

WHAT'S  
NEXT  
WAIPĀ?

WAIPĀ, KIA ANGA  
WHAKAMUA TE TITIRO!

# 2020/21 ANNUAL PLAN



## Message from the Mayor

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For almost two years our Council has been working hard to implement an ambitious long term plan to keep our district thriving. We've made great progress since last year, and in March we were largely on track to deliver what we promised to the community. Then COVID-19 hit Waipā, New Zealand and the globe.

2020/21 will be one of the most challenging years our district has ever faced. Experts say the COVID-19 global pandemic will have the most significant impact on community wellbeing this century.

While we are still trying to get a full and complete picture of the impacts of COVID-19, we already know businesses and residents are and will struggle financially.

The Draft Annual Plan 2020/21 went out for public consultation on 23 March 2020, the same day as New Zealand entered into Alert Level 3 and two days before we went into the Alert Level 4 lockdown. The Draft Annual Plan 2020/21 had a proposed average annual rates increase of 4.2%.

Waipā District Council immediately responded to COVID-19 by reworking all operational expenditure, capital expenditure and revenue.

We looked diligently to find ways to provide some short-term rates relief, whilst balancing that with activities to aid economic recovery for the district. We wanted to continue successfully delivering on our vision and community outcomes during unprecedented times.


At the same time, we reviewed more than 40 submissions to the Draft Annual Plan and made some further changes to our original plans in response to that feedback. It is important for us to hear your views to be able to make improvements, so a sincere thank you to everyone who took the time to make a submission.

As a result, the Annual Plan 2020/21 provides for a proposed average rates increase of 2.4%, less than the 2.7% originally forecast in the 2018-28 Long Term Plan.

It includes operating expenditure of \$95.95 million, \$186.61 million for capital expenditure, external interest of \$1.87 million, \$124.38 million for revenue, and external debt of \$185.5 million. We are pleased to have made savings without impacting on the services we provide. We've also avoided stripping away or pushing back on much needed projects that replace ageing infrastructure and provide for growth.

Moving ahead, it is clear that astute financial decision making on Council's part has never been more important. The situation is developing and may change, so we will continue to robustly review how we deliver our services and activities, implementing measures to increase further efficiencies.

Again, this will be a challenging year for Waipā, but challenges bring opportunities. Your Council is well-positioned to lead the district through the recovery of COVID-19, and together we will continue to build champion communities and make Waipā a great place to live, work and play.



**Jim Mylchreest JP**  
**Mayor of Waipā**



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### What is an Annual Plan?

Every three years we produce a Long Term Plan to set the future direction of Council for the district. Outside of those years we produce an Annual Plan which identifies any changes or additions to the projects, activities and financial information included in the Long Term Plan. The current Long Term Plan was adopted in 2018.

In addition we produce an Annual Report to review our performance against the Long Term and Annual Plans. Together, these three documents:

1. Identify Council's priorities
2. Outline Council's programme of work
3. Measure our performance

### What has changed from the Long Term Plan

2020/21 will be one of Waipā District Council's most challenging years yet.

Like many other organisations, Council is facing constrained labour markets and higher construction costs, which make it more expensive to operate our business. We are working hard to ensure that we deliver our services and projects in the most effective and efficient way.

We are also facing significant growth across the whole of our district. Growth provides us with opportunities in terms of economic development and diversity of our communities, but it puts pressures on the capacity of our infrastructure, the timing for construction of capital works, and our ability to fund growth.

Alongside these challenges, Waipā and New Zealand, are now recovering from the COVID-19 global pandemic which experts advise will have the most significant impact on community wellbeing this century.

#### Response to COVID-19

Businesses of all shapes and sizes in Waipā are struggling financially and so are residents. While the full consequences of COVID-19 are yet to be realised, one thing is very clear, over the next 18 months, Waipā's economy will be significantly impacted.

A zero rates increase at the very least, would involve stripping away or pushing back much needed projects, which is a massive risk with ageing infrastructure.

To achieve a zero rates increase in the current climate however, much more than just major projects would need to be stripped from the budget because of loss in revenue.

Only half of Council's revenue comes from rates. The rest is made up of development contributions, fees and charges and funding from Government agencies.

With future growth being curtailed and a drop in revenue from fees and charges, Council has already seen a significant decrease in the remaining 50 per cent of its revenue stream.

In the draft 2020/21 Annual Plan that went out for consultation with the community in March, around \$114 million was the cost forecast for Council to deliver essential services including water services, recycling, roading infrastructure and parks and reserves maintenance, to Waipā residents.

Of that cost, around \$29 million was to be spent on community services and facilities, \$22 million on roads and footpaths, \$13 million on water treatment and supply and \$11 million on waste water treatment and disposal.

To achieve a zero rates increase, Council would have to look at making reductions in levels of service. This could mean poorer quality roads and footpaths, infrastructure that is less resilient because it is not being renewed, more leaves in gutters, less-frequent recycling collections, and fewer open spaces for the community to enjoy, as just a few examples.

Council could continue with its forecast rate increase of 4.2% in the draft Annual Plan 2020/21 which would better enable its capital works programme to go ahead and essential services to continue to operate at a similar level.

Or it could reduce the rates increase, which together with reduced fees and charges income, would push some projects back and force Council to cut its operating costs. This would include reducing the amount it spends on maintaining facilities such as its town halls, parks, reserves and playgrounds.

That would relieve the pressure for the coming year, but likely delay works in following years where residents would see the impacts on rates again.

Alternatively, Council could borrow money. However, Council must keep the proportion of borrowing in line with its income so there is a cap, and it could only borrow to build things not to cover its running costs.

Any money borrowed must also be repaid and would inevitably result in a rates increase to do just that.

Deciding which projects should proceed and which should be put on hold is a balancing act.

We need to look at which projects are absolutely necessary, such as waters infrastructure, and which can be delayed without causing future hardship for the district.

We also need to keep in mind which projects will yield the highest number of jobs and provide the greatest boost to the economy.

It is our job to think about the current needs of the community while also providing for economic recovery. Boosting the economy will get us out of a recession faster, but we also need to consider the community's ability to pay rates.

## **Rates**

In the 2018-28 Long Term Plan (page 45), the expected rates increase for 2020/21 was 2.7%. This Annual Plan provides for an average (after growth) rates increase across the district of 2.4%. Clearly this is below what is provided in the 2018-28 Long Term Plan.

We now share with our community what has changed from the 2018-28 Long Term Plan.

## **Prior to COVID-19 the key drivers for the rates increase were:**

### **1. Cambridge Pool**

The 2018-28 Long Term Plan provided for the opening of the Cambridge Pool and a related step-change increase in operating expenditure in the 2019-20 year. However, delays in construction have pushed back the original opening date. Therefore the increased operating expenditure of \$1.32 million will now be incurred in 2020/21. The budgeted increased operating expenditure for the Cambridge Pool in 2019/20 was instead absorbed by the implementation of the new recycling service which has been impacted by changed market conditions, with China no longer taking our recyclables.

### **2. Cambridge Wastewater Treatment Plant**

The upgrade to the Cambridge Wastewater Treatment Plant (\$6.8 million) has been brought forward to ensure Council complies with regional resource consents, which includes an additional \$1.6 million in operating costs for sludge removal.

### **3. Recycling**

We have increased our level of service from what was originally planned in the 2018-28 Long Term Plan. We engaged with our community through the 2019/20 Annual Plan process and have implemented a more robust service as a result.

In addition to this increased level of service, the refusal by China to accept international waste for recycling has forced New Zealand councils to find other options for the disposal of recyclables, and has increased costs. We are seeking an additional budget of \$216,000 for 2020/21.

As explained above, the budgeted increased operating expenditure for the Cambridge Pool in 2019/20 partly absorbed the implementation costs of the new recycling service.

### **4. Revaluation of Council's roading assets**

Council sets aside funds every year for the future replacement of roading assets. The Long Term Plan provided a budget of \$10.5 million for this. Provision was made in this figure for increased depreciation due to our new and improved roads. However, increased construction costs and higher material costs have meant that Council had to undertake a revaluation of roading assets in 2019, one year earlier than we anticipated and provided for in our budgets when preparing the Long Term Plan 2018-28.

The revaluation has increased the value of the assets and consequent depreciation costs by \$1.3 million per year. Council has chosen to only rates fund half of that revaluation impact in the 2020/21 year, and the balance from the start of the 2021/22 year, the year it was originally anticipated. This is considered a reasonable approach in view of the long-term life cycles of these assets.

## **Council response through the 2020/21 Draft Annual Plan**

It is important that Council continues to successfully deliver on its vision for the district – 'Waipā Home of Champions: Building the future together' – and the community outcomes and strategic priorities identified in the Long Term Plan 2018-28.

To reduce the impact on ratepayers, the roading depreciation impact described above was offset by deferring the construction of roading assets, and by deferring, in-part, the rates funding of the increased depreciation for roading assets in the 2020/21 year.

To further reduce the impact on rates, we also utilised reserve funds and a cash surplus from 2019/20, which together totalled over \$2.1 million.

We were also careful to keep the increase in total rating requirement within the 4.2% limit set for the 2020/21 year in the 2018-28 Long Term Plan Financial Strategy.

The advancement of our ambitious capital works programme through the 2020/21 year was expected to increase Council's debt levels to \$185.5 million by 30 June 2021. This was \$56.5 million more than provided for in the 2018-28 Long Term Plan and relates to the deferral and/or removal of capital works. However, it is well within the quantified debt limit set for the 2020/21 year in the 2018-28 Long Term Plan Financial Strategy.

Most of the additional debt is required earlier than anticipated in the Long Term Plan because of the increasingly strong growth Waipā was experiencing prior to COVID-19. However, this debt will be repaid by developers as growth occurs. The growth related debt will have no impact on rates.

### **Impact of District Wide Revaluation**

In 2019, a district wide revaluation of the capital value of all properties in Waipā was undertaken by an external provider, Quotable Value NZ.

In most cases the capital value of properties has increased. However, where the movement in capital value on an individual property significantly varies from the district average, this will likely result in a rates increase that also departs from the district average.

This is to be expected with around 50% of our rates revenue assessed on the capital value of the individual property.

More information about the revaluation and impact on properties is available on Waipā District Council's website at [waipadc.govt.nz/our-services/rates/rates/revaluation](http://waipadc.govt.nz/our-services/rates/rates/revaluation).

### **In response to COVID-19**

Council reworked its Draft Annual Plan with a view to keeping rates as low as possible for our communities.

Council engaged Infometrics to provide expertise on the impact of COVID-19 on Waipā's economy. We also received guidance from the Local Government COVID-19 Response Unit. Locally, economic data was provided by Te Waka (the Waikato Regional Economic Development Agency), and further information was sourced from the SOLGM Community Wellbeing Data Service.

A significant review of all operating expenditure, capital expenditure and the capital works programme, as well as revenue, was undertaken for all Council activities.

Key drivers for a reduced rates increase of 2.4% following COVID-19 are:

- **Growth in rates**

The growth impact on rates has increased from a forecasted 2.7% in the Draft Annual Plan to 3.25%. This figure is based on actual properties that have been entered into the rating system since the property revaluation of 2019 and which NZ Quotable Value has valued in 2020.

- **Interest savings**

Council's interest rates for borrowing have been reduced from 2.5% in the Draft Annual Plan to 1.86%, based on advice from our Treasury Advisor, Bancorp Treasury Services Limited. This has combined with a reduction in debt levels of \$19.6 million due to the delayed timing of capital projects. This represents total interest savings of \$810,000.

- **Depreciation**

There is a decrease in depreciation of \$285,000 due to the delayed timing of capital projects.

- **Staff salary savings**

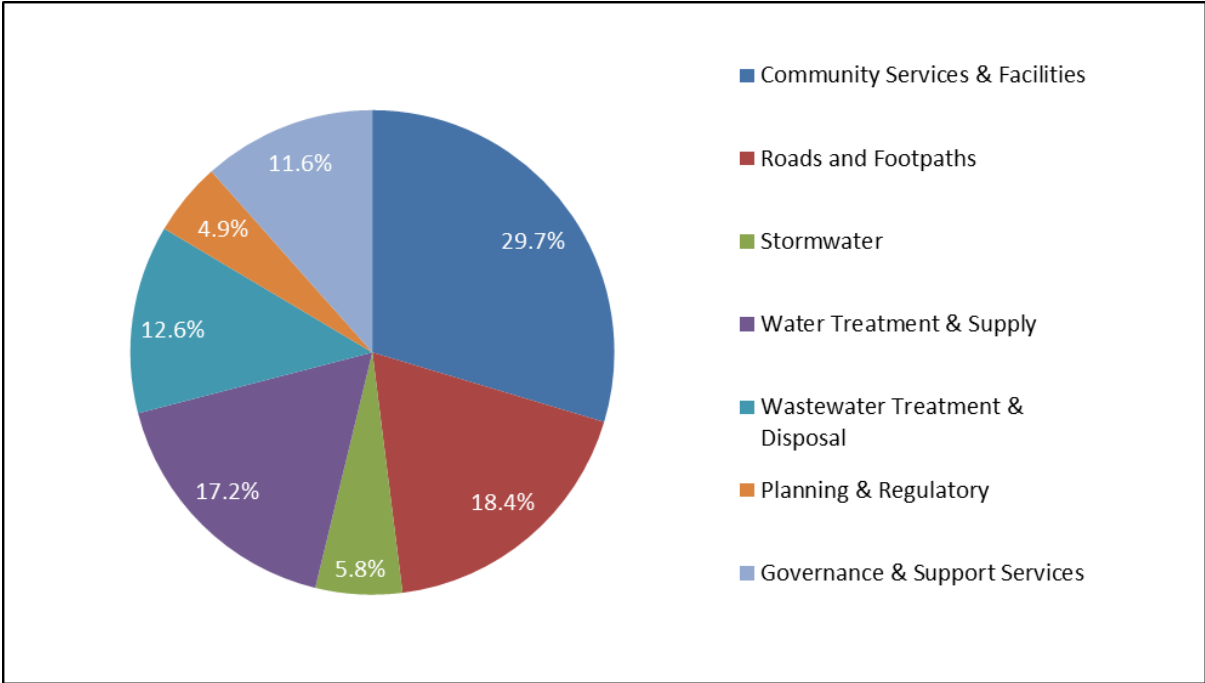
No market adjustments on salaries, coupled with maintaining current staffing levels and redeploying staff where necessary, represents salary savings of \$783,000.

