognised as revenue when control over the asset is obtained.

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

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

## **Borrowing Costs**

In accordance with PBE IPSAS 5 Borrowing Costs, all borrowing costs are recognised as an expense in the period in which they are incurred.

## **Grant Expenditure**

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 grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and grants are recognised as expenditure on payment.

## **Leases**

### ***Operating leases***

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

## **Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

## **Trade and Other Receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return of a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

A provision between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## Financial Assets

Council classifies its investments in the following categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables;
- Held-to-maturity investments; and
- Financial assets at fair value through other comprehensive revenue and expense.

The classification depends on the reason behind acquiring the investment. Council decides how to classify its investments when they are acquired.

Purchases and sales of investments are recorded on the value date. Financial assets are no longer recognised when the right to receive cash flows from the financial assets has expired or has been transferred. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, Council establishes fair value through valuation techniques. At each year end Council assesses whether there is evidence that a financial asset or group of financial assets is impaired. Any impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

### ***Financial assets at fair value through surplus or deficit***

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit. A financial asset falls in this category if acquired principally to sell in the short-term or if designated this way by Council. After initial recognition, they are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. These financial assets are classified as current assets if they are held for trading or expected to be realised within twelve months of the year end date.

### ***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. They arise when Council provides money, goods or services directly to a debtor with no intention of selling the receivable asset. After initial recognition, they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. They are included in current assets, except for those with maturities greater than twelve months after the year end date, which are classified as non-current assets.

### ***Held-to-Maturity Investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the intention and ability to hold to maturity. After initial recognition, they are measured at amortised cost using the effective interest method. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

### ***Financial Assets at 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 the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date. The Council 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.

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

## **Assets Held for Sale**

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale 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.

These assets are not depreciated or amortised.

## **Property, Plant and Equipment**

Property, plant and equipment consists of:

- Operational assets which include land, buildings, library books, plant, furniture and equipment, and motor vehicles.
- Infrastructural assets which are the fixed utility systems. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

### ***Additions***

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. Additions are generally recognised at cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value at the date of acquisition.

### ***Disposals***

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

### **Subsequent Costs**

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

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

### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, 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:

Asset	Components	Years
Water Treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Water Reticulation	Pipes	25 – 130
	Fittings	10 – 30
Sewage Treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Sewerage Reticulation	Pipes	50 – 130
	Fittings	25 – 80
	Manholes	50 – 80
Stormwater	Structures	15 – 80
	Pipes	50 – 130
	Manholes	50 - 80
Formation/carriageway and shoulder		Infinite
Pavement structure		30 – 150
Pavement surface (seal)		10 – 20
Catchpits and culverts		30 – 80
Bridges		20 – 120
Kerb and channel		30 - 50
Lighting		10 – 50
Footpaths		15 – 100
Signs		5 – 35
Railings		20 – 35
Islands		35 - 100
Buildings – not componentised		20 – 100
Building – structure		30 – 100
Building – fit-out		25 – 80
Building – services		25 – 80
Plant/motor vehicles		3 – 15
Furniture, fittings and equipment		3 – 15
Computer equipment		3 – 15
Intangibles		3 – 15
Library Books		7

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

## **Revaluation**

Those asset classes that are revalued are valued on a bi-annual cycle on the basis described below, with the exception of Operational Land and Buildings, which is valued every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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 revenue and expense 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.

## **Operational Land and Buildings**

At fair value as determined from market-based evidence where there is a market, or depreciated replacement cost for specialised assets, by an independent valuer. The most recent valuation was performed by Quotable Value Limited - Asset and Advisory (registered valuers) and the valuation is effective as at 30 June 2017.

## **Infrastructural Assets**

At fair value determined on a depreciated replacement cost basis by an independent valuer. The valuation of the utility assets was performed by AECOM New Zealand Limited (AECOM) and the valuation is effective as at 30 June 2017. The valuation of the roading assets was performed by Beca Valuations Limited (Beca) and is effective as at 30 June 2017. Commencing in the 2017/18 year the infrastructure asset revaluation cycle will change from an annual to biennial basis. The biennial revaluation cycle for road and utility assets will commence in the 2017/18 and 2018/19 years respectively.

