



**Waipa**
DISTRICT COUNCIL

ANNUAL REPORT 2016

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Our Vision, Purpose and Community Outcomes

Our vision

Building Champion Communities

Our role

Working together to achieve our communities' aspirations.

Our goals and community outcomes

Council has been revising and improving our community outcomes since they were first developed in 2005. In 2011 we refined the outcomes and in 2014 we reviewed our purpose and role alignment with the Local Government Act 2002. The four goal areas or 'pillars' of our vision are explained in the following section.



Goal 1: Economically progressive

We are focused on growing our prosperity and financial sustainability, now and into the future, providing an attractive and affordable district to live and do business in.

To be economically progressive, we will continue to develop Waipa as a sustainable thriving economy built upon the district's unique characteristics by:

- Efficiently using resources to deliver services without unreasonably burdening future ratepayers;
- Developing Waipa as a great place in which to do business; and
- Building a diversified and productive economic base that supports the natural and cultural environment.

Economically progressive : Our community outcomes

We are financially sustainable.

To support the achievement of this outcome, we will implement a Financial Strategy and financial management policies (contained within the Ten Year Plan). These will guide our decision making and inform our work programmes.

Our services are acknowledged as excellent value for money.

We will continue to monitor, review, and improve the services we deliver to ensure they provide value for money.

Waipa's growth is built on its strengths.

We will work with stakeholders to implement the Economic Development Strategy for Waipa. This strategy informs our decision making in matters such as infrastructure investment and is available on our website for information purposes.

See the policy online at www.waipadc.govt.nz/our-district/EconomicDevelopment



Goal 2: Environmental & cultural champions

We preserve, enhance and showcase the unique environmental and cultural heritage, diversity and history of our district. This commitment is reflected in our Environment Strategy, which identifies the environmental goals to be achieved by Council.

See the policy online at www.waipadc.govt.nz/our-council/Waipac2050

We will continue to build a community that is proud of Waipa's physical and cultural environment and the value it provides by:

- Ensuring we have a low carbon footprint;
- Ensuring staff have a high level of cultural awareness;
- Promoting environmental responsibility and cultural awareness within the community; and
- Ensuring people have access to protected environmental and cultural sites.

Environmental & cultural champions: Our community outcomes

We are recognised as an environmental and cultural leader.

Within our organisation we will identify, minimise, and monitor the environmental effects of our operations.

Staff will be provided with opportunities to raise their cultural awareness and skill levels regarding cultural protocols.

Through our policies, plans and work programmes we will encourage a focus on environmental considerations, such as increased walking, cycling and the use of public transport.

Waipa's environmental and cultural heritage is a showcase for excellence.

We will develop and implement programmes that protect, enhance and interpret the district's environmental and heritage assets and features for our community and visitors to enjoy.



Goal 3: Connected with our community

We empower and engage our communities to determine and contribute to desired outcomes, whilst providing them with opportunity, equality and efficient service.

We will ensure the Waipa community is actively involved in the decisions and actions that affect the wellbeing of the District by:

- Building a community that advocates on behalf of its council and district;
- Encouraging high levels of participation in Council decision making processes; and
- Developing collaborative and enduring partnerships with key stakeholders.

Connected with our community: Our community outcomes

Our stakeholders are advocates/ambassadors for Waipa and Council.

We will focus on creating stronger, resilient and more enduring relationships by informing, consulting, involving and empowering our residents, ratepayers and key stakeholders.

We engage with all parts of our community.

Our Community Engagement Strategy will guide our actions.

See the policy online at <http://www.waipadc.govt.nz/our-council/about-us/vision>

We have collaborative and enduring partnerships.

Formal relationship and partnership agreements with key stakeholders, including Treaty Settlements and Joint Management Agreements, will be developed and actively supported.



Goal 4: Socially responsible

We act with conscience and integrity to lead the district in valuing and protecting the members of our organisation and community, and enhancing their wellbeing.

We will ensure the knowledge and resources within Waipa are used for the benefit of the whole community by:

- Encouraging staff to be actively engaged in the community;
- Creating an organisation that attracts, employs and retains the best people;
- Engaging and empowering people to perform to their full potential; and
- Building vibrant neighbourhoods and liveable communities.

Socially responsible: Our community outcomes

We give back to the community.

Staff will be encouraged to develop a great sense of connection with our community that goes beyond their role.

We are a workplace of choice.

We will continue to focus on attracting and retaining people who demonstrate champion performance and attitude.

Waipa offers an excellent quality of life.

We will further develop an understanding of, and an appropriate response to, the factors that influence the district's ratepayers and resident's perception of quality of life. Critical factors that Council is responsible for and aware of, is the maintenance of good quality local infrastructure and the management of effective regulatory functions.

Measuring Progress

Progress towards our community outcomes is measured through a combination of organisational, customer satisfaction and level of service indicators. The level of service tables and results are outlined within each Group of Activity.

In addition, we will continue to publish State of the District Reports based on the broader set of community outcomes developed in 2005, and the frequency of this reporting is likely to be aligned to the Census cycle.

Resident Surveying

Council has undertaken a new resident survey for the 2015/16 year to help Council understand how it is tracking against the strategic goals and outcomes. Carried out by an independent research house the new survey focuses in particular on resident perceptions of the environment and lifestyle associated with the Waipa district, satisfaction with council services, leadership, financial management and value for money. The results of the survey are based on a 10 point satisfaction scale. The survey is a quota sample, designed to cover the important variables within the population. In reporting the results the 'don't know' responses have been removed. At an aggregate level the survey has an expected 95% confidence interval (margin of error) of +/-4.8%.

Key results

- Our residents have a great deal of pride in our district and are (mostly) satisfied with our performance. Satisfaction levels are highest in relation to public facilities and water and waste water systems ... and lowest in relation to stormwater and some aspects of roading.