Savings made through the budget review are offset by an expected reduction in revenue of \$1.59 million.



## How will your rates be spent in 2020/21?

The chart below outlines where your rates will be spent in 2020/21 by showing the proportion allocation to each of the Council’s activity groups.



It is important to note that there are other funding sources which are used to contribute to the overall running costs of Council and our district. These include development contributions, loans, user fees and charges, external fundraising, and central government funding contributions.

## Summary of changes from the 2018-2028 Long Term Plan: by group of activities

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Our 2018-28 Long Term Plan contains our proposed activities, projects and programmes and associated budgets for 2020/21.

This Annual Plan looks at the groups of activities detailed in the Long Term Plan and identifies where there are changes from what was originally proposed.

The groups of activities covered in this section are:

- Community services and facilities
- Governance
- Planning and regulatory
- Roads and footpaths
- Stormwater
- Support services
- Wastewater treatment and disposal
- Water treatment and supply

The following is outlined for each group of activities:

- A description of the group's services
- Key projects identified in the Long Term Plan for the 2020/21 year
- Changes from the Long Term Plan 2018-28
- Statement of cost of the service
- Capital expenditure
- Funding Impact Statement

## Governance

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### What we do

To ensure elected members can make the best informed decisions impacting our communities, they need a support network that includes strategic advisors, iwi advisors, engagement specialists and business support.

### Key projects for 2020/21 in the Long Term Plan 2018-28

- Strengthening partnerships with iwi.
- Development and engagement with the community for the Long Term Plan 2021-2031.
- Re-development of the strategy programme and refresh of town concept plans.
- Meaningful engagement with the community around current and future projects and services.
- Key changes from the Long Term Plan 2018-28

There is a material change from the programme outlined in the Long Term Plan (pages 108 to 114). This relates to the provision of community grants, and includes the establishment of a recovery fund, in response to the COVID-19 global pandemic. The variations from the Long Term Plan 2018-28 are shown in the following tables.

### Cost of service variances

#### Expenditure:

- Increase of \$223,000 for Council and Committees due to the requirement for an additional Councillor in the Cambridge Ward, training for elected members and increased overheads.
- Increase of \$703,000 for Community Grants, which includes the introduction of a COVID-19 Recovery Fund of \$605,200, to be funded from prior years Arbitrage funds.
- Increase of \$79,000 for Strategic Planning due to restructure costs relating to the separation of the Strategic Relationships activity from the Strategic Planning function.
- Decrease of \$120,000 for Community Relationships as a result of cost savings across the activity.
- Increase of \$387,000 for Strategic Relationships due to timing changes of structure plan projects, moving from 2019/20 to 2020/21.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Elections	54	-	-	-
Community Grants	42	42	54	12
Council	13	-	-	-
<b>TOTAL REVENUE</b>	<b>109</b>	<b>42</b>	<b>54</b>	<b>12</b>
<b>OPERATING EXPENDITURE</b>				
Council & Committees	2,689	2,726	2,949	223
Cambridge Community Board	208	197	212	15
Te Awamutu Community Board	183	193	187	(6)
Elections	167	8	1	(7)
Community Grants	1,443	518	1,221	703
Strategic Planning	2,441	2,947	3,026	79
Community Relationships	1,905	1,952	1,832	(120)
Strategic Relationships	361	-	387	387
<b>TOTAL EXPENDITURE</b>	<b>9,397</b>	<b>8,541</b>	<b>9,815</b>	<b>1,274</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(9,288)</b>	<b>(8,499)</b>	<b>(9,761)</b>	<b>(1,262)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	9	-	-	-
Debt Repayment (Internal)	584	495	521	26
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>593</b>	<b>495</b>	<b>521</b>	<b>26</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To replace existing assets</b>				
Council Chambers Upgrade	9	-	-	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	7,006	7,886	7,939	53
Targeted rates	1,350	1,053	866	(187)
Subsidies and grants for operating purposes	51	42	54	12
Fees and charges	58	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	273	50	-	(50)
<b>Total sources of operating funding (A)</b>	<b>8,738</b>	<b>9,031</b>	<b>8,859</b>	<b>(172)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,556	4,455	4,852	397
Finance costs	113	119	41	(78)
Internal charges and overheads applied	2,846	2,989	3,251	262
Other operating funding applications	1,875	971	1,596	625
<b>Total applications of operating funding (B)</b>	<b>9,390</b>	<b>8,534</b>	<b>9,740</b>	<b>1,206</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(652)</b>	<b>497</b>	<b>(881)</b>	<b>(1,378)</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	9	-	-	-
Increase (decrease) in reserves	(661)	497	(881)	(1,378)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(652)</b>	<b>497</b>	<b>(881)</b>	<b>(1,378)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>652</b>	<b>(497)</b>	<b>881</b>	<b>1,378</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Planning and Regulatory

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## What we do

We provide planning and regulatory services to manage the natural and physical resources of the district, and promote and protect the health and safety of our communities.

Planning and regulatory activities include:

- Animal control
- Building compliance
- Development engineering
- Environmental health
- Resource consents, enforcement and land information memoranda

## Key projects for 2020/21 in the Long Term Plan 2018-28

No specific projects for this group were identified in the Long Term Plan 2018-28.

## Key changes from the Long Term Plan 2018-28

Council is retaining the same level of service as outlined in the Long Term Plan 2018-28.

There are no significant or material changes from the programme outlined in the Long Term Plan (pages 115 to 122). The minor variations from the Long Term Plan 2018-28 are shown in the following tables, and largely relate to the impacts of COVID-19, growth and the timing of development.

### Cost of service variances

Revenue:

- Decrease in revenue for Building Control and Animal Control activities due to the impacts of the COVID-19 pandemic.
- Increase in revenue from Resource Management and Development Engineering relating to the timing of development.

Expenditure:

- Increase for Resource Management and Development Engineering activities due to the timing of development. These additional costs have been partially offset by additional revenue.
- Increase of \$604,000 for Building control due to increased overhead costs and the implementation of the online building consent system.
- Increase of \$174,000 for the Environmental Health activity due to increased compliance costs.
- Increase of \$73,000 for Animal Control mainly due to an increase in staff numbers for the compliance team.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Fees and Charges:				
Resource Management	1,926	1,560	1,617	57
Building Control	2,380	2,394	2,289	(105)
Environmental Health	415	439	435	(4)
Animal Control	535	549	491	(58)
Development Engineering	424	253	720	467
<b>TOTAL REVENUE</b>	<b>5,680</b>	<b>5,195</b>	<b>5,552</b>	<b>357</b>
<b>OPERATING EXPENDITURE</b>				
Resource Management	2,668	2,599	2,844	245
Building Control	2,976	2,510	3,114	604
Environmental Health	1,068	1,073	1,247	174
Animal Control	777	815	888	73
Development Engineering	808	748	1,005	257
<b>TOTAL EXPENDITURE</b>	<b>8,297</b>	<b>7,745</b>	<b>9,098</b>	<b>1,353</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,617)</b>	<b>(2,550)</b>	<b>(3,546)</b>	<b>(996)</b>
<b>CAPITAL EXPENDITURE</b>				
Capital Expenditure (excluding Vested)	21			
Debt Repayment	24	24	26	2
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>45</b>	<b>24</b>	<b>26</b>	<b>2</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Level of Service</b>				
Dog Pound Development	21	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	2,709	2,558	3,327	769
Targeted rates	102	14	-	(14)
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	5,679	5,194	5,552	358
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>8,490</b>	<b>7,766</b>	<b>8,879</b>	<b>1,113</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,072	5,804	6,413	609
Finance costs	7	8	3	(5)
Internal charges and overheads applied	2,212	1,926	2,677	751
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,291</b>	<b>7,738</b>	<b>9,093</b>	<b>1,355</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>199</b>	<b>28</b>	<b>(214)</b>	<b>(242)</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	21	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	178	28	(214)	(242)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>199</b>	<b>28</b>	<b>(214)</b>	<b>(242)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(199)</b>	<b>(28)</b>	<b>214</b>	<b>242</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Community Services and Facilities

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## What we do

We undertake activities to provide for the wellbeing of our communities and make them great places to live, work and play.

Community services and facilities include:

- Parks and reserves
  - Open spaces
  - Playgrounds
  - Public toilets
  - Cemeteries
- Libraries
- Property
  - Community land and buildings
  - Pensioner housing
- Heritage
- Swimming pools
- Waste management and minimisation

## Key projects for 2020/21 in the Long Term Plan 2018-28

- Lake Ngā Roto – heritage restoration project
- Land acquisition for Structure Plan areas
- Reserve developments

## Key changes from the Long Term Plan 2018-28

### Cambridge growth development

Due to the accelerated growth of new residential development in this area, budget has had to be brought forward from future LTP years to align with the development. Additional budget has also been added to reflect costs not incorporated in the original LTP. The budget for community services and facilities is to purchase land to create playgrounds and public use areas.

### Te Rahu Road development

Due to the proposed development of the Te Rahu Road area, installation of the necessary infrastructure is required earlier than anticipated.

### Pensioner housing

Funds for the maintenance and upgrade of pensioner housing units was deferred until the 2021/22 financial year due to the sale of the Palmer Street units being delayed.

## **Te Awamutu Hub development**

The 2018-28 Long Term Plan provided for land acquisition for parking and the demolition of existing buildings for Te Ara Wai. Given the design and funding of Te Ara Wai is not as advanced as originally planned, these works have been delayed.

## **Land acquisition for esplanade reserves and Karapiro Gully**

Land acquisition for esplanade reserves and Karapiro Gully has been deferred to align with the timing of private development of these areas. This timing is largely controlled by external private developers.

## **Lake Ngā Roto development and restoration**

The development and restoration of Lake Ngā Roto has been delayed while a reserve management plan is prepared.

## **Cost of service variances**

### Revenue:

- Increase of \$276,000 for Mighty River Domain, mainly due to a planned increase in sporting activities held at the domain.
- Increase of \$246,000 for district pools due to Cambridge Pool opening.
- Increase in revenue of \$168,000 for cemeteries due to increased demand for services.
- Increase of \$250,000 for Public Toilets due to external funding for the toilets in Pirongia, which has been deferred from the 2019/20 financial year.
- Increase of \$1,297,000 for Property Services due to delayed demolition of commercial properties allowing for additional lease revenue and the gain on the disposal of developed sections.
- Decrease in revenue of \$147,000 for pensioner housing due to the delay in construction of new units.

### Expenditure:

- Increase of \$195,000 for Parks and Reserves mainly due to the transfer of heritage and monument site maintenance from Heritage.
- Increase of \$351,000 for District Museums relates to operating projects deferred to align with the construction of Te Ara Wai.
- Increase of \$306,000 for District Libraries mainly due to an increase in staff and security costs to comply with health and safety requirements.
- Decrease of \$418,000 for district pools due to the delayed opening of the Cambridge Pool.
- Decrease of \$377,000 for Heritage mainly due to the transfer of the heritage and monument site maintenance to Parks and Reserves.
- Increase of \$173,000 for Cemeteries due to increased demand for services and additional staff required to comply with health and safety requirements. This has been offset by increased revenue.
- Decrease of \$356,000 for Property Services mainly due to delays in the work programme, including building condition assessments, and Ohaupō and Pirongia Hall developments.
- Decrease of \$319,000 for Pensioner Housing due to the delay in the construction of new units.

- Decrease of \$511,000 for forestry due to harvesting costs being lower than originally anticipated.
- Increase of \$851,000 for waste management. \$466,000 of the increase is attributable to recycling, which relates to additional contract costs. Depreciation and interest costs on the new bins represent an additional \$170,000. There has been a further increase in expenditure due to additional monitoring and maintenance of landfills in order to comply with legislative requirements.