## **Land under Roads and Road Reserves**

Valued by Opus International Consultants Limited (registered valuers) using estimates provided by Quotable Value at current market prices (\$/ha) for land use categories through which the roads pass. The valuation is effective as at 1 July 2006. Land under roads is no longer revalued.

## **Intangible Assets**

### *Software acquisition and development*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.



### ***Emissions Trading Scheme***

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus or deficit. If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. After initial recognition, Emission Trading Scheme credits are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

### ***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 Statement of Comprehensive Revenue and Expense. The useful lives and associated amortisation rates of computer software have been estimated at 3-10 years (33% - 10%).

### ***Impairment of property, plant and equipment and intangible assets***

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of and are tested annually for impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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 value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is 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 the revaluation reserve. 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.

### ***Value in use for non-cash-generating assets***

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### ***Value in use for cash-generating assets***

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

## **Forestry**

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs, and from a change in fair value less estimated point of sale costs, are recognised in the Statement of Comprehensive Revenue and Expense. The costs to maintain the forestry assets are included in the Statement of Comprehensive Revenue and Expense.

## **Investment Property**

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.

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are measured at fair value as determined annually by an independent valuer. Gains and losses on revaluation, acquisition and disposal are recognised in the Statement of Comprehensive Revenue and Expense.

## **Employee Benefits**

Employee benefits expected to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is anticipated it will be used by staff to cover those future absences.

## **Trade and Other Payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## **Provisions**

Council recognises a provision 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 expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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.

## **Derivative Financial Instruments**

Council uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with the treasury management policy Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Revenue and Expense. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging policy).

The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at the Statement of Financial Position date, taking into account current interest rates and the current credit worthiness of the swap counterparts.

## **Hedging**

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Council designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction Council documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Council documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

### ***Fair Value Hedge***

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Statement of Comprehensive Revenue and Expense, together with any changes in the fair value of the assets or liability that are attributable to the hedged risk.

### ***Cash Flow Hedge***

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Comprehensive Revenue and Expense.

Amounts accumulated in equity are recycled in the Statement of Comprehensive Revenue and Expense in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of the non-financial assets (for example inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost of carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transactions is ultimately recognised in the Statement of Comprehensive Revenue and Expense.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Revenue and Expense.

#### ***Derivatives that do not qualify for hedge accounting***

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Revenue and Expense.

## **Borrowings**

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

## **Equity**

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 a number of reserves, the components are:

- Retained earnings
- Council created reserves
- Revaluation Reserves
- Cash flow hedge reserve

#### ***Council created reserves***

Council created reserves are a component of equity representing a particular use to which various parts of equity have been assigned. The council may alter them without reference to any third party or the Courts. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

## **Goods and Services Taxation (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (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 is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## Budget Figures

The budget figures are those approved by Council at the beginning of the year in the 2015-25 Long-term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

## Cost Allocation

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

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

## Critical Accounting Estimates and Assumptions

In preparing these financial statements the Council has made estimates and assumptions 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 discussed below:

### ***Landfill and aftercare provision***

Note 24 presents an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

### ***Infrastructural assets***

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. 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 an asset; 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 assets, then Waipa District 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 Waipa District Council's infrastructural assets 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 Waipa District Council's asset management planning activities, which gives Waipa District Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

## **Income Tax**

The Council is tax exempt for income tax purposes.

## Funding impact statement

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The funding impact statement, has been prepared in accordance with schedule 10 of the Local Government Act 2002, as well as sections 13 to 19 of the Local Government (Rating) Act 2002 and sets out:

- The revenue and financing mechanisms used;
- An indicative level or amount of funding for each mechanism;
- A summary of the total rates requirement; and
- The application of funding methods to Council activities.

This statement should be read in conjunction with our [Revenue & Financing Policy](#) (refer to 10-Year Plan 2015-25) that sets out our policies in respect of each source of funding for operating and capital expenses. The Revenue & Financing Policy was reviewed in 2015.