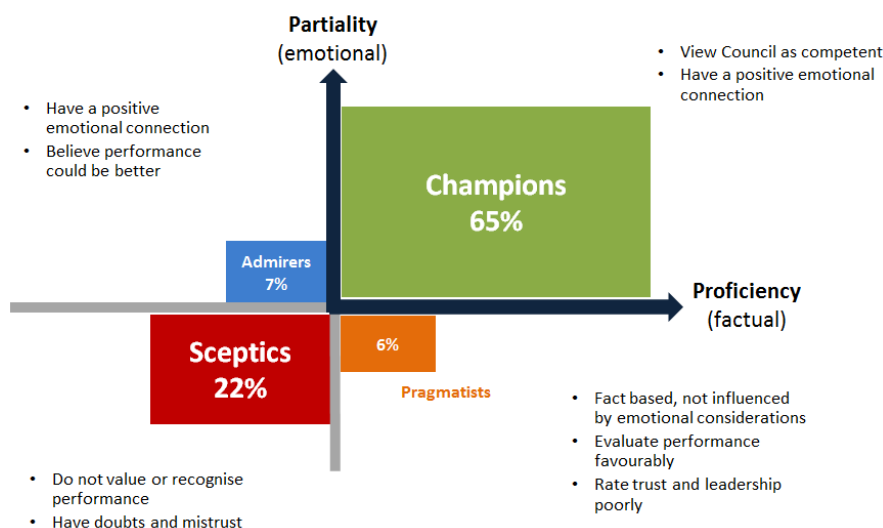
Overall performance summary

	Satisfaction by ward (% 8-10)			Satisfaction by ward (% 8-10)		
	Poor (% 1-4)	Indifferent (% 5-7)	Satisfied (% 8-10)	Don't know	Cambridge	Te Awamutu
Pride in the Waipa district	25%	71%		1%	74%	69%
Satisfaction with community boards	12%	59%	29%	27%	28%	30%
Overall reputation	7%	50%	44%	3%	42%	45%
- Leadership	7%	54%	39%	6%	40%	39%
- Trust	11%	57%	32%	4%	33%	31%
- Financial performance	14%	62%	25%	18%	27%	23%
- Service quality		51%	45%	1%	49%	42%
Overall value for money	15%	56%	29%	7%	31%	28%
Service, infrastructure and public facilities		51%	45%	1%	49%	42%
- Overall water management	8%	50%	43%	13%	44%	41%
- Overall roads and footpaths	7%	53%	41%	1%	45%	36%
- Overall public facilities		40%	59%	6%	58%	59%
- Regulatory services	5%	52%	43%	18%	41%	44%

Source: Waipa District Council Annual Residents Survey Report. Key Research June 2016

- Residents would be more satisfied if we helped improve their understanding about how we provide value for money in regards to rates and other fees.
- We have a strong reputation and most residents have a positive perception of the work we do. They trust and believe in our vision and leadership.

Reputation profile



Source: Waipa District council Annual Residents Survey Report. Key Research June 2016

- We could improve our reputation further by being more transparent around spending, and by showing we are spending and investing wisely and are achieving good outcomes.

5. Only 16 per cent of residents say they have a 'good knowledge' of our activities. Only 54 per cent of residents recognise our Community Boards act as community advocates.
6. Many residents aren't particularly keen on being involved in decision-making processes. A third said they would only become involved if we were planning something they disagreed with, or were aware of something that would negatively impact upon them.

For a full presentation of the results please see Council's website.



Waipa District Mayor and Councillors



Judy Bannon
CAMBRIDGE



Liz Stolwyk
CAMBRIDGE



John Bishop
CAMBRIDGE



Sue Milner
CAMBRIDGE



Hazel Barnes - JP
TE AWAMUTU



Marcus Gower
TE AWAMUTU



Andrew Brown
TE AWAMUTU



Vern Wilson
TE AWAMUTU



Clare St Pierre
PIRONGIA



Mayor
Jim Mylchreest - JP
TE AWAMUTU



Bruce Thomas - JP
PIRONGIA



Laurie Hoverd
KAKEPUKU



Grahame Webber
Deputy Mayor
MAUNGATAUTARI

Council Information

MAYOR Jim Mylchreest JP

DEPUTY MAYOR Grahame Webber

COUNCILLORS

Judy Bannon	Sue Milner
Hazel Barnes JP	Clare St Pierre
John Bishop	Liz Stolwyk
Andrew Brown	Bruce Thomas JP
Marcus Gower	Vern Wilson
Laurie Hoverd	

EXECUTIVE

Chief Executive	Garry Dyet JP
Deputy Chief Executive / Group Manager - Planning & Community Relations	David Hall
Group Manager - Service Delivery	Barry Bergin
Group Manager - Business Support	Ken Morris

BANKERS ASB, 135 Albert Street, Auckland

SOLICITORS

Tompkins Wake, PO Box 258, Hamilton 3240
Buddle Findlay, 1 Willis Street, Wellington 6011
Phil Lang, PO Box 19 539, Hamilton 3244
McCaw Lewis, PO Box 9348, Hamilton 3240
Simpson Grierson, 88 Shortland Street, Auckland 1141
Heaney & Partners, PO Box 105391, Auckland 1010
Gallie Miles, PO Box 170, Te Awamutu 3840
Lewis', PO Box 529, Cambridge, 3450
Harkness Henry, Private Bag 3077, Hamilton 3240

AUDITORS Audit New Zealand on behalf of:
Auditor-General
Office of the Auditor-General
Wellington

LOCATIONS**Head Office**

101 Bank Street
Te Awamutu 3800

Phone (07) 872 0030
Fax (07) 872 0033

Cambridge Service Centre

23 Wilson Street
Cambridge 3434

Phone (07) 823 3800
Fax (07) 823 3820

POSTAL ADDRESS

Private Bag 2402
Te Awamutu 3840

Organisational Structure

Council Controlled Organisations

The Local Government Act 2002 requires the council to include in the 10-Year Plan information on those organisations in which it is a stakeholder. In particular, the council must include:

- Its significant policies and objectives regarding ownership and control of the organisation.
- The nature and scope of the activities to be provided by the organisation.
- The key performance targets and other measures by which performance may be judged.

We are a shareholder in four organisations that are classified as council controlled organisations as defined by the Local Government Act 2002. The organisations are:

- Waikato Regional Airport Limited, also known as Hamilton International Airport.
- Local Government Funding Agency Limited.
- New Zealand Local Government Insurance Corporation, also known as Civic Assurance.
- Local Authority Shared Services Limited.

Further detail on each of these organisations can be found in our 10-Year Plan 2015-25.

Council Committees

The elected Mayor and Councillors represent the community, set Council's direction, policy and work programmes, and monitor and review the organisation's performance. The elected Council has established a number of committees and sub-committees to assist in this work.

There are currently 12 standing committees in the Waipa District; these committees and their membership are outlined in this section.

The full council meets 11 times a year, with other committee meetings held as needed.

Executive Committee

Chairperson: Mayor Jim Mylchreest

Membership: Deputy Mayor Grahame Webber, Crs John Bishop, Andrew Brown and Bruce Thomas.

Purpose: To make decisions on urgent matters arising between scheduled Council meetings or on specific matters referred to it by Council.

Chief Executive Performance Committee

Chair: Mayor Jim Mylchreest

Membership: Deputy Mayor Grahame Webber and Cr Thomas.

Purpose: To conduct the reviews of the performance of Council's Chief Executive and make recommendations to Council.

Strategic Planning and Policy Committee

Chairperson: Cr John Bishop

Membership: Full committee of Council and a Council appointed representative from Nga Iwi Toopu O Waipa.

Purpose: To oversee the development and review of Council's bylaws, strategies, policies and plans (including Resource Management Plans) and where appropriate, to act as Council's hearings committee for public consultation in relation to these matters.

Service Delivery Committee

Chairperson: Deputy Mayor Grahame Webber

Membership: Full committee of Council.

Purpose: To have responsibility for overseeing Council's infrastructure work programme, asset management planning and levels of service in relation to the service delivery areas of the Road Corridor, Water Services and Community Facilities, including the consideration of regional integration of services.

Finance and Corporate Committee

Chairperson: Cr Andrew Brown

Membership: Full committee of Council.