**Capital expenditure variances:**

- Increase of \$903,000 for Reserve and Playground purchases mainly relating to Cambridge North land purchase due to development timing.
- Increase of \$3.2 million for Cambridge Growth Cells (C1, C2 and C3) to allow earlier development of neighbourhood, residential and commercial areas. This money will be used to purchase public land areas. The timing of this work has been brought forward to align with the earlier development of the area and additional budget added to reflect true costs.
- Increase of \$8.6 million for the Cambridge Pool due to delays in timing of construction.
- Decrease of \$337,000 for Lake Ngā Roto development and restoration while a reserve management plan is prepared.
- Decrease of \$364,000 for esplanade reserves and Karapiro gully land acquisitions to align with the timing of private development of these areas. This timing is largely controlled by external private developers.
- Increase of \$450,000 for Te Rahu Road development due to the timing of development.
- Increase of \$744,000 for the Te Awamutu, Lake Ngā Roto, and Pirongia cycling connection due to the deferral of works from the 2019/20 year.
- Increase of \$612,000 for Public Conveniences for the Pirongia Toilets which have been deferred from the 2019/20 year.
- Increase of \$1.2 million for pensioner housing new unit construction. This was delayed due to the delay in the sale of the Palmer Street units.
- Decrease of \$625,000 for Te Awamutu Hub development land purchase. Given the design and funding of Te Ara Wai is not as advanced as originally planned, these works have also been delayed.
- Decrease of \$5.1 million for Te Ara Wai due to the deferral of this project to future years.
- Decrease of \$520,000 for Heritage showcase sites as this project was brought forward and has been completed.
- Increase of \$288,000 for the Cambridge 50M pool refurbishment due to the increased scope of the project.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Fees and Charges:				
Mighty River Domain	745	777	1,053	276
District Museums	94	100	92	(8)
District Libraries	135	201	179	(22)
District Pools	336	511	757	246
Cemeteries	293	196	364	168
Public Toilets	-	-	250	250
Properties	929	738	2,035	1,297
Pensioner Housing & Own your Own Housing	1,185	1,309	1,162	(147)
Forestry	-	2,498	2,498	-
Civil Defence	195	165	208	43
Waste Management	198	220	152	(68)
<b>TOTAL REVENUE</b>	<b>4,110</b>	<b>6,715</b>	<b>8,750</b>	<b>2,035</b>
<b>OPERATING EXPENDITURE</b>				
Parks and Reserves	7,459	7,106	7,301	195
Mighty River Domain	1,505	1,625	1,585	(40)
District Museums	1,321	1,604	1,955	351
District Libraries	2,034	2,100	2,406	306
District Pools	2,057	4,660	4,242	(418)
Heritage	419	564	187	(377)
Cemeteries	377	359	532	173
Public Toilets	548	651	637	(14)
Properties	3,647	3,399	3,043	(356)
Pensioner Housing & Own your Own Housing	1,341	1,615	1,296	(319)
Forestry	131	2,518	2,007	(511)
Civil Defence	330	318	337	19
Waste Management	2,608	2,016	2,867	851
National Cycle Centre of Excellence	23	31	10	(21)
<b>TOTAL EXPENDITURE</b>	<b>23,800</b>	<b>28,566</b>	<b>28,405</b>	<b>(161)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(19,690)</b>	<b>(21,851)</b>	<b>(19,655)</b>	<b>2,196</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	11,846	12,812	22,367	9,555
Debt Repayment (Internal)	1,018	1,314	1,295	(19)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>12,864</b>	<b>14,126</b>	<b>23,662</b>	<b>9,536</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To Meet Additional Demand</b>				
Buffer Reserve Land Purchase	-	-	-	-
Reserve Purchases - Developments	7	156	269	113
Playground Reserve Land Cambridge North	1	-	430	430
Playground on Neighbourhood Reserve Cambridge North	-	60	420	360
Cambridge Growth Cells Reserves (C1, C2 and C3)	351	-	3,169	3,169
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>359</b>	<b>216</b>	<b>4,288</b>	<b>4,072</b>
<b>To Improve Level of Service</b>				
Cambridge Town Pool Development	6,752	83	8,691	8,608
Cambridge Town Hall Upgrades	160	-	40	40
Destination Playgrounds	338	45	126	81
Reserve Developments	388	417	495	78
Maungatautari - Hicks Rd Formation	158	-	-	-
Cambridge Town Belt Development	15	47	47	-
Waipuke Reserve Development	89	88	122	34
Karapiro Domain Improvements	51	94	92	(2)
Lake Ngaroto - Development and Restoration (including Heritage)	49	437	100	(337)
Kakepuku - Interpretation & Restoration	6	16	-	(16)
Lake Rotopiko Heritage Development	-	36	-	(36)
Peat Lake Programme	-	5	-	(5)
Lake Mangakaware - Restoration, Development & Enhancement of Heri	-	-	30	30
Matakitaki Access & Restoration	38	-	-	-
Waiari Pa - Access & Restoration Planning	5	-	-	-
Pukemako A & B - Planning & Restoration	-	-	32	32
Land Wars - Site Interpretation & Facilities	153	31	31	-
Flour Mill Sites - Access & Interpretation	-	16	-	(16)
Mt Pirongia - collaboration with DOC	37	26	-	(26)
Land Acquisition - Structure Plan areas Karapiro Gully etc.	-	260	-	(260)
Land Acquisition - Esplanade Reserves	-	104	-	(104)
Addison Street Development - Property	-	-	20	20
Property upgrades	26	-	-	-
Purchase of Property for for Te Awamutu Commercial	-	-	22	22
Te Rahu Road Development - Property	40	-	450	450

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
Cycling - Te Awamutu/Ngaroto/Pirongia Connection	141	1,101	1,845	744
Public Conveniences - New Toilet Blocks	252	84	696	612
Pensioner Housing - Upgrades and New Buildings	100	2,124	3,355	1,231
Website Development for Libraries	21	-	-	-
Purchase of Land for Te Awamutu Hub Development	3	625	-	(625)
Design and Built Te Ara Wai	575	4,326	-	(4,326)
Te Ara Wai - Exhibition Planning, Design, Development & Install	41	785	-	(785)
Heritage Showcase Sites	456	520	-	(520)
Te Awamutu Community Hub Precinct	10	-	-	-
Slip Remediation (Mangaohoi Stream & Settlers Track)	103	-	103	103
Band Rotundas within the District	75	-	80	80
CB 50m Pool refurbishment	233	-	288	288
Cambridge Gasworks Site	54	-	-	-
Cemeteries Health & Safety Improvements	227	-	-	-
Erosion Control & Amenity Enhancement	-	125	-	(125)
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>10,596</b>	<b>11,395</b>	<b>16,665</b>	<b>5,270</b>
<b>To Replace Existing Assets</b>				
Parks Renewals	29	94	156	62
Playground Equipment & Safety Surfaces Renewal	141	58	59	1
Parks Structure Renewals	7	59	111	52
Karapiro / Arapuni Lakes Programme	5	21	21	-
Plant Replacement - Mighty River Domain	36	52	52	-
Mighty River Domain Facility Renewals	-	-	52	52
Memorial Park Bridge Replacement	-	-	75	75
Library Books	354	362	362	-
District Pools - Asset Renewals	185	126	126	-
Pensioner Housing Renewals	121	312	250	(62)
Carpark Renewals	13	117	150	33
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>891</b>	<b>1,201</b>	<b>1,414</b>	<b>213</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>11,846</b>	<b>12,812</b>	<b>22,367</b>	<b>9,555</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	14,135	15,027	14,459	(568)
Targeted rates	4,940	5,405	5,717	312
Subsidies and grants for operating purposes	6	11	6	(5)
Fees and charges	4,099	6,614	8,003	1,389
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>23,180</b>	<b>27,057</b>	<b>28,185</b>	<b>1,128</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	15,880	19,910	20,429	519
Finance costs	787	1,531	377	(1,154)
Internal charges and overheads applied	3,396	3,165	3,734	569
Other operating funding applications	285	408	334	(74)
<b>Total applications of operating funding (B)</b>	<b>20,348</b>	<b>25,014</b>	<b>24,874</b>	<b>(140)</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,832</b>	<b>2,043</b>	<b>3,311</b>	<b>1,268</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	101	2,540	741	(1,799)
Development and financial contributions	398	649	522	(127)
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>499</b>	<b>3,189</b>	<b>1,263</b>	<b>(1,926)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	359	216	4,288	4,072
- to improve the level of service	10,596	11,395	16,665	5,270
- to replace existing assets	891	1,201	1,414	213
Increase (decrease) in reserves	(8,515)	(7,580)	(17,793)	(10,213)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,331</b>	<b>5,232</b>	<b>4,574</b>	<b>(658)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,832)</b>	<b>(2,043)</b>	<b>(3,311)</b>	<b>(1,268)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Roads and Footpaths

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## What we do

The roads and footpaths group is the primary service provider for the provision of the local transport network.

It oversees a range of the district's core infrastructure assets and services including:

- Roads and structures
- Footpaths and cycleways
- Signage and traffic facilities
- Street lighting
- Road corridor amenity

## Key projects for 2020/21 in the Long Term Plan 2018-28

- Cambridge North infrastructure growth projects
- Cambridge growth cells C1, C2 and C3 infrastructure and land purchase
- Hautapu Structure Plan and cycleway
- Town Concept Plans and streetscape implementation
- Cambridge bypass roading improvements
- District wide cycle projects
- Sealed road resurfacing
- Pavement rehabilitation
- Key changes from the Long Term Plan 2018-28

The variations from the Long Term Plan 2018-28 are shown in the following tables. The main activity changes are as follows:

### Cambridge growth development

Due to the accelerated growth of new residential development in this area, budget has had to be brought forward from future LTP years to align with the development. Additional budget has also been added to reflect costs not incorporated in the original LTP. The budget for Roads and Footpaths is to install the necessary road service infrastructure.

### Urban infrastructure

Earlier-than-planned upgrades are required due to increasing urban growth.

### Cambridge bypass / Hanlin Road intersection

This project was brought forward from 2020/21 financial year into the 2019/20 financial year due to NZTA funding availability and growth in the area.



## Cycling projects

Cycling projects throughout the district have increased but the additional expenditure will be funded by external parties.

### Cost of service variances:

#### Revenue:

- Increase of \$3 million in subsidy revenue due to increased external funding for cycleway projects.

#### Expenditure:

- Increase of \$504,000 in depreciation expenditure due to an increase in the fair value of roading assets in the roading asset revaluation. The increase is only partially funded in this financial year.
- Increase of \$532,000 in activity expenses due to increased expenditure for Road Asset Technical Accord (RATA) which is funded jointly by participating Councils and increases in operating projects due to a change in timing of expenditure because of Covid-19.
- Increase of \$308,000 in internal charges and overheads due to an increase in capital works and internal staff numbers impacting on the reallocation of overheads for support services across all departments.
- Decrease of \$733,000 in finance costs due to a decrease in interest rates.