## Consolidated statement of cost of service

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>REVENUE</b>				
Governance	121	42	39	3
Planning and Regulatory	4,179	4,235	4,468	(233)
Community Services and Facilities	3,713	3,260	3,435	(175)
Roads and Footpaths	8,119	7,658	6,964	694
Wastewater Treatment and Disposal	597	555	501	54
Water Treatment and Supply	6,161	6,423	6,345	78
Support Services*	10,504	10,657	11,089	(432)
<b>GROSS REVENUE</b>	<b>33,394</b>	<b>32,830</b>	<b>32,841</b>	<b>(11)</b>
Less Internal Charges	10,446	10,614	11,082	(468)
<b>NET REVENUE</b>	<b>22,948</b>	<b>22,216</b>	<b>21,759</b>	<b>457</b>
<b>OPERATING EXPENDITURE</b>				
Governance	7,781	7,639	7,301	338
Planning and Regulatory	5,949	6,490	6,347	143
Community Services and Facilities	18,601	16,393	16,744	(351)
Roads and Footpaths	20,275	21,172	19,593	1,579
Stormwater	2,755	2,943	3,098	(155)
Wastewater Treatment and Disposal	6,487	6,936	7,360	(424)
Water Treatment and Supply	10,294	10,431	10,490	(59)
Support Services	10,730	11,017	11,422	(405)
<b>GROSS EXPENDITURE</b>	<b>82,872</b>	<b>83,021</b>	<b>82,355</b>	<b>666</b>
Less Internal Charges	10,446	10,614	11,082	(468)
Less rates charged to Council properties	1,127	900	1,165	(265)
<b>NET EXPENDITURE</b>	<b>71,299</b>	<b>71,507</b>	<b>70,108</b>	<b>1,399</b>
<b>NET COST OF SERVICE - OPERATING</b>	<b>(48,351)</b>	<b>(49,291)</b>	<b>(48,349)</b>	<b>(942)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	52,747	52,100	52,214	(114)
Vested Assets	8,259	2,579	2,580	(1)
Debt Repayment	-	7,000	7,000	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>61,006</b>	<b>61,679</b>	<b>61,794</b>	<b>(115)</b>

\*This includes internal charges.



## Consolidated funding impact statement

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	24,435	26,998	27,803	(805)
Targeted rates	23,157	23,108	22,791	317
Subsidies and grants for operating purposes	2,911	2,912	2,860	52
Fees and charges	15,374	15,134	14,726	408
Interest and dividends from investments	1,071	310	263	47
Local authorities fuel tax, fines, infringement fees, and other receipts	333	342	342	-
<b>Total sources of operating funding (A)</b>	<b>67,281</b>	<b>68,804</b>	<b>68,785</b>	<b>19</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	46,720	47,472	44,978	2,494
Finance costs	1,068	934	1,859	(925)
Other operating funding applications	1,168	1,158	1,068	90
<b>Total applications of operating funding (B)</b>	<b>48,956</b>	<b>49,564</b>	<b>47,905</b>	<b>1,659</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>18,325</b>	<b>19,240</b>	<b>20,880</b>	<b>(1,640)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	6,908	7,117	6,330	787
Development and financial contributions	4,156	4,420	4,420	-
Increase (decrease) in debt	-	14,000	19,000	(5,000)
Gross proceeds from sale of assets	-	6,187	1,704	4,483
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>11,064</b>	<b>31,724</b>	<b>31,454</b>	<b>270</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	12,750	9,830	8,349	1,481
- to improve the level of service	26,132	19,985	25,417	(5,432)
- to replace existing assets	13,865	22,285	18,448	3,837
Increase (decrease) in reserves	(23,358)	(1,136)	120	(1,256)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>29,389</b>	<b>50,964</b>	<b>52,334</b>	<b>(1,370)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(18,325)</b>	<b>(19,240)</b>	<b>(20,880)</b>	<b>1,640</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Reconciliation between the funding impact statement and statement of comprehensive revenue and expense

The funding impact statement is prepared in compliance with the requirements of clause 20, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP). The funding impact statement is intended to show in a transparent manner, how all sources of funding received by us are applied. It does not include “non-cash” that is classified as income on the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires “non-cash” expenses such as depreciation, amortisation and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies the differences between these two statements.