Purpose: To undertake Council's corporate and governance functions specifically in relation to financial and non-financial reporting, financial policies and treasury matters, insurance matters, property management and Council Controlled Organisations.

Regulatory Committee

Chairperson: Cr Bruce Thomas

Membership: Mayor Jim Mylchreest, Crs Marcus Gower, Sue Milner, Clare St Pierre and Liz Stolwyk and a Nga Iwi Toopu O Waipa representative.

Purpose: To manage the regulatory aspects of Council's business, in particular in relation to the Resource Management Act 1991.

Audit and Risk Committee

Chairperson: Cr Clare St Pierre

Membership: Mayor Jim Mylchreest, Judy Bannon, John Bishop, Andrew Brown, Independent Advisor: Bruce Robertson – Morrison Low

Purpose: The general objective of the Audit and Risk Committee is to provide independent assurance and assistance to the Waipa District Council on Council's risk, control and compliance framework, and its external accountability responsibilities.

Pirongia Ward Committee

Chairperson: Cr. Clare St Pierre

Membership: Cr Bruce Thomas, John Turnwald (Ohaupo Residents and Ratepayers Association), John Wood (Pirongia Community Association), Alan Rawlings (Te Pahu Residents and Ratepayers Association), Michael Fox (Ngahinapouri), Raymond Walker (Kaipaki), Haupai Puke (Purekireki Marae), Tom Roa (Iwi Representative).

Purpose: To allocate funds, to consider the draft annual plan and to perform similar representative functions as the community boards.

Maungatautari Reserve Committee

Chairperson: Deputy Mayor Grahame Webber

Membership: His Worship the Mayor Jim Mylchreest, Cr Liz Stolwyk, Ted Tauroa and Carlson Wirihana for Ngati Koroki Kahukura, Rose Smith for Pohara Marae, vacant position for Ngati Haua, Brigitte Meier for Department of Conservation, Kataraina Hodge – adjacent landowner, Adele Saywell – adjacent landowner, Stuart Kneebone for Waikato Regional Council and John Simmons for Maungatautari Ecological Island Trust.

Purpose: To facilitate effective and meaningful communication between Council, Tangata Whenua, the Maungatautari Ecological Island Trust (MEIT), the Department of Conservation and the public in relation to the Maungatautari Scenic Reserve. To advise Council on all reserve management issues, as they relate to the reserve, the MEIT project, and the administrative requirements of the Reserves Act 1977. To oversee the services for MEIT for day-to-day management of the enclosures and to oversee the Reserve Management Plan for the reserve.

Waipa Iwi Consultative Committee

Chairperson: Mayor Jim Mylchreest

Membership: Deputy Mayor Grahame Webber, Crs John Bishop, Andrew Brown, Bruce Thomas, The Chief Executive (ex-officio role), Waikato Tainui Trust Board (Tim Manukau), Raukawa Settlement Trust (representative to be advised), and a representative from Maniapoto Trust Board, Nga Iwi Toopu O Waipa Chairperson – Gaylene Roberts, Kaumatua – Charlie Maikuku, Wharepuhinga – Kataraina Hodge, Ngati Haua – vacant, Purekireki – Jennie Charman, Puniu – Harold Maniapoto (proxy – Val Ingley), Te Kopua – Doris Walters, Kaniwhaniwha – Rangiuia Thompson, Maungatautari – Hinerangi Kara, Ngati Ngawaero – George Searancke.

Purpose: To facilitate communications between Council and Tangata Whenua. The Committee will consider any matter impacting on the interests of Tangata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and resource management. The Committee will advise Council and the various Iwi on Treaty of Waitangi implications for policies and activities of Council.

District Promotion Committee

Chairperson: Mayor Jim Mylchreest

Membership: Crs Sue Milner and John Bishop, and two community representatives, Mervyn Gyde and Kevin Burgess.

Purpose: To consider and approve, in accordance with specified criteria, applications for financial assistance for the promotion and sponsorship of events within the Waipa District.

Heritage Committee

Chairperson: Cr Sue Milner

Membership: Cr Barnes and community representatives, Carolyn McAlley, Andrew McFarlane, Antanas Procuta, Stacey Ward, Colin Pinkerton, Grant Middlemiss and Hinerangi Kara.

Purpose: To consider applications to, and subject to approved criteria, approve the allocation of the Heritage Fund and make recommendations to Council (or its committees) on Heritage matters including natural heritage and biodiversity.

Community Boards

Community boards are part of the District's governance structure, but are elected independently. They have specific responsibilities, including representing and advocating on behalf of the communities they serve, and overseeing the services provided by Council. Both Cambridge and Te Awamutu have a community board that works in partnership with Council to promote and enhance community wellbeing.

Waipa has two Community Boards, one in Te Awamutu covering the Te Awamutu and Kakepuku wards and one in Cambridge covering the Cambridge and Maungatautari Wards.

Pirongia Ward Committee looks after the community centres in the ward including Pirongia, Ngahinapouri, Te Pahu and Ohaupo.

The role of a Community Board is to act as an advocate with the Community on behalf of the council. The Boards are governed under the provisions of Local Government Act 2002 and adopt Standing Orders for the conduct of their meetings. The Community Boards are not Council Committees, they are separate statutory authorities established under Part 4 of the Local Government Act 2002.

Te Awamutu Community Board

Represents and acts as an advocate for community interests. Overview of service delivery throughout Te Awamutu and surrounding areas. Performs such functions as are delegated to it by Council.

Chairperson: Richard Hurrell

Membership: Bernard Westerbaan, Colleen Wilson, Jo Rusling, Colin Pinkerton, Laurie Hoverd (Council Kakepuku ward representative), Andrew Brown (Council Te Awamutu ward representative).

Cambridge Community Board

Acts in exactly the same way the Te Awamutu Community Board does, except it services Cambridge and surrounding areas.

Chairperson: Mike Pettit

Membership: Philip Coles, Richard Wright, Elwyn Andre-Wiltens, Julie Epps, Grahame Webber (Council Maungatautari ward representative), Sue Milner (Council Cambridge ward representative).

The Cambridge Community Board has the following Committees:

Sister Cities: Bihoro Sister City Committee and Le Quesnoy Sister City Committee

Whose purpose is to positively promote friendly exchanges and to encourage mutually beneficial understanding in the fields of economic development, tourism, culture, education, science, technology and sport with our sister cities, Bihoro in Japan and Le Quesnoy in France.

Reserve Landscape Committee

Plans and organises, with Council's approval and in conjunction with staff, the facilitation of the development and renewal of the Cambridge greenbelt reserve management plan.

ANZAC and Armistice Organising Committee

The purpose of this Committee is to organise the annual ANZAC Day and Armistice commemorative services in Cambridge.

In addition to community boards, Council has also set up some advisory groups and committees to assist in decision making – these include a Youth Council, Senior Council and two groups to facilitate participation by Māori in Local Government decision-making processes (as required by the Local Government Act 2002).