### Capital expenditure variances:

- Increase of \$21.5 million for Cambridge Growth Cells (C1, C2 and C3) to allow early development of neighbourhood residential and commercial areas.
- Decrease of \$111,000 for Hautapu Structure Plan to align with the timing of development in 2021/22.
- Decrease in St Leger and Kihikihi Road, and Picquet Hill Plan Change projects due to timing of growth, \$261,000 and \$496,000 respectively.
- Increase of \$2.2 million for growth-related upgrades to urban infrastructure due to increasing urban growth.
- Decrease of \$250,000 for seal extensions due to decreased need for seal extensions to be completed.
- Increase of \$857,000 for Town Concept Plans and Streetscape implementation due to the deferral of these projects from 2019/20.
- Increase of \$5.1 million for district wide cycling projects. This has been funded by external parties including additional subsidy revenue.
- Decrease of \$209,000 for CBD accessibility improvements due to work being covered from within existing budgets.
- Decrease of \$2.4 million for the Cambridge bypass/Hanlin Road intersection due to the work being brought forward to 2019/20 in response to the availability of NZTA funding and to align with development of the area.
- Increase of \$937,000 for improvement projects mainly due to the deferral of capital works from 2019/20 year.
- Decrease of \$1.1 million for roading renewal projects due to increasing life of assets and reprioritisation of renewal budgets.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Fees, charges and NZTA subsidy	12,289	8,768	11,791	3,023
Finance Income	93	96	43	(53)
<b>TOTAL REVENUE</b>	<b>12,382</b>	<b>8,864</b>	<b>11,834</b>	<b>2,970</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	9,979	10,472	10,976	504
Activity Expenses	9,245	8,692	9,224	532
Internal charges and Overheads	1,514	1,531	1,839	308
Finance Costs	606	1,062	329	(733)
<b>TOTAL EXPENDITURE</b>	<b>21,344</b>	<b>21,757</b>	<b>22,368</b>	<b>611</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(8,962)</b>	<b>(12,893)</b>	<b>(10,534)</b>	<b>2,359</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	17,216	17,752	43,492	25,740
Vested Assets	5,408	7,714	7,714	-
Debt Repayment (Internal)	936	1,003	1,454	451
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>23,560</b>	<b>26,469</b>	<b>52,660</b>	<b>26,191</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Capital Projects	20	1,326	1,461	135
Cambridge Growth Cells (C1,C2 and C3) incls Land Purchase	1,518	1,826	23,336	21,510
Hautapu Structure Plan	168	835	724	(111)
St Leger and Kihikihi Road	-	261	-	(261)
Picquet Hill Plan Change Rooding	25	496	-	(496)
Frontier Road Plan Change	-	104	104	-
Urban Upgrades - Development Related	116	52	2,289	2,237
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>1,847</b>	<b>4,900</b>	<b>27,914</b>	<b>23,014</b>
<b>To Improve Level of Service</b>				
Seal Extensions	465	500	250	(250)
New Footpaths	107	125	75	(50)
Car Park Improvements	3	52	-	(52)
Town Concept Plans and Streetscape Implementation	81	543	1,400	857
Passenger Transport Infrastructure	-	21	-	(21)
Street Light Improvements	222	365	367	2
Cycle Projects District Wide	186	695	5,831	5,136
CBD Accessibility Improvements	122	230	21	(209)
Cambridge Bypass Rooding Improvements	6,533	2,443	-	(2,443)
Major Improvements	642	241	378	137
Bridge Footpath Widening	65	-	200	200
Associated Improvements	20	-	600	600
Minor Improvements	663	887	824	(63)
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>9,109</b>	<b>6,102</b>	<b>9,946</b>	<b>3,844</b>
<b>To Replace Existing Assets</b>				
Footpath Renewals	408	449	200	(249)
Amenity Lighting Renewals	36	-	-	-
Car Park Renewals	66	37	37	-
Drainage Renewals	476	371	308	(63)
Sealed Road Resurfacing	1,051	2,662	3,900	1,238
Unsealed Road Metalling	39	63	25	(38)
Pavement Rehabilitation	3,565	2,662	900	(1,762)
Structures Component Renewal	581	418	150	(268)
Traffic Services Renewals	30	26	10	(16)
Bus Shelter Renewals		10	-	(10)
Guardrail Renewals	8	52	102	50
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>6,260</b>	<b>6,750</b>	<b>5,632</b>	<b>(1,118)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>17,216</b>	<b>17,752</b>	<b>43,492</b>	<b>25,740</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	11,791	12,600	12,262	(338)
Targeted rates	725	374	265	(109)
Subsidies and grants for operating purposes	2,186	2,929	3,464	535
Fees and charges	790	765	1,262	497
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>15,492</b>	<b>16,668</b>	<b>17,253</b>	<b>585</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	8,223	7,648	8,202	554
Finance costs	606	1,062	329	(733)
Internal charges and overheads applied	1,514	1,531	1,839	308
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,343</b>	<b>10,241</b>	<b>10,370</b>	<b>129</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,149</b>	<b>6,427</b>	<b>6,883</b>	<b>456</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	9,313	5,074	7,062	1,988
Development and financial contributions	924	2,847	2,814	(33)
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>10,237</b>	<b>7,921</b>	<b>9,876</b>	<b>1,955</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,847	4,900	27,914	23,014
- to improve the level of service	9,109	6,102	9,946	3,844
- to replace existing assets	6,260	6,750	5,632	(1,118)
Increase (decrease) in reserves	(1,830)	(3,404)	(26,733)	(23,329)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15,386</b>	<b>14,348</b>	<b>16,759</b>	<b>2,411</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,149)</b>	<b>(6,427)</b>	<b>(6,883)</b>	<b>(456)</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

We are the primary service provider for managing stormwater in urban areas. Council maintains all of Waipā's public rural drains.

Waipā maintains stormwater assets worth \$98 million and consisting of 158 kilometres of pipes, 2,944 manholes and other related structures such as open drains, streams, swales, soak systems and retention structures. An appropriately managed system will limit the impacts of flooding and ensure that stormwater discharges to waterways are free from contaminants.

## Key projects for 2020/21 in the Long Term Plan 2018-28

- Cambridge North residential stormwater works
- Cambridge growth cells (C1, C2 and C3) stormwater works
- Hautapu industrial stormwater works

## Key changes from the Long Term Plan 2018-28

There are no significant or material changes from the programme outlined in the Long Term Plan 2018-28 other than for changes in the timing of projects to accommodate an accelerating rate of growth. The variations from the Long Term Plan 2018-28 are shown in the following tables.

### Cambridge growth development

Due to the accelerated growth of new residential development in this area, budget has had to be brought forward from future LTP years to align with the development. Additional budget has also been added to reflect costs not incorporated in the original LTP. The budget for stormwater is to install the necessary stormwater service infrastructure.

In contrast, stormwater installation for the Hautapu Industrial Area has been deferred to 2021/22 to fit with the timing of the proposed development.

### Cost of service variances:

Revenue:

- Decrease of \$70,000 interest revenue allocated to stormwater reserves due to lower interest rates and lower balance of the stormwater operating reserve.

Expenditure:

- Increase of \$80,000 in depreciation expenditure due to stormwater asset revaluation.
- Increase of \$175,000 mainly due to operating projects increasing due to timing. These projects are being funded from the stormwater operating reserve.
- Increase in internal charges and overheads of \$105,000 mainly due to an increase in capital works and internal staff numbers impacting on the reallocation of overheads.

### Capital expenditure variances:

- Increase of \$6.3 million for Cambridge North stormwater works for the construction of the western outlet, due to development timing.

- Increase of \$9.1 million for Cambridge growth cells (C1, C2 and C3) to allow early development of neighbourhood, residential and commercial areas. The timing of this work has been brought forward to align with the early development of the area, and additional budget has been added to reflect true costs.
- Decrease of \$1.5 million for Hautapu industrial development, which has been delayed due to the timing of the development.

Note: A report was presented to the Executive Team in May 2020 seeking approval to proceed with a review of the structure of the Waters Services Team to ensure correct resourcing for this activity. Any resulting increased costs will be funded from operating reserves in the 2020/21 year and will not have any rates impact for the 2020/21 Annual Plan. A significant review of funding will be undertaken leading into the 2021-2031 Long Term Plan. It is proposed that consultation with the Water Services Team will begin in early June 2020.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Finance Income	22	77	7	(70)
<b>TOTAL REVENUE</b>	<b>22</b>	<b>77</b>	<b>7</b>	<b>(70)</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	1,461	1,603	1,683	80
Activity Expenses	1,696	1,903	2,099	196
Internal charges and Overheads	571	489	594	105
Finance Costs	36	-	3	3
<b>TOTAL EXPENDITURE</b>	<b>3,764</b>	<b>3,995</b>	<b>4,379</b>	<b>384</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(3,742)</b>	<b>(3,918)</b>	<b>(4,372)</b>	<b>(454)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	8,145	18,420	32,766	14,346
Vested Assets	2,946	3,105	3,105	-
Debt Repayment (Internal)	23	-	5	5
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>11,114</b>	<b>21,525</b>	<b>35,876</b>	<b>14,351</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Residential Stormwater Works	3,015	730	7,107	6,377
Cambridge Growth Cells (C1, C2 and C3)	3,942	15,225	24,334	9,109
Hautapu Industrial Stormwater	36	1,678	210	(1,468)
Cambridge Park Stormwater Provision	-	-	-	-
Bond Road Stormwater Culvert	6	-	5	5
Kihikihi Stormwater Works	64	262	122	(140)
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>7,063</b>	<b>17,895</b>	<b>31,778</b>	<b>13,883</b>
<b>To Improve Level of Service</b>				
Consent, Remedial and Flood Mitigation Work	176	-	160	160
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>176</b>	<b>-</b>	<b>160</b>	<b>160</b>
<b>To Replace Existing Assets</b>				
Renewals	906	525	828	303
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>906</b>	<b>525</b>	<b>828</b>	<b>303</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>8,145</b>	<b>18,420</b>	<b>32,766</b>	<b>14,346</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	268	282	312	30
Targeted rates	3,422	3,417	3,669	252
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>3,690</b>	<b>3,699</b>	<b>3,981</b>	<b>282</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,481	1,683	1,884	201
Finance costs	36	-	3	3
Internal charges and overheads applied	571	489	594	105
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,088</b>	<b>2,172</b>	<b>2,481</b>	<b>309</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,602</b>	<b>1,527</b>	<b>1,500</b>	<b>(27)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	2,723	6,112	4,886	(1,226)
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>2,723</b>	<b>6,112</b>	<b>4,886</b>	<b>(1,226)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	7,063	17,895	31,778	13,883
- to improve the level of service	176	-	160	160
- to replace existing assets	906	525	828	303
Increase (decrease) in reserves	(3,820)	(10,781)	(26,380)	(15,599)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,325</b>	<b>7,639</b>	<b>6,386</b>	<b>(1,253)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,602)</b>	<b>(1,527)</b>	<b>(1,500)</b>	<b>27</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

We provide a safe, effective and reliable system for managing wastewater in urban areas to maintain public health and protect land and waterways from contamination.

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

## Key projects for 2020/21 in the Long Term Plan 2018-28

- Cambridge growth cells (C1, C2 and C3) wastewater works
- Hautapu industrial wastewater works
- Waikeria Prison expansion – wastewater connection
- Cambridge Wastewater Treatment Plant
- Asset renewals

## Key changes from the Long Term Plan 2018-28

### Cambridge Growth Development

Due to the accelerated growth of new residential development in this area, budget has been brought forward from future LTP years. Additional budget has also been added to reflect true costs. The budget for wastewater treatment and disposal is to install the necessary wastewater service infrastructure. Wastewater infrastructure installation of a pump station for the Hautapu Industrial Area has been deferred from 2019/20 to align with the timing of the proposed development.

### Te Awamutu Wastewater Treatment Plant upgrade

The increase in budget in 2020/21 includes \$3.7 million deferred from 2019/20. This will now allow increased capacity to meet current and future growth demands, including receiving waste from Waikeria Prison commencing in December 2020. The increase also allows for new equipment to meet the requirements of the newly obtained wastewater discharge consent.

### Cost of service variances:

#### Revenue:

- Increase of \$180,000 in Fees & Charges revenue from wastewater connections due to Waikeria Prison coming on stream.
- Decrease in internal interest revenue from the wastewater operating reserve due to lower interest rates.

#### Expenditure:

- Increase in depreciation expenditure of \$51,000 due to the wastewater asset revaluation.
- Increase in activity expenditure of \$2.2 million, \$1.6 million of this is associated with the Cambridge Wastewater Treatment Plant short-term consent upgrade, and the balance largely

relates to treatment costs relating to additional wastewater being received from Waikeria Prison and the upgrade of the Te Awamutu Wastewater Treatment Plant.

- Increase in Internal charges and overheads of \$353,000 mainly due to an increase in capital works and internal staff numbers impacting on the reallocation of overheads.
- Decrease in finance costs of \$398,000 mainly due to a decrease in interest rates and the timing of wastewater internal loans.

**Capital expenditure variances:**

- Increase of \$484,000 for Cambridge North wastewater provision due to developer timing.
- Increase of \$4.5 million for Cambridge growth cells (C1, C2 and C3) wastewater works due to developer timing.
- Increase of \$1.2 million for Hautapu industrial development due to timing of the development.
- Increase of \$4.2 million for Te Awamutu Wastewater Treatment Plant due to new equipment being installed to meet wastewater discharge consent requirements and a change in timing.
- Increase of \$9.3 million for Waikeria Prison expansion due to a change in the timing of construction, which has been deferred from 2019/20. This budget is funded by the Department of Corrections.
- Decrease of \$4.6 million for the Cambridge Wastewater Treatment Plant Upgrade due to works being deferred to align with design and resource application for the long term solution.
- Deduction in the wastewater renewal budgets of \$786,000 to maximise the life of assets and reprioritise budgets.
- Increase in the Plant and Pumps budgets of \$7.2m. This relates to \$4.3 million for the Christie Ave Pump Station to align with the Waikeria Pipeline and \$3 million for Cambridge Waste treatment plant for work on the aeration lagoon.