	2016/17 Forecast \$000	2017/18 Annual Plan \$000	2017/18 LTP \$000	2017/18 Variance \$000
Total prospective revenue and expense wholly attributable to District Council	43,502	35,001	34,218	783
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	18,325	19,240	20,880	(1,640)
<b>Difference</b>	<b>25,177</b>	<b>15,761</b>	<b>13,338</b>	<b>2,423</b>
<b>The difference is due to:</b>				
Capital income	11,064	11,537	10,750	787
Vested assets	8,308	2,580	2,580	-
Revaluation of assets	28,509	23,584	22,171	1,413
Gain (loss) on sale/disposal of assets	(1,894)	(410)	(252)	(158)
Depreciation and amortisation	(20,810)	(21,530)	(21,911)	381
<b>Total explained difference</b>	<b>25,177</b>	<b>15,761</b>	<b>13,338</b>	<b>2,423</b>

## **Rates information**

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The number of rateable properties estimated for 2017/18 is 21,064.

The capital value of rateable properties estimated for 2017/18 is \$16,340,491,450.

The land value of rateable properties estimated for 2017/18 is \$9,314,080,127.

Rates requirement figures quoted in the section below are plus GST at the prevailing rate.

### **District wide funding**

The funding of district wide activities will be from a combination of general rates, uniform annual general charge (UAGC) and targeted ward rates. This combination of general rates, UAGC and targeted ward rates is referred to as 'district wide funding'. Activities funded from district wide funding include governance, animal control, building, environmental health, resource management, development engineering, parks and reserves, Mighty River Domain, libraries, Cambridge pool, Te Awamutu Events Centre, museums, heritage, cemeteries, public toilets, property, district halls, community buildings, civil defence, litter bins, recycling, roading, stormwater, water supply and sewerage.

### **Definition of a separately used or inhabited part of a rating unit (SUIP)**

A separately used or inhabited part of a rating unit exists where there is use or ability to use a part or parts of the rating unit as an independent residence; or in the case of a rating unit used for commercial or industrial business, where there is use or ability to use a part or parts of the rating unit for independent trading operations. This is on the basis that where a rating unit is configured for the purpose of separate habitation or use, even if it is not currently occupied, this constitutes a separate use of the rating unit by the owner.

### **General rate**

A general rate is set under section 13 of the Local Government (Rating) Act 2002 based on the capital value of each rating unit in the district with no differential being set. The rate for 2017/18 is 0.1181 cents in the dollar on the capital value of each rating unit.

The general rate will fund 29.5 per cent of the district wide funding.

Amount to be raised: \$19,372,775 plus GST.

### **Uniform annual general charge (UAGC)**

A uniform annual general charge is set under section 15 of the Local Government Rating Act 2002 at \$438.26 plus GST per separately used or inhabited part of a rating unit.

The uniform annual general charge will fund a portion of the district wide funding.

Amount to be raised: \$10,150,998 plus GST.

## Targeted rates

Targeted rates are set under sections 16 and 19 of the Local Government Rating Act 2002 for the activities listed below. Council will not invite lump sum contributions in respect of any of these targeted rates.

### *Targeted ward rates*

A targeted ward rate is set on each rating unit in the district. The targeted rate will be a fixed amount per rating unit. This rate will be set on a differential basis based on location, being the wards of Te Awamutu, Kakepuku, Cambridge, Maungatautari and Pirongia. The rates for the 2017/18 year are shown in the following table:

Ward	\$ Rate (GST excl)	\$ Raising
Cambridge	362.28	2,920,691
Kakepuku	378.95	446,782
Maungatautari	333.35	464,023
Pirongia	358.80	1,051,643
Te Awamutu	415.52	2,642,707

The targeted ward rate will fund a portion of the district-wide funding and fund the public community/group benefit element of activities.