The Youth and Senior councils were established in 1999/2000 and aim to provide two-way liaison between Council and senior and younger members of the community. Traditionally, membership of the Youth Council has been the four head students at each of the three Waipa Secondary schools. Membership of Senior Council is comprised of representation from senior citizens groups such as Grey Power, Continuing Education, Lions, the RSA, rest homes, etc.

Introduction from the Mayor and Chief Executive

A review of the 2015/16 financial year, as contained in this Annual Report, paints a very positive picture of the Waipa district. Our Council is one of only three Councils in the greater Waikato region governing an area experiencing significant growth. That brings both opportunities and challenges and during the year we dealt with both.

We continue to work on the major capital works programme as outlined in our 10-Year Plan and during the year a number of projects either started or came to fruition. Construction of the long-awaited Te Awamutu library began during the year with the new, purpose-built facility due to open in October 2016. The library and related street-scaping works around Te Awamutu are beginning to bring the community's long-held vision for the township to life. In Cambridge, Te Awamutu and throughout the rest of the district, there is a real sense of energy, reflected in a number of new subdivisions and increased economic activity.

We have continued to make ongoing investments in water, waste-water and roads across the district, reflecting the works programme we agreed with our community. All up, we completed 82 per cent of our programmed capital works programme at a cost of \$43.6 million. At the same time our consenting and building inspection staff were very busy, with 18 per cent more building consents processed this year, over the previous year.

Results of an independent survey carried out in May 2016 said 71 per cent of residents have pride in the Waipa District and that Waipa District Council has an excellent reputation amongst the community. As Mayor and Chief Executive, we are proud of that result and of knowing that the work we are doing is resulting in great outcomes for our residents and ratepayers. Work on some very complex issues continued throughout the year. Excellent progress was made on our Proposed District Plan. The Plan is a key document as it contains policy guidance and rules on development and subdivision and also seeks to protect important buildings, landscapes and natural areas. The Plan was publicly notified in May 2014 and during the last year progressed to the stage where only one appeal from 28 remained outstanding.

Throughout the year we also progressed a number of joint management agreements with local iwi in light of Treaty of Waitangi settlements. Our relationship with local iwi remains positive, constructive and highly valued.

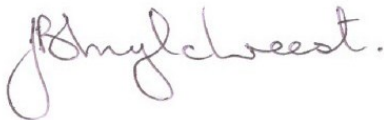
One of the things our Council discussed at length over the past 12 months was the proposal for Waipa and Waikato District Councils, along with Hamilton City Council, to form a Council-controlled organisation (CCO) to manage water and waste-water. In July 2016 we agreed to a potential structure of a CCO, should one be formed. That decision however is a long way off. Incoming Councils elected in October 2016 will have their own view and they will decide whether or not to progress this proposal further. If so, it must go out for very extensive community consultation and that is unlikely before 2017. We support this consultation and strongly believe it is time the Waipa community had a say on this very significant proposal.

Next year looks to be a very busy one for the Waipa district. Waipa is becoming more popular and more well-known for its excellent quality of life. Given that, there is no sign of growth or economic activity abating.

A number of one-off special events are scheduled including the World Masters Games in April 2017. Thousands of rowers and track cyclists and their supporters are expected. We fully

anticipate they will stay in Waipa for a while and will bring their own energy and enthusiasm. As always, we know they will be warmly welcomed to the district by people who genuinely love living here and are happy to share their hospitality.

Once again, we would like to thank the wider Waipa communities for the role each plays in making our district a better place to be. Your ongoing input into the activities of our Council is warmly welcomed and we look forward to working with you again over the coming year.



Jim Mylchreest JP
MAYOR



Garry Dyet JP
CHIEF EXECUTIVE



Financial Overview

The financial statements presented in this Annual Report reflect a pleasing financial result for the 2015/16 year and a council in a very sound financial position.

Council continues to comfortably meet all the various benchmark limits and requirements set out over the next few pages of this Annual Report. These disclosures are required by the Local Government (Financial Reporting and Prudence) Regulations 2014. Readers of this Annual Report should look carefully at each of these measures. They paint a picture of a council that is prudently managing its revenues and expenses, its assets and its liabilities, with some of the highlights:

- An average rates increase (after growth) of 1.4 per cent for the 2015/16 year (noting the benchmark allowed for 5.0 per cent),
- Debt of only \$13.2 million at 30 June 2016 (noting the benchmark allowed for nearly \$30 million),
- Network services capital spend at 116 per cent of depreciation on those assets, reflecting a council that is investing strongly in core infrastructure.

Council ended the year with a general funds cash surplus of \$891,000 after making provision for a small number of carry forward and other approved items. This cash surplus figure is an important reference point with its focus on the cash income and expenditure related to our general rates and targeted ward rates. It excludes the non-cash items which can impact the operating surplus shown in the Statement of Comprehensive Revenue and Expense. It also excludes any income and expenditure associated with activities such as roading, water, wastewater, stormwater, pensioner housing and forestry. These are activities that, due to the nature of their funding sources, are ring-fenced from what are referred to as 'general funds'.

Key contributing factors to the cash surplus were significant revenue growth in the building control activity; a reflection of a fast growing district. There was also underspend in salary costs; significant levels of saving in debt interest with both quantum of debt and interest rates lower than expected; and higher interest revenue as a result of our higher than expected cash balances.

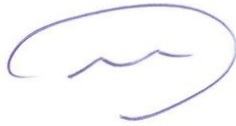
This cash surplus provides a potential contingency funding reserve for unexpected items in the 2016/17 year, but principally these monies are available to benefit ratepayers the next time Council sets its rates. As always, the aim is only to collect from the ratepayer what we need to meet our estimated net expenses after consideration of other revenue sources such as subsidies and fees and charges.

An operating surplus of \$26.9 million was achieved against a budget of \$17.2 million and a prior year result of \$16.0 million. The key contributing factors were the items described above, together with strong results for non-cash items including vested assets (the pipes, roads and reserve land gifted to Council by developers) which greatly increased this year with the vesting of former State Highway roading assets into Council alongside strong district growth; discovered assets (the infrastructure identified as owned but not recorded as Council tidies its records); and with strong revaluation gains for Council's forestry and investment property assets.

Council's net assets are now worth in excess of \$1.3 billion with the vast majority of this value in land, buildings and infrastructure systems such as Council's roading and pipeline reticulation networks.

Council continues to carry relatively low levels of external debt in comparison to other units of local government, providing us with a very strong financial position as we face the demands of the

future. An anticipated additional \$14 million of borrowing this year was not required, so our borrowings levels remain as they were last year, at \$13.2 million. Cash balances are \$15.5 million. This Council is in very good shape financially as we begin to turn our mind to the 2018-28 Ten Year Plan.



Ken Morris
GROUP MANAGER BUSINESS SUPPORT / CHIEF FINANCIAL OFFICER

Disclosure Statement

Annual report disclosure statement for year ending 30 June 2016.

What is the purpose of this statement?

The purpose of this statement is to disclose the council's 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.