**Note:** A report was presented to the Executive Team in May 2020 seeking approval to proceed with a review of the structure of the Waters Services Team to ensure correct resourcing for this activity. Any resulting increased costs will be funded from operating reserves in the 2020/21 year and will not have any rates impact for the 2020/21 Annual Plan. A significant review of funding will be undertaken leading into the 2021-2031 Long Term Plan. It is proposed that consultation with the Water Services Team will begin in early June 2020.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Fees and Charges	575	588	768	180
Finance Income	168	272	77	(195)
<b>TOTAL REVENUE</b>	<b>743</b>	<b>860</b>	<b>845</b>	<b>(15)</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	3,120	3,658	3,709	51
Activity Expenses	6,545	3,405	5,583	2,178
Internal charges and Overheads	1,520	1,258	1,611	353
Finance Costs	267	619	221	(398)
<b>TOTAL EXPENDITURE</b>	<b>11,452</b>	<b>8,940</b>	<b>11,124</b>	<b>2,184</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(10,709)</b>	<b>(8,080)</b>	<b>(10,279)</b>	<b>(2,199)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	28,588	18,223	39,973	21,750
Vested Assets	2,557	2,697	2,697	-
Debt Repayment (Internal)	171	244	401	157
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>31,316</b>	<b>21,164</b>	<b>43,071</b>	<b>21,907</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Wastewater Provision	-	-	484	484
Cambridge Growth Cells (C1, C2 and C3)	403	950	5,484	4,534
Hautapu Industrial Wastewater	1,334	839	2,014	1,175
Te Awamutu Wastewater Treatment Plant Upgrade	6,618	344	4,503	4,159
Cambridge New Wastewater Treatment Plant Stage 2	-	449	-	(449)
Te Awamutu Growth Provision (T1)	7	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>8,362</b>	<b>2,582</b>	<b>12,485</b>	<b>9,903</b>
<b>To Improve Level of Service</b>				
Waikeria Prison Expansion - WW Connection	13,122	6,556	15,875	9,319
Cambridge Wastewater Treatment Plant Upgrade	5,177	7,872	3,705	(4,167)
Vogel & Alpha Street Odour Control	-	-	51	51
Southern Area Wastewater Study	-	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>18,299</b>	<b>14,428</b>	<b>19,631</b>	<b>5,203</b>
<b>To Replace Existing Assets</b>				
Renewals	-	982	196	(786)
Cambridge Pipe Bridge	37	-	263	263
Plant and Pumps	1,890	231	7,398	7,167
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>1,927</b>	<b>1,213</b>	<b>7,857</b>	<b>6,644</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>28,588</b>	<b>18,223</b>	<b>39,973</b>	<b>21,750</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	640	720	664	(56)
Targeted rates	7,205	7,040	7,922	882
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	575	588	768	180
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>8,420</b>	<b>8,348</b>	<b>9,354</b>	<b>1,006</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,135	2,985	5,173	2,188
Finance costs	267	619	221	(398)
Internal charges and overheads applied	1,520	1,258	1,611	353
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,922</b>	<b>4,862</b>	<b>7,005</b>	<b>2,143</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>498</b>	<b>3,486</b>	<b>2,349</b>	<b>(1,137)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	4,983	-	(4,983)
Development and financial contributions	1,156	3,120	2,439	(681)
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>1,156</b>	<b>8,103</b>	<b>2,439</b>	<b>(5,664)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	8,362	2,582	12,485	9,903
- to improve the level of service	18,299	14,428	19,631	5,203
- to replace existing assets	1,927	1,213	7,857	6,644
Increase (decrease) in reserves	(26,934)	(6,634)	(35,185)	(28,551)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,654</b>	<b>11,589</b>	<b>4,788</b>	<b>(6,801)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(498)</b>	<b>(3,486)</b>	<b>(2,349)</b>	<b>1,137</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water Treatment and Supply

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## What we do

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

We provide reticulated water supplies to Cambridge, Te Awamutu, Kihikihi, Pirongia, Ōhaupō, Pukerimu and Karāpiro and operate seven water treatments plants. We are responsible for maintaining water supply assets worth \$198 million including 573km of water pipes plus pump stations, reservoirs and treatment plants.

## Key projects for 2020/21 in the Long Term Plan 2018-28

- Cambridge North to Hautapu water pipeline
- Cambridge growth cells C1, C2 and C3 water infrastructure works
- Pukerimu Airport water supply
- Parallel Road Water Treatment Plant upgrade
- Parallel Road to Taylors Hill pipeline
- District-wide water main renewals

## Key changes from the Long Term Plan 2018-28

### Parallel Road Water Treatment Plant upgrade

The budget for this project has increased to ensure sufficient capacity to service current levels of growth, and adjusted for timing change from 2019/20.

### Parallel Road to Taylors Hill pipeline

This project commenced in 2019/20 with a budget increase of \$860,000 split between the 2019/20 and 2020/21 financial years to align with construction. This project also aligns with the Parallel Road Water Treatment Plant upgrade work.

### Cost of service variances

Expenditure:

- Decrease in depreciation expenditure of \$597,000 due to the water asset revaluation and increase in expected lives of some of our pipe network.
- Decrease in activity expenses of \$103,000 due to consultancy savings and savings due to delays in treatment plant upgrades. This has been offset by additional operating costs of \$562,000 due to deferral from 2019/20 to 2020/21. These projects are being funded from the water operating reserve.
- Increase in internal charges and overheads of \$149,000, mainly due to an increase in capital works and internal staff numbers impacting on reallocation of overheads.
- Decrease in finance costs of \$560,000 mainly due to a decrease in interest rates and timing of internal water services loans.

**Capital expenditure variances:**

- Increase of \$312,000 for Cambridge Growth Cells (C1,C2 and C3) due to timing of the development.
- Increase of \$500,000 for Hautapu industrial supply due to timing of the development.
- Increase of \$277,000 for Te Awamutu Growth Cells due to timing of development.
- Decrease of \$928,000 for Pukerimu Airport Supply due to timing of development.
- Increase of \$630,000 for Raw Water Main Renewal due to deferral of budget from 2019/20 to 2020/21.
- Increase of \$11.1 million for the Parallel Road Water Treatment Plant upgrade. The scope of this project has increased to allow for future growth. Timing has been pushed out from the 2019/20 year.
- Increase of \$803,000 for the Parallel Road to Taylor's Hill pipeline. This project aligns with the Parallel Road Water Treatment Plant upgrade and has been deferred to align with the timing of that project.

**Note:** A report was presented to the Executive Team in May 2020 seeking approval to proceed with a review of the structure of the Waters Services Team to ensure correct resourcing for this activity. Any resulting increased costs will be funded from operating reserves in the 2020/21 year and will not have any rates impact for the 2020/21 Annual Plan. A significant review of funding will be undertaken leading into the 2021-2031 Long Term Plan. It is proposed that consultation with the Water Services Team will begin in early June 2020.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Fees and charges	250	478	278	(200)
Targeted rates for water supply	10,754	10,999	11,210	211
Finance Income	88	79	29	(50)
<b>TOTAL REVENUE</b>	<b>11,092</b>	<b>11,556</b>	<b>11,517</b>	<b>(39)</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	4,886	4,972	4,375	(597)
Activity Expenses	6,782	7,534	7,993	459
Internal charges and Overheads	520	367	516	149
Finance Costs	274	789	229	(560)
<b>TOTAL EXPENDITURE</b>	<b>12,462</b>	<b>13,662</b>	<b>13,113</b>	<b>(549)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(1,370)</b>	<b>(2,106)</b>	<b>(1,596)</b>	<b>510</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	26,809	15,920	29,058	13,138
Vested Assets	1,593	1,660	1,660	-
Debt Repayment (Internal)	174	308	407	99
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>28,576</b>	<b>17,888</b>	<b>31,125</b>	<b>13,237</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Water Provision	328			-
Cambridge North to Hautapu Pipeline	2,403	799	850	51
Dedicated Main Leamington to Hautapu	34	79	122	43
Cambridge Growth Cells (C1, C2, C3)	241	1,181	1,493	312
Water Supply Provision Cambridge (C6)	-	257	303	46
Cambridge Water Reticulation Active Control	-	463	463	-
Karapiro Water Treatment Plant Upgrade	2	-	48	48
Hautapu East Water Development - Industrial Supply (C10)	-	-	500	500
Te Awamutu Growth Cells	619	-	277	277
Pukerimu Airport Supply	-	928	-	(928)
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>3,627</b>	<b>3,707</b>	<b>4,056</b>	<b>349</b>
<b>To Improve Level of Service</b>				
Raw Water Main Renewal & Inlet Pump Installation	5,099	-	630	630
Parallel Road Water Treatment Plant Upgrade	5,021	4,196	15,312	11,116
Parallel Road to Taylors Hill Pipeline	8,807	4,196	4,999	803
Karapiro Rising Main	-	-	26	26
Hicks Rd Main Installation	846	-	-	-
Te Awamutu Active Reticulation Control	113	463	463	-
Kihikihi Water Supply - Advanced Treatment	-	-	-	-
Standby Generators for Treatment Plants	-	-	-	-
Cambridge Fire & Water LOS Upgrades		190	190	-
District Wide Complex Water Connections	6	-	194	194
Frontier Road to Taylors Hill Trunk Main	-	174	-	(174)
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>19,892</b>	<b>9,219</b>	<b>21,814</b>	<b>12,595</b>
<b>To Replace Existing Assets</b>				
District Wide Water Main Renewals	2,644	2,507	2,507	-
Reservoir Renewals	-	210	230	20
District Wide Connection Renewals	252	-	200	200
Plant and Pumps	394	277	251	(26)
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>3,290</b>	<b>2,994</b>	<b>3,188</b>	<b>194</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>26,809</b>	<b>15,920</b>	<b>29,058</b>	<b>13,138</b>



## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	819	746	500	(246)
Targeted rates	10,811	11,068	11,232	164
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	250	478	278	(200)
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>11,880</b>	<b>12,292</b>	<b>12,010</b>	<b>(282)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,270	7,009	7,481	472
Finance costs	274	789	229	(560)
Internal charges and overheads applied	520	367	516	149
Other operating funding applications	5	5	-	(5)
<b>Total applications of operating funding (B)</b>	<b>7,069</b>	<b>8,170</b>	<b>8,226</b>	<b>56</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,811</b>	<b>4,122</b>	<b>3,784</b>	<b>(338)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	969	2,828	1,933	(895)
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>969</b>	<b>2,828</b>	<b>1,933</b>	<b>(895)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	3,627	3,707	4,056	349
- to improve the level of service	19,892	9,219	21,814	12,595
- to replace existing assets	3,290	2,994	3,188	194
Increase (decrease) in reserves	(21,029)	(8,970)	(23,341)	(14,371)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,780</b>	<b>6,950</b>	<b>5,717</b>	<b>(1,233)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,811)</b>	<b>(4,122)</b>	<b>(3,784)</b>	<b>338</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Support Services

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### What we do

This group provides a range of specialist skills and services to support the organisation to efficiently deliver services.

Support Services includes:

- Customer support
- Financial management
- Human resources
- Information services
- Legal and corporate support
- Business improvement

### Key projects for 2020/21

No specific projects for this group were identified in the Long Term Plan 2021-28.

### Key changes from the Long Term Plan 2018-28

There are material changes from the programme outlined in the Long Term Plan 2018-28 relating to employee related expenditure and software upgrades. The variations from the Long Term Plan 2018-28 are shown in the following tables.

#### Cost of service variances

Expenditure:

- Increase of employee related expenses of \$2.6 million due to additional staffing resources required to support the organisation and decrease consultancy spend across the organisation.
- Decrease in finance costs of \$199,000 mainly due to a decrease in interest rates.

#### Capital expenditure variances:

- Increase of \$1.2 million for software upgrades to enhance Council's systems and processes.

## Statement of cost of service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Fees and Charges	85	49	87	38
<b>TOTAL REVENUE</b>	<b>85</b>	<b>49</b>	<b>87</b>	<b>38</b>
<b>OPERATING EXPENDITURE</b>				
Employee Related Expenses	9,833	7,954	10,538	2,584
Depreciation and Amortisation	1,315	1,335	1,322	(13)
Activity Expenses	3,387	3,657	3,630	(27)
Finance Costs	225	304	105	(199)
<b>TOTAL EXPENDITURE</b>	<b>14,760</b>	<b>13,250</b>	<b>15,595</b>	<b>2,345</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(14,675)</b>	<b>(13,201)</b>	<b>(15,508)</b>	<b>(2,307)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	1,726	2,320	3,776	1,456
Debt Repayment	364	338	440	102
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,090</b>	<b>2,658</b>	<b>4,216</b>	<b>1,558</b>

## Capital expenditure table

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>To Improve Level of Service</b>				
Buildings	144	1,386	1,388	2
Computer Software Upgrades	538	-	1,249	1,249
<b>Total to Improve Level of Service</b>	<b>682</b>	<b>1,386</b>	<b>2,637</b>	<b>1,251</b>
<b>To Replace Existing Assets</b>				
Plant	683	664	714	50
Carparks Renewals	-	36	55	19
Computer Hardware Renewals	189	126	200	74
Computer Software Renewals	172	108	170	62
<b>Total to Replace Existing Assets</b>	<b>1,044</b>	<b>934</b>	<b>1,139</b>	<b>205</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>1,726</b>	<b>2,320</b>	<b>3,776</b>	<b>1,456</b>

## Funding Impact Statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	300	295	223	(72)
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	60	49	62	13
Internal charges and overheads recovered	13,887	12,900	15,477	2,577
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>14,247</b>	<b>13,244</b>	<b>15,762</b>	<b>2,518</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,208	11,610	14,168	2,558
Finance costs	225	304	105	(199)
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>13,433</b>	<b>11,914</b>	<b>14,273</b>	<b>2,359</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>814</b>	<b>1,330</b>	<b>1,489</b>	<b>159</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	682	1,386	2,637	1,251
- to replace existing assets	1,044	934	1,139	205
Increase (decrease) in reserves	(912)	(990)	(2,287)	(1,297)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>814</b>	<b>1,330</b>	<b>1,489</b>	<b>159</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(814)</b>	<b>(1,330)</b>	<b>(1,489)</b>	<b>(159)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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 2019/20, 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 2020/21 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

Due to the higher costs Council is facing for the 2020/21 year, Council is using \$914,000 of prior year surplus to offset the impact of rate increases.