The activities funded from the targeted ward rate include community boards, community grants, libraries, Cambridge pool, Te Awamutu Events Centre, museums, Cambridge Town Hall (Cambridge ward only) community properties (Cambridge and Te Awamutu Wards), passenger transport, Cambridge Refuse Centre grant, and National Cycling Centre of Excellence.

Amount to be raised: \$7,525,846 plus GST.

### *Cambridge community sports hall*

A targeted rate is set to fund the loan charges for the grant made for the development of the sports hall located at the Cambridge High School.

The targeted rate is a fixed amount per rating unit. A rate of \$13.91 plus GST is set for each rating unit in the Cambridge and Maungatautari wards.

Amount to be raised: \$128,079 plus GST.

### *Capital works*

A targeted rate is set to fund capital costs in connection with improvements and extensions to footpaths, kerbing and channelling of roads and street lighting for each ward as follows.

The capital works rate is based on the capital value of each rating unit in the district. The capital works rate is set on a differential basis based on location, with the categories being the wards of Te Awamutu and Cambridge. The rates in cents per dollar of capital value are shown in the following table.

Ward	Rate (GST excl)	\$ Raising
Cambridge	0.0010	54,758
Te Awamutu	0.0012	38,087

Amount to be raised: \$92,845 plus GST.

### **Stormwater**

A targeted rate is set to fund the operating costs and loan charges for stormwater in urban and rural areas of the district. The stormwater rate is based on the capital value of each rating unit in the district. The stormwater rate is set on a differential basis based on location, the categories being urban and rural. Urban is defined as being the urban drainage areas of Cambridge, Te Awamutu, Kihikihi, Ohaupo, Pirongia and Karāpiro, as shown on Drainage Maps on [www.waipadc.govt.nz](http://www.waipadc.govt.nz). Rural is defined as the remaining area of the district not defined as urban. The rates for 2017/18 in cents per dollar of capital value are shown in the following table:

	Rate (GST excl)	\$ Raising
Urban	0.0309	2,142,629
Rural	0.0058	529,761

Amount to be raised: \$2,672,390 plus GST.

### **Sewerage charges**

A targeted rate is set for sewerage disposal costs and loan charges for each rating unit in the areas of the Cambridge sewerage scheme and the Te Awamutu sewerage scheme.

The targeted rate is set on a differential basis based on the provision of service, the categories of service being connected and serviceable. Connected means any rating unit that is connected to the Cambridge or Te Awamutu sewerage scheme. Serviceable means any rating unit situated within 30 metres of a public sewerage drain in one of the above Council sewerage scheme areas to which it is capable of being effectively connected but which is not so connected. For connected rating units, the liability is an amount per rating unit, calculated based on the number of pans and urinals at the rating unit. The rates for the 2017/18 year are:

	\$ Rate per pan or urinal (GST excl)	\$ Raising
Connected (3 or less pans)	425.20	5,262,609
Connected (4 to 10 pans)	361.42	380,214
Connected (11-15 pans)	297.64	114,889
Connected (16-20 pans)	259.37	48,502
Connected (21-35 pans)	233.86	122,075
Connected (36-45 pans)	204.10	25,921
Connected (46 or more pans)	191.34	149,819
Serviceable	212.60	82,276

A rating unit used primarily as a residence for one household will be treated as having no more than one pan or urinal. Rating units that are neither connected to the scheme nor serviceable are not liable for this rate.

Amount to be raised: \$6,186,305 plus GST.

## Water charges

A targeted rate is set to fund water supply costs and loan charges to non-metered rating units in the areas of the Cambridge water supply and the Te Awamutu water supply.

The targeted rate is set on a differential basis based on the provision of service, the categories of service being connected and serviceable, and is a fixed amount per separately used or inhabited part of a rating unit. Connected means connected to Council water works in the Cambridge or Te Awamutu water supply areas, but excluding metered connections. Serviceable means within 100 metres of a supply pipe in either of the above water supply areas and capable of being effectively connected but not so connected. The rates for the 2017/18 year are:

	\$ Rate (GST excl)	\$ Raising
Connected	352.35	4,158,094
Serviceable	176.18	112,752

Rating units that have a metered supply and those that are neither connected to the scheme, nor serviceable are not liable for this rate.