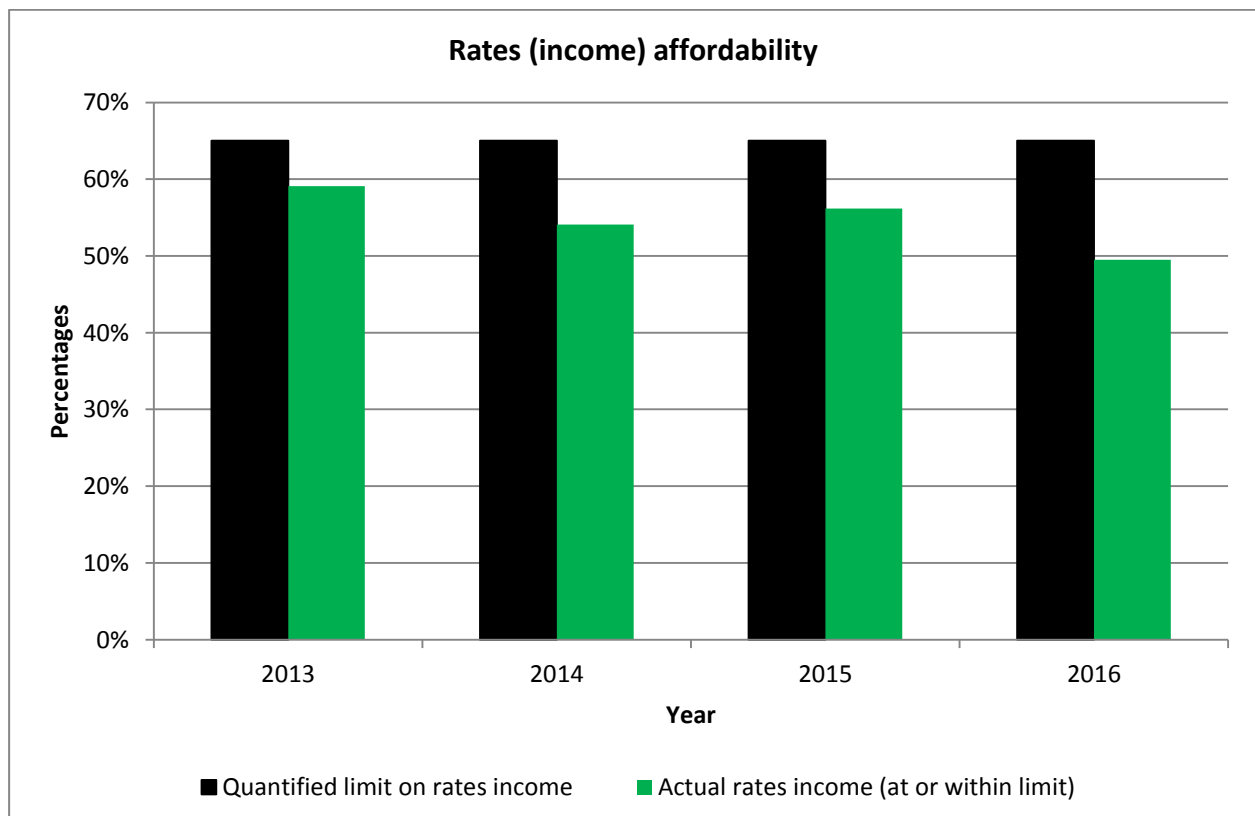
The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

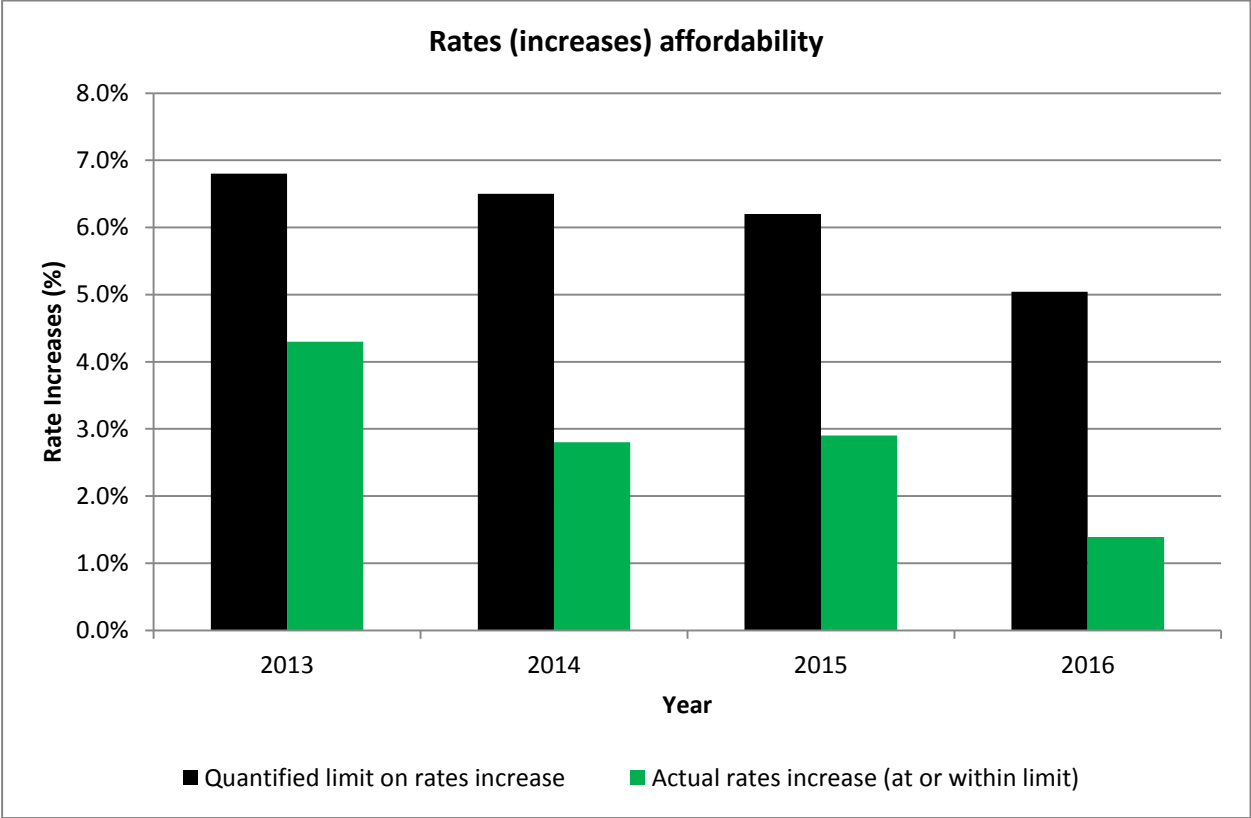
The council meets the rates affordability benchmark if –

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

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is limiting rates levels to a maximum of 65 percent of our total revenue.