### Hall Rates

One community hall has requested increases to their hall rate, which are collected and paid to the hall committees.

Fencourt Hall Association – requested its levy be increased by \$1.70 per dwelling to be \$16.00 GST inclusive, an additional \$653 GST inclusive to cover the higher basic costs of running the hall.

## Prospective statement of comprehensive revenue and expense for the year ending 30 June 2021

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>OPERATING INCOME</b>				
Rates	63,273	66,026	68,263	2,237
Fees and charges	11,365	13,689	14,720	1,031
Reserve contributions	398	649	522	(127)
Development contributions	5,772	14,907	12,072	(2,835)
Gain on revaluation of investment properties & forestry	421	447	447	-
Vested assets	13,000	34,646	15,176	(19,470)
Discovered Assets	402	-	-	-
Dividends	52	-	20	20
Finance revenue	848	271	271	-
Subsidies and grants	11,657	10,639	11,327	688
Other revenue	428	412	1,563	1,151
<b>Total Operating Income</b>	<b>107,616</b>	<b>141,686</b>	<b>124,381</b>	<b>(17,305)</b>
<b>OPERATING EXPENDITURE</b>				
Employee benefit expenses	24,292	23,642	27,023	3,381
Depreciation & amortisation	23,708	25,317	25,461	144
Other expenses	40,039	39,040	43,465	4,425
Finance costs	1,358	4,091	1,870	(2,221)
<b>Total Operating Expenditure</b>	<b>89,397</b>	<b>92,090</b>	<b>97,819</b>	<b>5,729</b>
<b>OPERATING SURPLUS</b>	<b>18,219</b>	<b>49,596</b>	<b>26,562</b>	<b>(23,034)</b>
<b>Other Comprehensive Income recognised directly in Equity</b>				
Property Plant and Equipment				
Revaluation gains/(losses) taken to equity	47,234	20,819	20,819	-
Cash flow hedges	218	206	206	-
<b>Total Other Comprehensive Income for the year</b>	<b>47,452</b>	<b>21,025</b>	<b>21,025</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>	<b>65,671</b>	<b>70,621</b>	<b>47,587</b>	<b>(23,034)</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 2021**

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
Balance at 1 July	1,717,060	1,681,683	1,782,731	101,048
Total comprehensive income previously reported	65,671	70,621	47,587	(23,034)
	<b>1,782,731</b>	<b>1,752,304</b>	<b>1,830,318</b>	<b>78,014</b>

## Prospective statement of financial position as at 30 June 2021

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	2,120	3,539	2,801	(738)
Trade and other receivables	15,392	3,475	5,295	1,820
Other financial assets	-	112	-	(112)
Investment in CCO's	240	-	240	240
Non current assets held for sale	85	-	85	85
<b>Total Current Assets</b>	<b>17,837</b>	<b>7,126</b>	<b>8,421</b>	<b>1,295</b>
<b>Non Current Assets</b>				
Trade and other receivables	-	-	-	-
Property plant and equipment	1,822,602	1,853,326	1,998,368	145,042
Intangible Assets	1,265	1,647	2,465	818
Forestry Assets	2,976	1,491	2,977	1,486
Other financial assets	14,774	13,278	14,980	1,702
Investment Properties	16,611	17,562	16,611	(951)
		-	-	-
<b>Total Non Current Assets</b>	<b>1,858,228</b>	<b>1,887,304</b>	<b>2,035,400</b>	<b>148,096</b>
<b>Total Assets</b>	<b>1,876,065</b>	<b>1,894,430</b>	<b>2,043,821</b>	<b>149,391</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	24,238	10,805	24,107	13,302
Provisions	212	37	412	375
Employee benefit liabilities	1,447	1,312	1,547	235
Borrowings	15,000	-	55,000	55,000
<b>Total Current Liabilities</b>	<b>40,897</b>	<b>12,154</b>	<b>81,066</b>	<b>68,912</b>
<b>Non Current Liabilities</b>				
Trade & Other Payables	-	-	-	-
Derivative financial instruments	-	420	-	(420)
Provisions	1,937	552	1,937	1,385
Borrowings	50,500	129,000	130,500	1,500
<b>Total Non Current Liabilities</b>	<b>52,437</b>	<b>129,972</b>	<b>132,437</b>	<b>2,465</b>
<b>Total Liabilities</b>	<b>93,334</b>	<b>142,126</b>	<b>213,503</b>	<b>71,377</b>
<b>EQUITY</b>				
Retained Earnings	531,027	551,966	570,075	18,109
Other reserves	1,251,704	1,200,338	1,260,243	59,905
<b>Total Equity</b>	<b>1,782,731</b>	<b>1,752,304</b>	<b>1,830,318</b>	<b>78,014</b>



## Prospective statement of cash flow for the year ending 30 June 2021

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Cash Flows from Operating Activities</b>				
Receipts from rates revenue	63,273	66,026	68,263	2,237
Interest received	848	271	271	-
Dividends received	52	-	20	20
Receipts from other revenue	40,459	45,202	52,216	7,014
Payments to suppliers and employees	(59,414)	(59,923)	(66,894)	(6,971)
Interest Paid	(1,358)	(4,091)	(1,870)	2,221
<b>Net Cash Flow from Operating Activities</b>	<b>43,860</b>	<b>47,485</b>	<b>52,006</b>	<b>4,521</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from sale of property, plant and equipment	-	-	-	-
Proceeds from sale of investment property	1,603	599	1,275	676
Purchase of intangible assets	(710)	(108)	(1,419)	(1,311)
Purchase of property, plant and equipment	(93,652)	(85,337)	(170,013)	(84,676)
Purchase & Development of investment property	-	-	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>(92,759)</b>	<b>(84,846)</b>	<b>(170,157)</b>	<b>(85,311)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	50,500	38,500	120,000	81,500
Repayment of borrowings	-	-	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>50,500</b>	<b>38,500</b>	<b>120,000</b>	<b>81,500</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>1,601</b>	<b>1,139</b>	<b>1,849</b>	<b>710</b>
Cash and cash equivalents at the beginning of the year	519	2,400	952	(1,448)
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>2,120</b>	<b>3,539</b>	<b>2,801</b>	<b>(738)</b>

## Statement of borrowing for the year ending 30 June 2021

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Movements in Borrowings</b>				
Opening Balance	15,000	90,500	65,500	(25,000)
Net Loans Raised/(Repaid)	50,500	38,500	120,000	81,500
Closing Balance	65,500	129,000	185,500	56,500
Current Portion of External Debt	15,000	-	55,000	55,000
Term Portion of External Debt	50,500	129,000	130,500	1,500
	65,500	129,000	185,500	56,500

The above represents the expected level of external borrowings but this could fluctuate depending on future use of reserves.

## Operating expenditure variations to Long Term Plan

	2020/21 Annual Plan \$000	2020/21 LTP \$000	2020/21 Variance \$000
<b>Net Cost of Service of Significant Activities</b>			
<b>Governance</b> Restructure, separation of Strategic Relationships from Strategic Planning, reduction in external promotions and major events. Pandemic Recovery fund \$605k. Timing of structure plans from 2019/20 \$395k	9,761	8,499	1,262
<b>Planning and Regulatory</b> Costs related to the increased number of resource and building consents received since LTP was approved, although revenue is expected to drop slightly in 2020/21 year due to Covid pandemic.	3,546	2,550	996
<b>Community Services and Facilities</b> Increase in external funding of Pirongia Toilets and gain on disposal of development sections. Delay in construction of new pensioner housing units.	19,665	21,851	(2,186)
<b>Roads and Footpaths</b> Additional revenue for external funding towards cycleway projects. Decrease in interest costs which is being offset by increase in depreciation and activity costs.	10,534	12,893	(2,359)
<b>Stormwater</b> Higher depreciation due to revaluation in 2018/19 year and increased overheads due to using internal staff	4,372	3,918	454
<b>Water Treatment and Supply</b> Decrease in depreciation due to extended life expectations and decrease in finance costs, these savings are being partially offset by increase in operating projects deferred from 2019/20.	1,596	2,106	(510)
<b>Wastewater Treatment and Disposal</b> Increase in depreciation due to revaluation in 2018/19 year. Increase in operating expenditure including desludging to meet short term consent conditions at Cambridge Wastewater Treatment Plant.	10,279	8,080	2,199
<b>Support Services</b> Additional staff resources to support higher capital expenditure planned.	(75)	(2,092)	2,017
	<b>59,678</b>	<b>57,805</b>	<b>1,873</b>

## Capital expenditure programme

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Projects</b>				
Governance	9	-	-	-
Planning and Regulatory	21	-	-	-
Community Services and Facilities	11,846	12,812	22,367	9,555
Roads and Footpaths	22,624	25,466	51,206	25,740
Stormwater	11,091	21,525	35,871	14,346
Wastewater Treatment and Disposal	31,145	20,920	42,670	21,750
Water Treatment and Supply	28,402	17,580	30,718	13,138
Support Services	1,726	2,320	3,776	1,456
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>106,864</b>	<b>100,623</b>	<b>186,608</b>	<b>85,985</b>

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

## Council reserve funds, movements and balances

	2019/20 Forecast \$000	2020/21 Transfer to Reserve \$000	2020/21 Transfer From Reserve \$000	2020/21 Closing Balance \$000
<i>Council created reserves consist of:</i>				
<b>Property Reserves</b>				
Asset Sales Cambridge	-	1,116	(1,116)	-
Asset Sales Te Awamutu	236	214	(450)	-
Asset Sales General	602	9		611
Endowment Land Cambridge	-	3,696	(3,696)	-
Endowment Land Pirongia	19			19
Endowment Land Te Awamutu	117	2		119
Endowment Land Waipa District	13			13
Residential Housing Reserve	704	2,646	(3,350)	-
<b>Reserve Contributions &amp; Development Contributions</b>				
Cambridge North	4,203	5,040	(6,700)	2,543
District Wide Stormwater	102	24,567	(24,669)	-
District Wide Waste Water	1,806	10,277	(12,083)	-
District Wide Water Treatment and Supply	382	8,296	(8,678)	-
District Wide Roading	1,984	25,824	(27,808)	-
District Wide Reserve Developments	489	7		496
District Wide Land Purchase	1,525	2,630	(4,155)	-
Cambridge Pool				-
Te Awamutu Library/Museum	81	1		82
Karapiro Reserve Development	-	9	(9)	-
<b>Special Funds</b>				
Cemetery Paterangi	4			4
Project Funding Reserve	5,488		(2,174)	3,314
General Insurance Reserve	580	9		589
Infrastructure Insurance Reserve	562	8		570
Te Awamutu 110kv Compensation Reserve	333	5		338
Pavement Levies	69	1		70
Road Asset Technical Accord (RATA)	185	3		188
Waste Minimisation	489	7	(148)	348
<b>Separate Balances</b>				
Roading Reserve	2,557	10,975	(10,935)	2,597
Stormwater Reserve	476	1,690	(1,858)	308
Water Supply Reserve	2,352	4,401	(4,934)	1,819
Waste Water Reserve	4,755	3,786	(4,992)	3,549
Depreciation Reserve - Long Term Assets	2,678	1,621	(1,626)	2,673
Depreciation Reserve - Medium Term Assets	666	2,189	(1,928)	927
<b>Asset Revaluation Reserves</b>				
<b>Asset revaluation reserves consist of:</b>				
<b>Operational assets</b>				
Land	214,752	-	-	214,752
Buildings	26,483	-	-	26,483
Intangible	378	-	-	378
Investments	11,597	-	-	11,597
<b>Infrastructural Assets</b>				
Sewerage System	64,705	7,723	-	72,428
Water System	63,628	8,326	-	71,954
Drainage network	69,999	4,770	-	74,769
Roading network	766,705	-	-	766,705
<b>Total</b>	<b>1,251,704</b>	<b>129,848</b>	<b>(121,309)</b>	<b>1,260,243</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

Reserve	Purpose	Activity
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 Developments	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
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
Pavement Levies	Levies collected from land use consents for future pavement rehabilitation	Roads & Footpaths
Road Asset Technical Accord (RATA)	Funds held in reserve for future works	Roads & Footpaths
Waste minimisation	Net funds from waste minimisation levy held for use on waste minimisation activities	Waste Minimisation
<b>Separate Balances</b>		
Roding Reserve	Funds held in reserve for capital works expenditure	Roads & Footpaths
Stormwater Reserve	Funds held in reserve for capital works expenditure	Stormwater

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

# Financial Disclosure Statements

Annual Plan disclosure statement for year ending 30 June 2021.