Amount to be raised: \$4,270,846 plus GST.

- (a) A targeted rate is set for the supply of water to rating units with metered connections.

The targeted rate includes both an amount per connection and a charge based on the cubic metres of water consumed and is set on a differential basis based on the provision of service, for all metered rating units other than rating units subject to a separate water supply contract. The differential categories of service are potable and raw water supply. The rates for the 2017/18 year are:

	\$ Rate per connection (GST excl)	\$ Rate (GST excl) 0 <sup>m3</sup> to 250 <sup>m3</sup>	\$ Rate (GST excl) over 250 <sup>m3</sup>
Potable Water	128.20	0.8994 per m <sup>3</sup>	1.3032 per m <sup>3</sup>
Raw Water	128.20	0.2248 per m <sup>3</sup>	0.2248 per m <sup>3</sup>

Amount to be raised: \$6,318,108 plus GST.

- (b) A targeted rate is set to fund the Arohena rural water supply loan costs for Waipa ratepayers within the Arohena rural water supply area.

This revenue is collected on behalf of Otorohanga District Council, which administers the Arohena rural water supply. The Arohena water rate is based on the capital value of each rating unit located within the Arohena rural water supply area. The rate for 2017/18 in cents per dollar of capital value is 0.0071 plus GST.

Amount to be raised: \$4,900 plus GST.

## Recycling charges

A targeted rate is set to fund the provision of a kerbside refuse recycling service to each household in the district.

The targeted rate is a fixed amount of \$45.22 plus GST per separately used or inhabited part of a rating unit.

Amount to be raised: \$906,029 plus GST.

### **Community hall/centre charges**

Council has a number of community halls which have a targeted rate set for each hall. The targeted rates are to fund part of the costs of the relevant community hall/centre.

These rates are a fixed amount per separately used or inhabited part of a rating unit and will be charged to the rating units within the relevant community hall areas.

The plans showing the boundaries of the various community hall areas can be found at [www.waipadc.govt.nz](http://www.waipadc.govt.nz).

The following table shows the details for the various community hall targeted rates:

	\$ Rate (GST excl)	\$ Raising
Fencourt Hall	12.43	4,613
Hautapu Hall	17.74	7,309
Horahora Hall	23.43	3,093
Kaipaki Hall	36.96	9,831
Karapiro Hall	23.26	7,466
Koromatua Hall	17.74	4,630
Maungatautari Hall	32.39	4,923
Monavale	26.09	4,774
Ngahinapouri Hall	17.74	5,730
Ohaupo Hall	11.57	4,604
Parawera Hall	16.17	1,827
Paterangi Hall	24.83	4,544
Pirongia Sports Centre	12.00	14,424
Pukeatua Hall	18.52	3,260
Rangioawhia Hall	12.39	1,524
Rukuhia Hall	22.70	6,241
Te Miro Hall	24.26	4,076
Whitehall Hall	26.09	2,270

### **Early payment of rates**

Sections 55 of the Local Government Rating Act 2002 empower us to accept early payment of rates. Council accepts payment in full of all rates assessed in each year on or before the due date for the first instalment of the year. No discount will be given to any payment of rates received on this basis.

### **Rates payable by instalments**

Rates are payable in four equal instalments with the due dates and penalty dates as set out in the table below:

Instalment	Due Date	Penalty Added
Instalment 1	21 August 2017	28 August 2017
Instalment 2	21 November 2017	28 November 2017
Instalment 3	21 February 2018	28 February 2018
Instalment 4	21 May 2018	28 May 2018

Invoices for the supply of water via metered connections are payable in four instalments. The location where the water is supplied within the District will determine the invoice date and the due date. The due dates are per the following table.