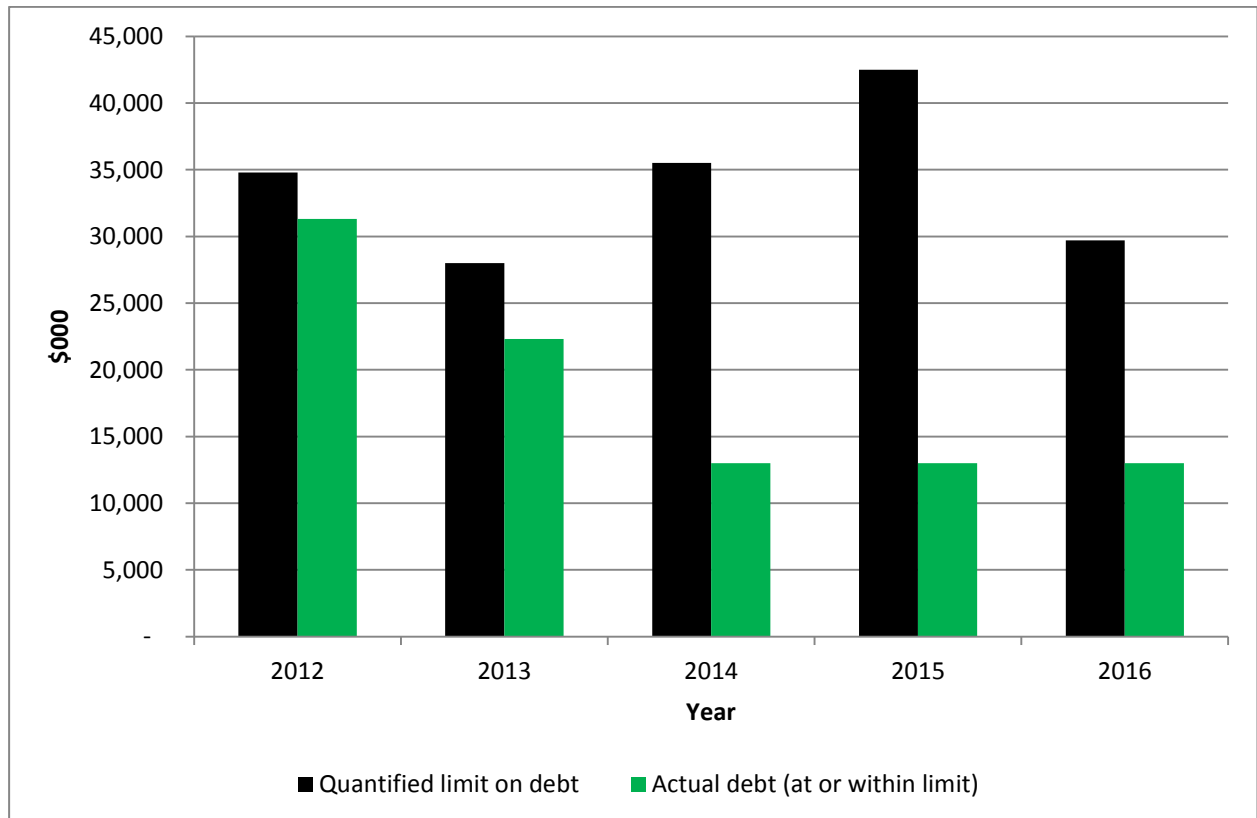
The following graph compares the council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s long term plan. The quantified limit is council will limit annual increases in the average rate requirement (after growth) to no more than the forecast Local Government Cost Index for that year plus 3 percent.



Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

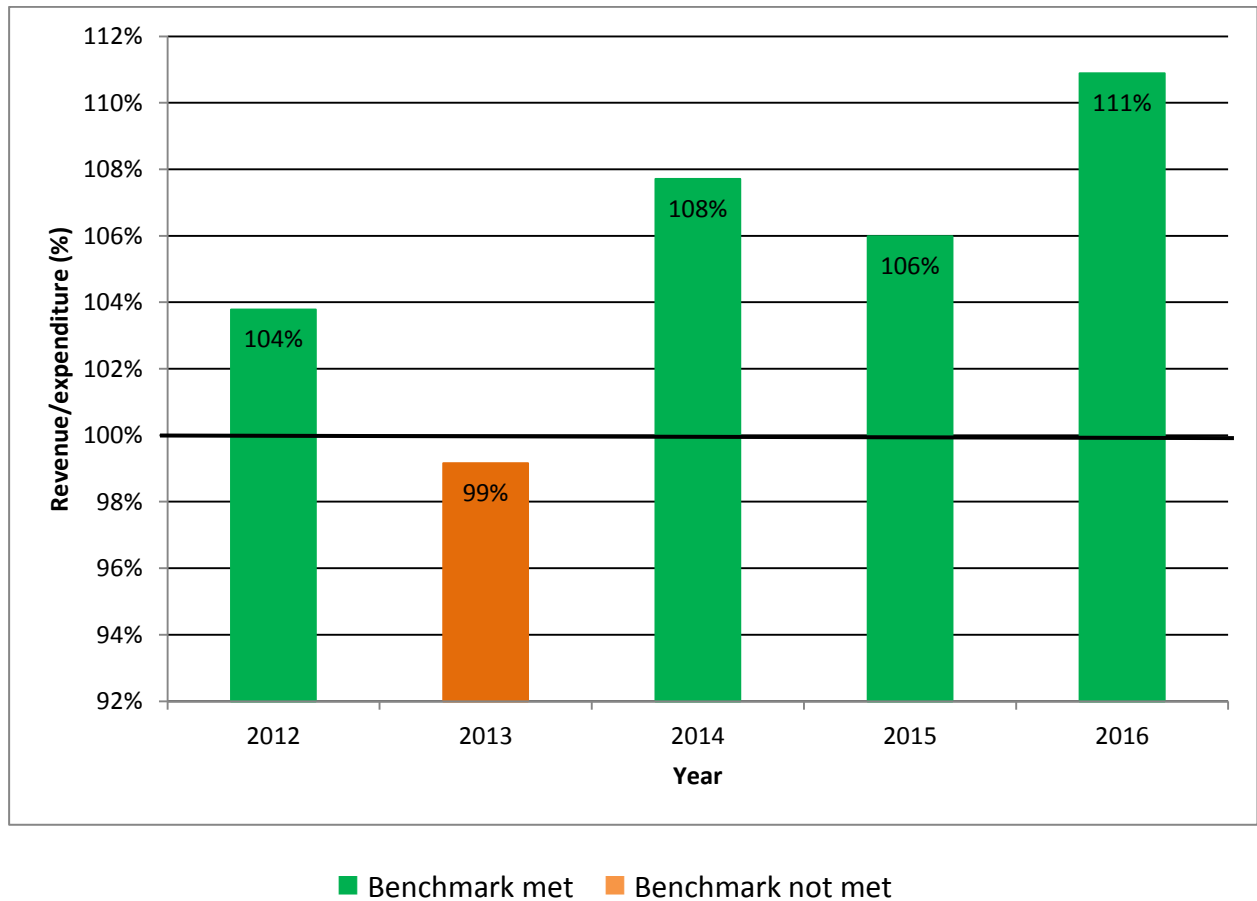
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is the debt profile in Council's 10-Year Plan.



Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.