## 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.	55%	Yes
▪ Increases	Annual increases for existing ratepayers will be limited to no more than the forecast Local Government Cost Index for the year plus 2%	2.4%	Yes
Debt affordability benchmark	Quantified limit is set at 175% of total revenue forecasted	149%	Yes
Balanced budget benchmark	100%	99%	No
Essential services benchmark	100%	702%	Yes
Debt servicing benchmark	15%	1.5%	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 Long Term 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 Long Term 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 Long Term 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 faster than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% 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. Council is not presenting group forecast financial statements as the parent statements are considered to be more relevant to users. The main purpose of these statements is to provide users with information about the core services that Council intends to provide ratepayers, the expected cost of those services and the consequent requirement for rate funding.

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 and the local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R.), 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.

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.

## Summary of significant accounting policies

### ***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.

### ***Income tax***

The Council is tax exempt for income tax purposes.

### ***Budget figures***

The budget figures have been prepared in accordance with the New Zealand Generally Accepted Accounting Practices, 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.

### ***Revenue***

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, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. 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 are recognised upon entry to such facilities.

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

Infringement fees and fines mostly relate to animal infringements and parking infringements and are 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.

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

## Personnel costs

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

## Other expenses

### ***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.

### ***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.

### ***Finance 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.

## 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.

## Other 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:

**Table 1: Useful lives and associated depreciation rates of major classes of assets**

	<b>Components</b>	<b>Years</b>
Water Treatment	Structures	25 – 80
	Plant	10 – 100
	Pipes	60
Water Reticulation	Pipes	30 – 100
	Fittings	10 – 30
Sewage Treatment	Structures	25 – 100
	Plant	10 – 100
	Pipes	60
Sewerage Reticulation	Pipes	50 – 100
	Fittings	25 – 100
	Manholes	80
Stormwater	Structures	15 – 80
	Pipes	50 – 100
	Manholes	50 – 80
Formation/carriageway and shoulder		Infinite
Pavement structure		12 – 150
Pavement surface (seal)		6 – 65
Catchpits and culverts		50 – 75
Bridges		50 – 115
Kerb and channel		50 – 75
Lighting		20 – 35
Footpaths		15 – 70
Signs		10 – 35
Railings		20 – 35

	Components	Years
Islands		35 - Infinite
Traffic Signals		15 – 50
Buildings – not componentised		0 – 100
Building – structure		40 – 100
Building – fit-out		25 – 40
Building – services		40 – 45
Plant/motor vehicles		2 – 30
Furniture, fittings and equipment		5 – 75
Computer equipment		3 – 10
Intangibles		0 – 10
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 yearly 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.

### **Infrastructural assets**

At fair value determined on a Depreciated Replacement Cost (DRC) basis by an independent valuer.

### **Land under roads and road reserves**

Land under roads is no longer revalued.

## ***Accounting for revaluations***

Revaluations of property, plant and equipment are on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

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

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.

### ***Impairment of revalued assets***

In April 2017 the XRB issued *Impairment of Revalued Assets*, which now scopes in revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment assets measured at cost were scoped into the impairment accounting standards.

Council has early adopted this amendment in preparing its 30 June 2017 financial statements. Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. Council can therefore impair a revalued asset without having to revalue the entire class of an asset to which the asset belongs.

## **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.

### ***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 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 life are reviewed for indicators of impairment and tested annually for impairments each balance date.

### ***Emissions trading scheme***

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the New Zealand Units (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. NZUs are not amortised and have an indefinite life.

## **Forestry assets**

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.

## 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 and is included in "finance costs".

## Employee benefit liabilities

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.

## Borrowings

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

## 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.

Derivative 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.

## 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. 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.

#### ***Revaluation reserves***

This reserve relates to the revaluation of property, plant and equipment to fair value.

#### ***Cash flow hedge reserves***

This reserve comprises the effective portion of the cumulative net change in the fair value of derivatives designated as cash flows hedges.

## 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:

- Estimating the landfill aftercare provision - Council has the responsibility under the resource consents to provide ongoing maintenance and monitoring of the landfills after the sites are closed. The landfill provision is estimated taking into account existing technology and is discounted using a weighted average cost of capital.

- Estimating the fair value of land, buildings, and infrastructural assets – there are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over land, buildings and infrastructural assets. These include:
  - The physical deterioration and condition of an asset, for example 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.
- 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 Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council’s infrastructural assets useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council’s asset management planning activities, which gives Council further assurance over its useful life estimates.
- Experienced independent valuers perform Council’s land, buildings and infrastructural asset revaluations.
- Land is valued as vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Assumption of an open market “willing buyer willing seller” scenario. This is effectively the price an informed purchaser would have to pay to acquire a similar property.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.
- All buildings have been valued on either a fair market basis or depreciated replacement cost approach.
- Where the fair value of an asset can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.
- The highest and best use of the property is considered when formulating which approach to undertake the building valuation. Where market-based evidence exists, structures have been valued on a market basis in relation to market-based net rates per square metre.



## 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 Long Term Plan 2018-28) that sets out our policies in respect of each source of funding for operating and capital expenses.

In relation to the FRS42, the financial year 2020/21 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.

**Note:** Section 23 of the Local Government (Rating) Act 2002 (LGRA) requires rates to be set in accordance with the Funding Impact Statement and the Long Term Plan 2018-2028 (LTP) for that financial year. The LTP contains the Revenue and Financing Policy which specifies certain proportions of costs for various activities to be funded by general rate, targeted rates, and fees and charges.

In response to COVID-19, forecast decreases in revenue for fees and charges relating to Regulatory (animal control, building, development engineering and Civil Defence) and Community Services (libraries, pools, cemeteries, rural halls and recycling) functions, for 2020/21 are outside the proportions specified in the Council's Revenue and Financing Policy.

External legal advice has been obtained which concludes that whilst the Funding Impact Statement makes provision for rates based on apportionments which are different from those provided in the Revenue and Financing Policy, there is sufficient compliance with section 23 of the LGRA. Further, there is no material risk in proceeding to set rates without amending the Revenue and Financing Policy at this time. This conclusion is based on the following:

- The Revenue and Financing Policy makes it clear that proportions of funding are determined and disclosed each year in the Funding Impact Statement.
- There is general discussion in the Revenue and Financing Policy about different mechanisms being used to fund different types of benefit, but this is in terms of what the Council "seeks to" achieve.
- The Revenue and Financing Policy is explicit that the economic benefit and assessment tables for each activity identify what the funding **targets** (not definitive outcomes) are.
- The proposed allocations are not far off the targets.

## Consolidated statement of cost of Service

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>REVENUE</b>				
Governance	109	42	54	12
Planning and Regulatory	5,680	5,195	5,552	357
Community Services and Facilities	4,110	6,715	8,750	2,035
Roads and Footpaths	12,382	8,864	11,834	2,970
Stormwater	22	-	7	7
Wastewater Treatment and Disposal	743	860	845	(15)
Water Treatment and Supply	11,092	11,556	11,517	(39)
Support Services*	13,972	12,949	15,564	2,615
<b>GROSS REVENUE</b>	<b>48,110</b>	<b>46,181</b>	<b>54,123</b>	<b>7,942</b>
Less Internal Charges	13,887	12,900	15,477	2,577
<b>NET REVENUE</b>	<b>34,223</b>	<b>33,281</b>	<b>38,646</b>	<b>5,365</b>
<b>OPERATING EXPENDITURE</b>				
Governance	9,397	8,541	9,815	1,274
Planning and Regulatory	8,297	7,745	9,098	1,353
Community Services and Facilities	23,800	28,566	28,405	(161)
Roads and Footpaths	21,344	21,757	22,368	611
Stormwater	3,764	3,995	4,379	384
Wastewater Treatment and Disposal	11,452	8,940	11,124	2,184
Water Treatment and Supply	12,462	13,662	13,113	(549)
Support Services	14,748	13,250	15,595	2,345
<b>GROSS EXPENDITURE</b>	<b>105,264</b>	<b>106,456</b>	<b>113,897</b>	<b>7,441</b>
Less Internal Charges	13,887	12,900	15,477	2,577
Less rates charged to Council properties	1,103	1,126	1,126	-
<b>NET EXPENDITURE</b>	<b>90,274</b>	<b>92,430</b>	<b>97,294</b>	<b>4,864</b>
<b>NET COST OF SERVICE - OPERATING</b>	<b>(56,051)</b>	<b>(59,149)</b>	<b>(58,648)</b>	<b>501</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	94,360	85,447	171,432	85,985
Vested Assets	12,504	15,176	15,176	-
Debt Repayment	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>106,864</b>	<b>100,623</b>	<b>186,608</b>	<b>85,985</b>

## Consolidated funding impact statement

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	45,798	48,889	38,592	(10,297)
Targeted rates	17,475	17,136	29,671	12,535
Subsidies and grants for operating purposes	2,243	1,736	3,524	1,788
Fees and charges	11,511	13,688	15,925	2,237
Interest and dividends from investments	900	271	291	20
Local authorities fuel tax, fines, infringement fees, and other receipts	428	412	412	-
<b>Total sources of operating funding (A)</b>	<b>78,355</b>	<b>82,132</b>	<b>88,415</b>	<b>6,283</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	59,414	58,807	66,221	7,414
Finance costs	1,358	4,091	1,870	(2,221)
Other operating funding applications	2,165	1,384	1,930	546
<b>Total applications of operating funding (B)</b>	<b>62,937</b>	<b>64,282</b>	<b>70,021</b>	<b>5,739</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>15,418</b>	<b>17,850</b>	<b>18,394</b>	<b>544</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	9,414	13,843	7,803	(6,040)
Development and financial contributions	6,170	15,556	12,594	(2,962)
Increase (decrease) in debt	50,500	38,500	120,000	81,500
Gross proceeds from sale of assets	1,603	599	1,275	676
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>67,687</b>	<b>68,498</b>	<b>141,672</b>	<b>73,174</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	21,258	29,300	80,521	51,221
- to improve the level of service	58,775	42,530	70,853	28,323
- to replace existing assets	14,327	13,617	20,058	6,441
Increase (decrease) in reserves	(11,255)	901	(11,366)	(12,267)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>83,105</b>	<b>86,348</b>	<b>160,066</b>	<b>73,718</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(15,418)</b>	<b>(17,850)</b>	<b>(18,394)</b>	<b>(544)</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.

	2019/20 Forecast \$000	2020/21 LTP Yr 3 \$000	2020/21 Budget \$000	2020/21 Variance \$000
Total prospective revenue and expense wholly attributable to District Council	65,672	70,621	47,587	(23,034)
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	15,418	17,850	18,394	544
<b>Difference</b>	50,254	52,771	29,193	(23,578)
<b>The difference is due to:</b>				
Capital income	15,584	24,466	20,397	(4,069)
Vested assets	13,000	34,646	15,176	(19,470)
Revaluation of assets	47,874	21,472	21,472	-
Gain (loss) on sale/disposal of assets	(2,496)	(2,496)	(2,391)	105
Depreciation and amortisation	(23,708)	(25,317)	(25,461)	(144)
<b>Total explained difference</b>	50,254	52,771	29,193	(23,578)

## Rates Information

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The number of rateable properties estimated for 2020/21 is 22,498.

The capital value of rateable properties estimated for 2020/21 is \$22,058,907,850.

The land value of rateable properties estimated for 2020/21 is \$12,974,485,800.

Rates requirement figures quoted in the section below are inclusive of 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, rural halls, town 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 inhabitation 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 2020/21 is 0.1245 cents in the dollar on the capital value of each rating unit.

The general rate will fund 61.6 percent of the district wide funding.

Amount to be raised: \$27,352,505 inclusive of GST.

### Uniform annual general charge (UAGC)

A uniform annual general charge is set under section 15 of the Local Government Rating Act 2002 at \$708.00 inclusive of 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: \$17,030,940 inclusive of 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 2020/21 year are shown in the following table:

Ward	\$ Rate (GST inclusive)	\$ Raising
Cambridge	266.21	2,308,581
Kakepuku	199.74	241,890
Maungatautari	224.07	321,983
Pirongia	179.48	562,851
Te Awamutu	251.69	1,686,820

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: \$5,122,125 inclusive of 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 rate is set on land in the Cambridge and Maungatautari wards only.

The targeted rate is a fixed amount of \$9 inclusive of GST per rating unit.

Amount to be raised: \$91,516 inclusive of GST.

### *Urban Town Halls*

A targeted rate is set to fund the maintenance costs for the Pirongia Memorial Hall and the Kihikihi Town Hall and part of the maintenance costs of the Cambridge Town Hall. The rate is set on land in the Cambridge and Te Awamutu wards, and the Pirongia township being roll number 4605.

The targeted rate is a fixed amount of \$12.91 inclusive of GST per rating unit.

Amount to be raised: \$204,598 inclusive of 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 as follows. The rate is set on land in Cambridge and Te Awamutu wards only.

. The capital works rate is based on the capital value of the rating unit. It 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 in cents per dollar (GST inclusive)	\$ Raising
Cambridge	0.0006	44,781
Te Awamutu	0.0009	38,418

Amount to be raised: \$83,199 inclusive of 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 2020/21 in cents per dollar of capital value are shown in the following table:

	Rate in cents per dollar (GST inclusive)	\$ Raising
Urban	0.0359	3,492,270
Rural	0.0062	727,484

Amount to be raised: \$4,219,754 inclusive of 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 2020/21 year are:

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.