Location	Month invoiced	Due Date
Te Awamutu / Pirongia	October	30-Nov-17
	January	28-Feb-18
	April	31-May-18
	June	31-Jul-18
Kihikihi	October	30-Nov-17
	January	28-Feb-18
	April	31-May-18
	June	31-Jul-18
Cambridge	August	2-Oct-17
	November	3-Jan-18
	February	2-Apr-18
	June	31-Jul-18
Pukerimu / Ohaupo	September	31-Oct-17
	December	31-Jan-18
	March	30-Apr-18
	June	31-Jul-18

### Penalties on rates not paid by the due date

Section 58 of the Local Government Rating Act 2002 enables penalties to be imposed. A penalty of 10 per cent will be added to all instalments or part thereof remaining unpaid on the relevant date in the "Penalty Added" column of the table above under the heading "Rates payable by instalment".

An additional penalty of 10 per cent will be added to any rates assessed in any previous year that are still unpaid on 4 July 2017. The penalty will be added on 5<sup>th</sup> July 2017, A further additional penalty of 10 per cent will be added to rates from the previous years that are still unpaid after 5 January 2018. The penalty will be added on 8 January 2018.



## Rates breakdown indicator properties

A rates calculator is provided on Council's website which enables the proposed rates changes to be seen on individual properties. Properties within the Waipa District have been revalued effective August 2016, with the new valuation used for the calculation of the 2017/18 rates.

The indicator properties are shown GST INCLUSIVE.

Cambridge Ward (Residential) Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$350,000		\$570,000		\$1,190,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,473	1,379	1,473	1,379	1,473	1,379
UAGC	402	504	402	504	402	504
Capital Value Rates	498	604	810	983	1,764	2,053
Total Rates	2,373	2,487	2,685	2,866	3,639	3,936
\$ incr per week		2.18		3.49		5.71
Percentage Increase		4.8%		6.8%		8.2%
Property Valuation increase		45.8%		46.2%		40.0%

Rural Residential Cambridge Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$395,000		\$800,000		\$1,523,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	545	433	618	505	628	515
UAGC	402	504	402	504	402	504
Capital Value Rates	538	567	1,086	1,149	2,256	2,188
Total Rates	1,485	1,504	2,106	2,158	3,286	3,207
\$ incr per week		0.38		1.01		-1.53
Percentage Increase		1.3%		2.5%		-2.4%
Property Valuation increase		24.6%		25.0%		14.5%

Commercial / Industrial Cambridge Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$250,000		\$690,000		\$1,800,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,034	922	1,523	1,411	2,012	1,900
UAGC	402	504	804	1,008	1,206	1,512
Capital Value Rates	488	431	1,329	1,190	3,446	3,105
Total Rates	1,924	1,857	3,656	3,609	6,664	6,517
\$ incr per week		-1.28		-0.89		-2.82
Percentage Increase		-3.5%		-1.3%		-2.2%
Property Valuation increase		6.4%		7.8%		8.4%

Te Awamutu Ward (Residential) Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$310,000		\$430,000		\$760,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,509	1,424	1,509	1,424	1,509	1,424
UAGC	402	504	402	504	402	504
Capital Value Rates	499	536	727	743	1,329	1,313
Total Rates	2,410	2,464	2,638	2,671	3,240	3,241
\$ incr per week		1.04		0.63		0.01
Percentage Increase		2.2%		1.2%		0.0%
Property Valuation increase		29.2%		22.9%		18.8%

## Rates breakdown indicator properties – continued

Rural Residential Te Awamutu Rating Valuation,	2016/17 \$480,000 \$	2017/18 \$	2016/17 \$845,000 \$	2017/18 \$	2016/17 \$1,720,000 \$	2017/18 \$
Fixed Targeted Rates	634	530	634	530	687	582
UAGC	402	504	402	504	402	504
Capital Value Rates	628	691	1,087	1,216	2,513	2,475
Total Rates	1,664	1,725	2,123	2,250	3,602	3,561
\$ incr per week		1.16		2.44		-0.79
Percentage Increase		3.6%		6.0%		-1.1%
Property Valuation increase		29.7%		32.0%		16.2%