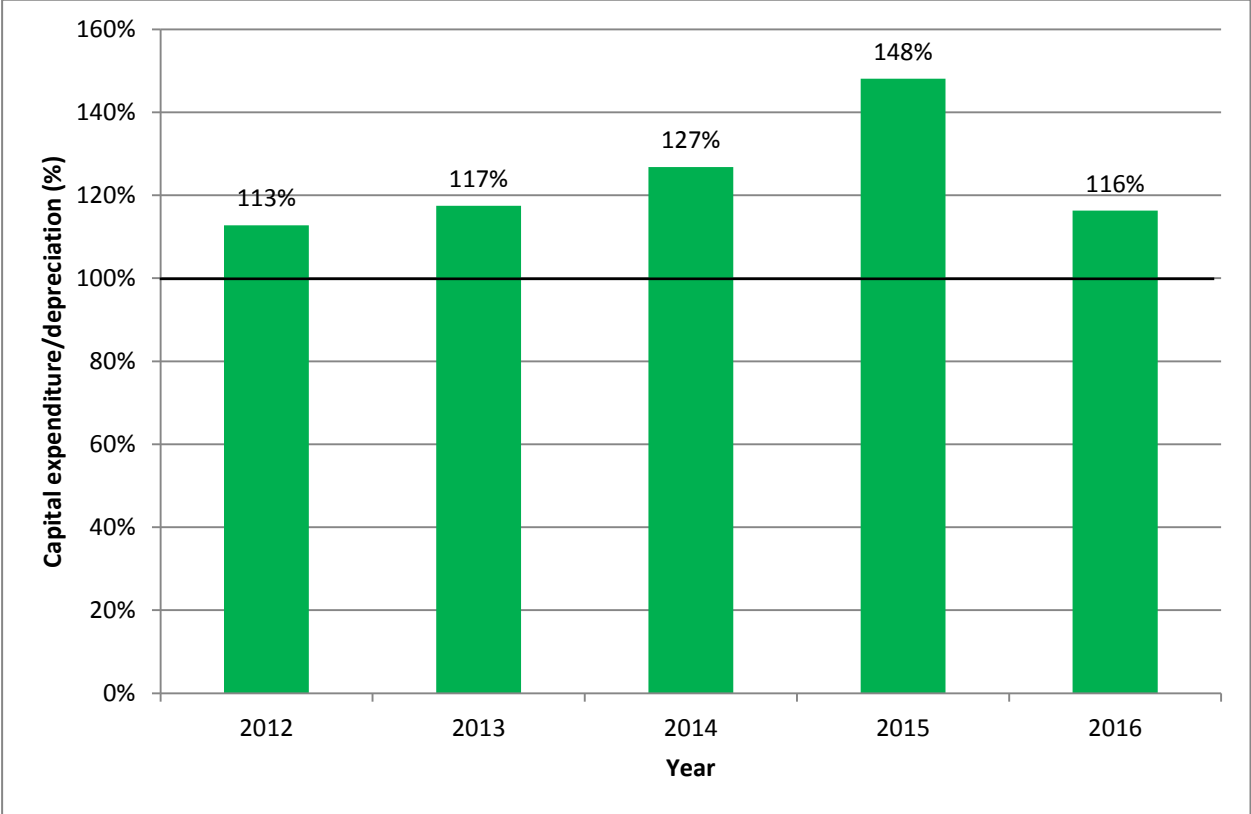


The year where the percentage is below 100 percent is due to non-cash items, loss on disposals of assets and depreciation. Where the benchmark has not been met this is only by a small margin. Council sets its rates to achieve a breakeven position.

Essential services benchmark

The following graph displays the council’s capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