	\$ Rate per pan or urinal (GST inclusive)	\$ Raising
Connected (3 or less pans)	578.00	7,691,755
Connected (4 to 10 pans)	491.31	548,786
Connected (11-15 pans)	404.60	179,645
Connected (16-20 pans)	352.58	84,266
Connected (21-35 pans)	317.91	176,120
Connected (36-45 pans)	277.45	22,472
Connected (46 or more pans)	260.10	301,970
	\$ Rate per rating unit (GST inclusive)	\$ Raising
Serviceable	289.01	105,487

Amount to be raised: \$9,110,502 inclusive of 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 2020/21 year are:

	\$ Rate per Suip (GST inclusive)	\$ Raising
Connected	-	
Serviceable	114.00	19,205

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: \$19,205 inclusive of 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 separately used or inhabited part of a rating unit and a charge based on the cubic metres of water consumed and is set for all metered rating units other than rating units subject to a separate water supply contract. The amount of the consumption-based component of the rate depends on the service provided, namely potable or raw water supply. The rates for the 2020/21 year are:

	\$ Rate per SUIP (Incl GST)	Consumption \$ Rate (GST incl)
Potable Water	114.00	1.5937 per m <sup>3</sup>
Raw Water	114.00	0.3985 per m <sup>3</sup>



Amount to be raised: \$12,891,477 inclusive of 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 (administered by the Otorohanga District Council).

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 2020/21 in cents per dollar of capital value is 0.0067 inclusive of GST.

Amount to be raised: \$5,635 inclusive of GST.

### ***Recycling charges***

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

- (a) Recycling Rate

The targeted rate is a fixed amount of \$103.00 inclusive of GST per separately used or inhabited part of a rating unit SUIP (where for the purposes of Recycling rates SUIP is defined to include only household units).

Amount to be raised: \$2,213,285 inclusive of GST.

### ***Community hall 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.

These rates are a fixed amount per separately used or inhabited part of a rating unit SUIP (where for the purposes of Community Hall rates SUIP is defined to include only household units), and will be charged to every rating unit within the relevant community hall areas on which there is at least one residential household.

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 per Suip (GST inclusive)	\$ Raising
Fencourt Hall	16.00	6,142
Hautapu Hall	20.40	9,180
Horahora Hall	26.95	3,773
Karapiro Hall	26.75	9,469
Koromatua Hall	20.40	5,773
Maungatautari Hall	37.25	6,034
Monavale	30.00	6,241
Ngahinapouri Hall	30.00	10,321
Ohaupo Hall	13.30	5,747
Parawera Hall	18.60	2,231
Paterangi Hall	28.55	5,397
Pukeatua Hall	21.30	3,877
Rangioawhia Hall	14.25	1,866
Rukuhia Hall	26.10	7,674
Te Miro Hall	27.90	4,911
Te Rore Hall	13.80	662
Whitehall Hall	30.00	2,760

### ***Sports and Recreation Centre charges***

Council has a number of sports and recreation centres which have a targeted rate set for each sports and recreation centre. The targeted rates are to fund part of the costs of the relevant sports and recreation centre.

These rates are a fixed amount per separately used or inhabited part of a rating unit SUIP (where for the purposes of sports and recreation centre rates SUIP is defined to include only household units), and will be charged to every rating unit within the relevant sports and recreation centre area on which there is at least one residential household.

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

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

	\$ Rate per Suip (GST inclusive)	\$ Raising
Kaipaki	39.70	11,472
Ohaupo	38.80	34,882
Pirongia	17.35	16,764

### **Early payment of rates**

Sections 55 and 56 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 by 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 2020	28 August 2020
Instalment 2	23 November 2020	30 November 2020
Instalment 3	22 February 2021	01 March 2021
Instalment 4	21 May 2021	28 May 2021

## Water Rates payable by instalment

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 month the meter is read, the invoice date, the due date and penalty date. The due dates and penalty dates are per the following table.

Location	Invoiced during month of:	Due Date	Penalty Added
Te Awamutu / Pirongia	July	31-Aug-20	7-Sep-20
	October	30-Nov-20	7-Dec-20
	January	1-Mar-21	8-Mar-21
	April	31-May-21	7-Jun-21
Kihikihi	July	31-Aug-20	7-Sep-20
	October	30-Nov-20	7-Dec-20
	January	1-Mar-21	8-Mar-21
	April	31-May-21	7-Jun-21
Cambridge	August	30-Sep-20	7-Oct-20
	November	5-Jan-21	12-Jan-21
	February	31-Mar-21	7-Apr-21
	May	30-Jun-21	7-Jul-21
Pukerimu / Ohaupo	September	30-Oct-20	6-Nov-20
	December	29-Jan-21	5-Feb-21
	March	30-Apr-21	7-May-21
	June	30-Jul-21	6-Aug-21

## 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 3 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 3 per cent will be added to any rates assessed in any previous year that are still unpaid on 6<sup>th</sup> July 2020. The penalty will be added on 7<sup>th</sup> July 2020.

A further additional penalty of 3 per cent will be added to rates from the previous years that are still unpaid after 6<sup>th</sup> January 2021.

The penalty will be added on 7<sup>th</sup> January 2021.

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

Section 58 of the Local Government Rating Act 2002 enables penalties to be imposed. A penalty of 3 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 "Water Rates payable by instalment".

## 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.

The indicator properties are shown GST INCLUSIVE but do not include metered water.

Cambridge Ward (Residential) Rating Valuation,	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	\$440,000		\$700,000		\$1,450,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	867	956	867	956	867	956
UAGC	708	708	708	708	708	708
Capital Value Rates	675	721	1,093	1,140	2,272	2,347
Total Rates	2,250	2,385	2,668	2,804	3,847	4,011
\$ incr per week		2.62		2.62		3.17
Percentage Increase		6.1%		5.1%		4.3%
Property Valuation increase		25.7%		22.8%		21.8%

Rural Residential Cambridge Rating Valuation,	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	\$790,000		\$1,110,000		\$2,440,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	350	372	356	399	365	408
UAGC	708	708	708	708	708	708
Capital Value Rates	930	1,050	1,237	1,470	2,347	3,217
Total Rates	1,988	2,130	2,301	2,577	3,420	4,333
\$ incr per week		2.75		5.31		17.55
Percentage Increase		7.2%		12.0%		26.7%
Property Valuation increase		31.7%		38.8%		60.2%

Commercial / Industrial Cambridge Rating Valuation,	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	\$315,000		\$860,000		\$2,220,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	786	853	1,317	1,431	1,848	2,009
UAGC	708	708	1,416	1,416	1,416	1,416
Capital Value Rates	484	520	1,321	1,398	3,433	3,587
Total Rates	1,978	2,081	4,054	4,245	6,697	7,012
\$ incr per week		1.99		3.66		6.07
Percentage Increase		5.2%		4.7%		4.7%
Property Valuation increase		26.0%		24.6%		23.3%

Te Awamutu Ward (Residential) Rating Valuation,	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
	\$450,000		\$560,000		\$950,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	943	933	943	933	943	933
UAGC	708	708	708	708	708	708
Capital Value Rates	599	739	827	916	1,455	1,545
Total Rates	2,250	2,380	2,478	2,557	3,106	3,186
\$ incr per week		2.50		1.52		1.54
Percentage Increase		5.8%		3.2%		2.6%
Property Valuation increase		45.2%		30.2%		25.0%

Rural Residential Te Awamutu Rating Valuation,	2019/20 \$620,000 \$	2020/21 \$	2019/20 \$1,070,000 \$	2020/21 \$	2019/20 \$1,770,000 \$	2020/21 \$
Fixed Targeted Rates	412	355	412	355	493	458
UAGC	708	708	708	708	1,416	1,416
Capital Value Rates	746	829	1,307	1,421	2,651	2,342
Total Rates	1,866	1,892	2,427	2,484	4,560	4,216
\$ incr per week		0.50		1.10		-6.61
Percentage Increase		1.4%		2.4%		-7.5%
Property Valuation increase		29.2%		26.6%		2.9%

Commercial / Industrial Te Awamutu Rating Valuation,	2019/20 \$365,000 \$	2020/21 \$	2019/20 \$960,000 \$	2020/21 \$	2019/20 \$2,230,000 \$	2020/21 \$
Fixed Targeted Rates	862	830	1,393	1,408	2,589	2,708
UAGC	708	708	2,832	2,832	2,832	2,832
Capital Value Rates	494	602	1,284	1,561	3,491	3,610
Total Rates	2,064	2,140	5,509	5,801	8,912	9,150
\$ incr per week		1.45		5.62		4.58
Percentage Increase		3.6%		5.3%		2.7%
Property Valuation increase		43.1%		43.3%		21.9%

Pirongia Ward - Rural Rating Valuation,	2019/20 \$670,000 \$	2020/21 \$	2019/20 \$2,880,000 \$	2020/21 \$	2019/20 \$6,280,000 \$	2020/21 \$
Fixed Targeted Rates	361	309	416	385	416	385
UAGC	708	708	1,416	1,416	1,416	1,416
Capital Value Rates	763	876	4,148	3,764	9,028	8,208
Total Rates	1,832	1,893	5,980	5,565	10,860	10,009
\$ incr per week		1.16		-7.97		-16.36
Percentage Increase		3.3%		-6.9%		-7.8%
Property Valuation increase		34.0%		5.9%		6.1%

Pirongia Village Rating Valuation,	2019/20 \$520,000 \$	2020/21 \$	2019/20 \$690,000 \$	2020/21 \$	2019/20 \$1,020,000 \$	2020/21 \$
Fixed Targeted Rates	353	300	353	300	353	300
UAGC	708	708	708	708	708	708
Capital Value Rates	690	847	1,031	1,120	1,674	1,649
Equivalent Metered Water at 250cm						
Total Rates	1,751	1,855	2,092	2,128	2,735	2,657
\$ incr per week		2.00		0.70		-1.49
Percentage Increase		5.9%		1.7%		-2.8%
Property Valuation increase		44.4%		27.8%		15.9%

Ohaupo Village Rating Valuation,	2019/20 \$620,000 \$	2020/21 \$	2019/20 \$810,000 \$	2020/21 \$	2019/20 \$935,000 \$	2020/21 \$
Fixed Targeted Rates	387	335	387	335	387	335
UAGC	708	708	708	708	708	708
Capital Value Rates	732	810	1,230	1,299	1,400	1,500
Equivalent Metered Water at 250cm						
Total Rates	1,827	1,853	2,325	2,342	2,495	2,543
\$ incr per week		0.49		0.32		0.90
Percentage Increase		1.4%		0.7%		1.9%
Property Valuation increase		29.2%		24.6%		26.4%

Ngahinapouri Rating Valuation,	2019/20 \$510,000 \$	2020/21 \$	2019/20 \$1,370,000 \$	2020/21 \$	2019/20 \$4,181,000 \$	2020/21 \$
Fixed Targeted Rates	365	312	356	303	476	445
UAGC	708	708	708	708	1,416	1,416
Capital Value Rates	595	667	1,723	1,791	6,013	5,465
Total Rates	1,668	1,687	2,787	2,802	7,905	7,326
\$ incr per week		0.37		0.28		-11.14
Percentage Increase		1.1%		0.5%		-7.3%
Property Valuation increase		30.8%		21.2%		6.0%

Kakepuku Ward Rating Valuation,	2019/20 \$1,400,000 \$	2020/21 \$	2019/20 \$5,000,000 \$	2020/21 \$	2019/20 \$7,520,000 \$	2020/21 \$
Fixed Targeted Rates	355	303	569	561	517	509
UAGC	708	708	2,124	2,124	2,124	2,124
Capital Value Rates	1,937	1,830	7,198	6,535	10,828	9,829
Total Rates	3,000	2,841	9,891	9,220	13,469	12,462
\$ incr per week		-3.06		-12.91		-19.37
Percentage Increase		-5.3%		-6.8%		-7.5%
Property Valuation increase		10.2%		5.9%		5.9%

Maungatautari Ward Rating Valuation,	2019/20 \$840,000 \$	2020/21 \$	2019/20 \$2,305,000 \$	2020/21 \$	2019/20 \$6,200,000 \$	2020/21 \$
Fixed Targeted Rates	335	364	321	352	417	590
UAGC	708	708	708	708	1,416	1,416
Capital Value Rates	961	1,098	3,553	3,013	7,705	8,103
Total Rates	2,004	2,170	4,582	4,073	9,538	10,109
\$ incr per week		3.20		-9.80		11.00
Percentage Increase		8.3%		-11.1%		6.0%
Property Valuation increase		33.3%		-1.1%		22.7%

**WHAT'S  
NEXT  
WAIPĀ?**

**WAIPĀ, KIA ANGA  
WHAKAMUA TE TITIRO!**

**TE AWAMUTU OFFICE**

101 Bank Street, Private Bag 2402, Te Awamutu Ph 07 872 0030

**CAMBRIDGE OFFICE**

23 Wilson Street, Cambridge Ph 07 823 3800

**E:** [annualplan@waipadc.govt.nz](mailto:annualplan@waipadc.govt.nz)

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