Commercial / Industrial Te Awamutu Rating Valuation,	2016/17 \$255,000 \$	2017/18 \$	2016/17 \$670,000 \$	2017/18 \$	2016/17 \$1,830,000 \$	2017/18 \$
Fixed Targeted Rates	1,456	1,372	1,456	1,372	2,659	2,556
UAGC	402	504	1,206	1,512	1,608	2,016
Capital Value Rates	488	441	1,267	1,158	3,531	3,162
Total Rates	2,346	2,317	3,929	4,042	7,798	7,734
\$ incr per week		-0.57		2.15		-1.24
Percentage Increase		-1.3%		2.9%		-0.8%
Property Valuation increase		8.5%		9.8%		7.6%

Pirongia Ward - Rural Rating Valuation,	2016/17 \$500,000 \$	2017/18 \$	2016/17 \$2,720,000 \$	2017/18 \$	2016/17 \$5,920,000 \$	2017/18 \$
Fixed Targeted Rates	593	491	640	544	620	517
UAGC	402	504	804	1,008	804	1,008
Capital Value Rates	672	712	4,007	3,876	8,737	8,435
Total Rates	1,667	1,707	5,451	5,428	10,161	9,960
\$ incr per week		0.78		-0.44		-3.86
Percentage Increase		2.4%		-0.4%		-2.0%
Property Valuation increase		25.0%		14.0%		13.8%

Pirongia Village Rating Valuation,	2016/17 \$360,000 \$	2017/18 \$	2016/17 \$540,000 \$	2017/18 \$	2016/17 \$880,000 \$	2017/18 \$
Fixed Targeted Rates	577	478	577	478	577	478
UAGC	402	504	402	504	402	504
Capital Value Rates	618	617	947	925	1,565	1,508
Total Rates	1,597	1,599	1,926	1,907	2,544	2,490
\$ incr per week		0.05		-0.36		-1.03
Percentage Increase		0.2%		-1.0%		-2.1%
Property Valuation increase		20.0%		17.4%		15.8%

Ohaupo Village Rating Valuation,	2016/17 \$480,000 \$	2017/18 \$	2016/17 \$650,000 \$	2017/18 \$	2016/17 \$710,000 \$	2017/18 \$
Fixed Targeted Rates	580	478	580	478	580	478
UAGC	402	504	402	504	402	504
Capital Value Rates	638	684	989	1,114	1,318	1,217
Total Rates	1,620	1,666	1,971	2,096	2,300	2,199
\$ incr per week		0.87		2.41		-1.95
Percentage Increase		2.8%		6.3%		-4.4%
Property Valuation increase		26.3%		35.4%		10.9%

## Rates breakdown indicator properties – continued

Ngahinapouri Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$390,000		\$1,130,000		\$3,645,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	587	485	587	485	660	557
UAGC	402	504	402	504	804	1,008
Capital Value Rates	521	556	1,579	1,610	5,360	5,194
Total Rates	1,510	1,545	2,568	2,599	6,824	6,759
\$ incr per week		0.67		0.59		-1.25
Percentage Increase		2.3%		1.2%		-1.0%
Property Valuation increase		25.8%		20.2%		14.3%

Kakepuku Ward Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$1,110,000		\$4,140,000		\$6,290,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	588	488	725	633	694	592
UAGC	402	504	1,206	1,512	1,206	1,512
Capital Value Rates	1,865	1,810	6,956	6,725	10,458	10,116
Total Rates	2,855	2,802	8,887	8,870	12,358	12,220
\$ incr per week		-1.04		-0.31		-2.66
Percentage Increase		-1.9%		-0.2%		-1.1%
Property Valuation increase		14.4%		14.0%		14.1%

Maungatautari Ward Rating Valuation,	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	\$500,000		\$2,080,000		\$5,160,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	587	479	574	466	708	598
UAGC	402	504	402	504	1,206	1,512
Capital Value Rates	840	898	3,427	3,320	8,670	8,407
Total Rates	1,829	1,881	4,403	4,290	10,584	10,517
\$ incr per week		0.99		-2.18		-1.29
Percentage Increase		2.8%		-2.6%		-0.6%
Property Valuation increase		26.0%		14.2%		14.3%