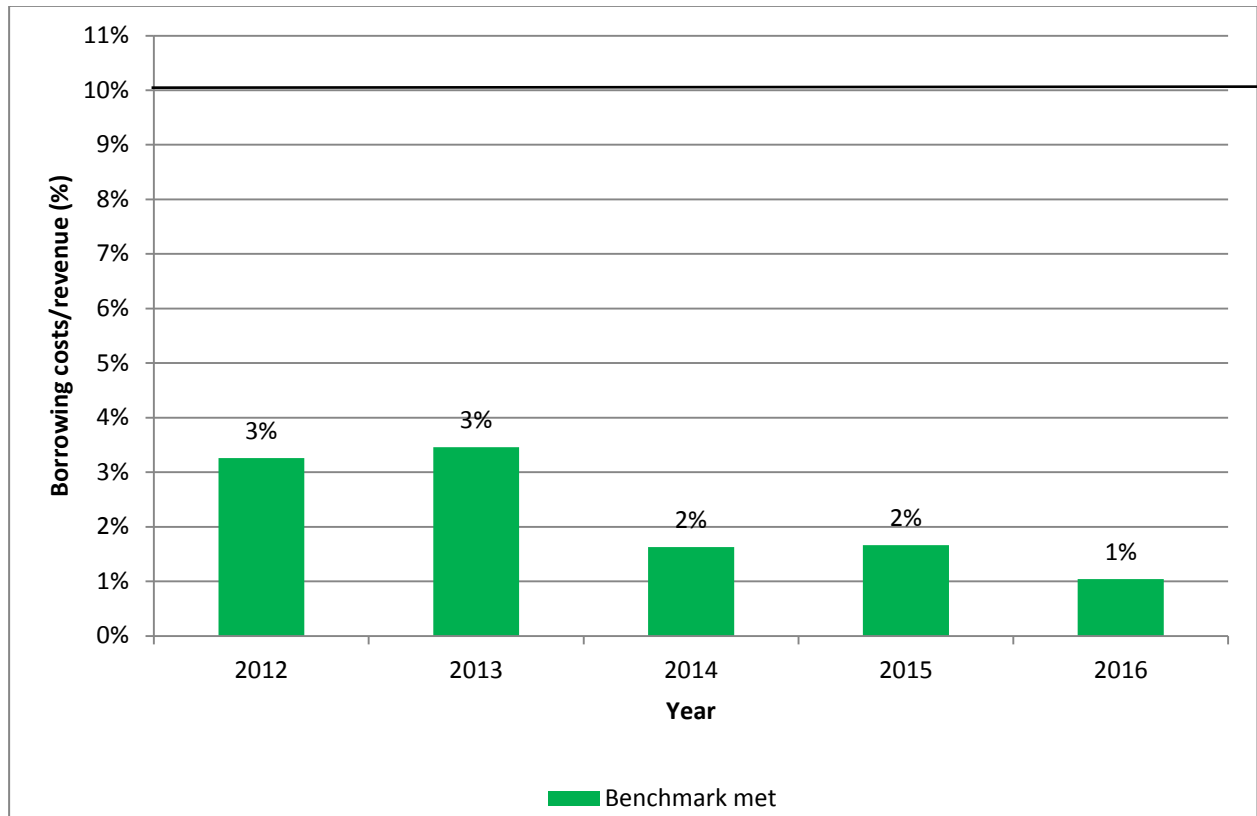


■ Benchmark met

Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

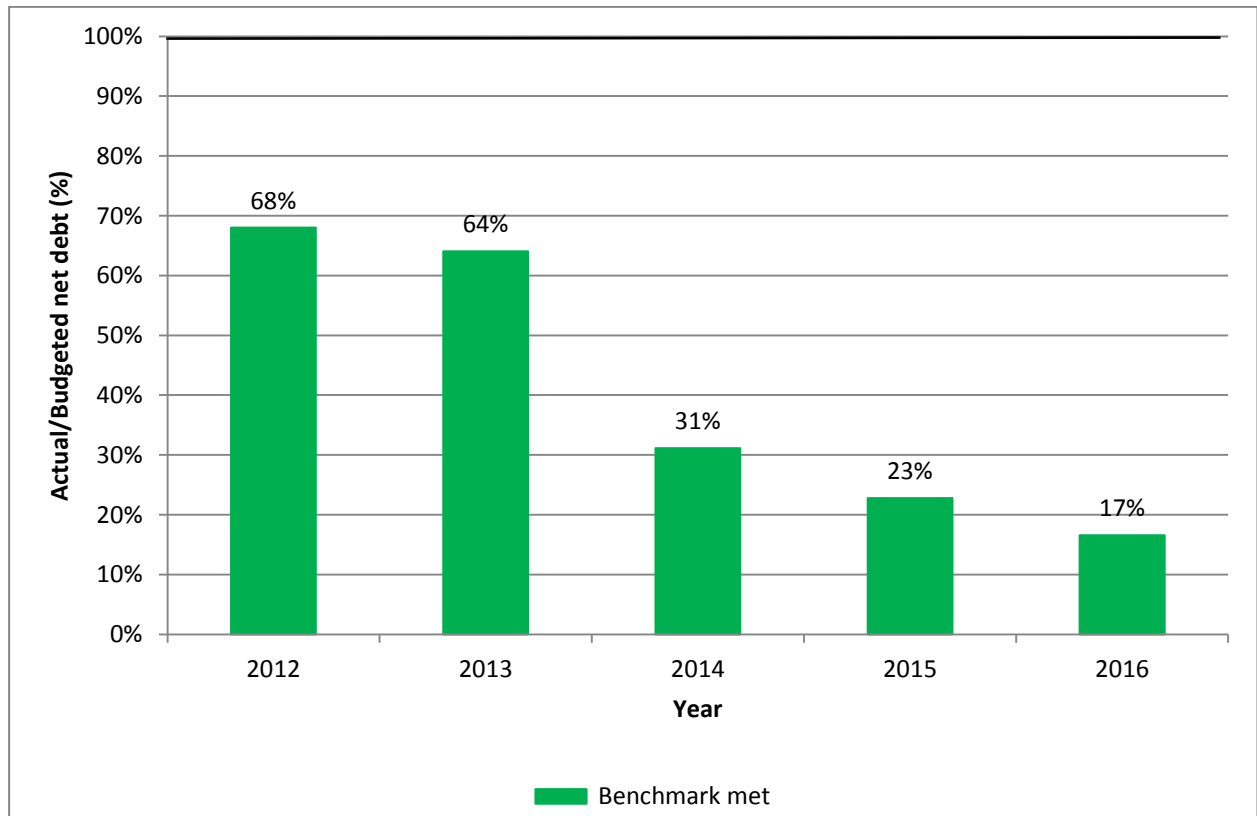
Because Statistics New Zealand projects the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

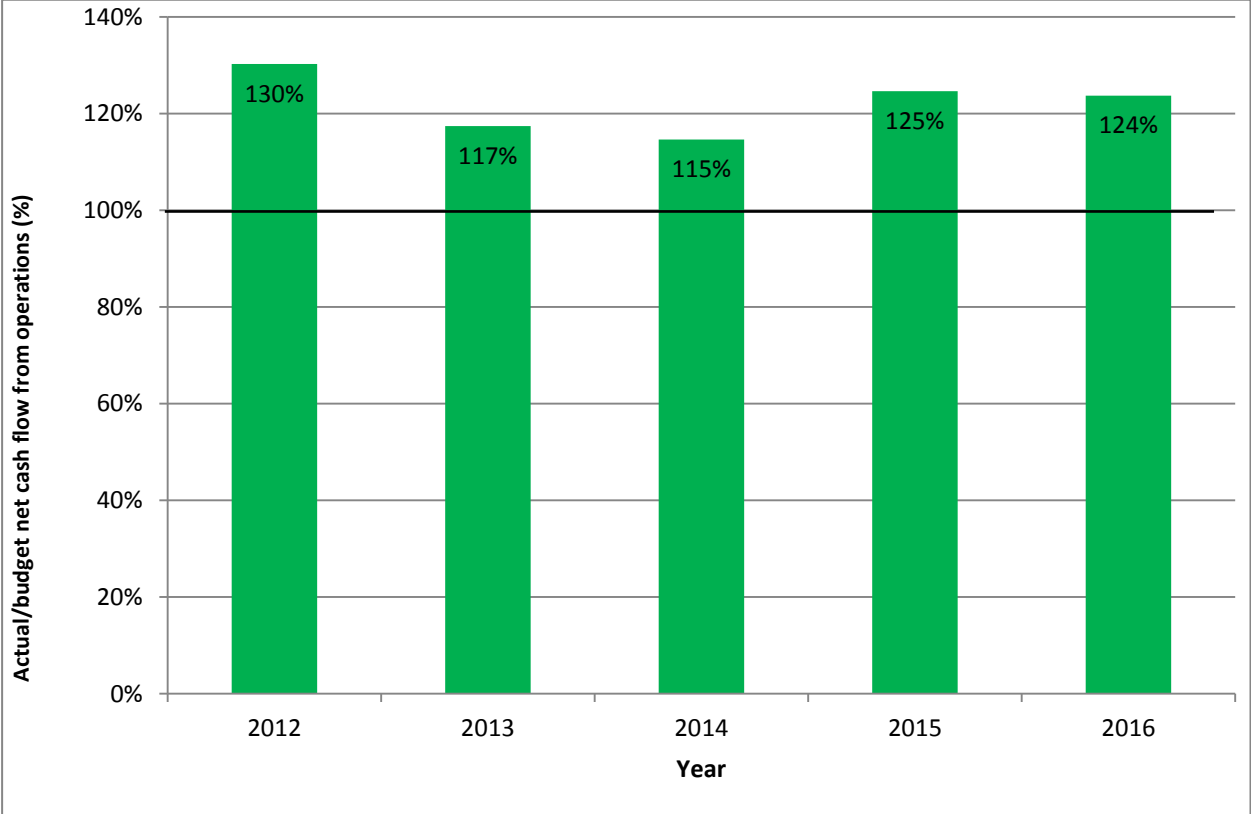
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



■ Benchmark met

Non-Financial Performance

2015-16 was the first year of implementation of Council's 10-Year Plan 2015-25 and it set a clear vision for the district and how the plan would be achieved.

Focus was on delivering the first year of the capital works program with significant progress made across a number of projects. This work is being led by the Project Delivery Team which was established to ensure the complex projects from the new 10-Year Plan are delivered efficiently.

The details of performance levels and key achievements are set out in each of the Group of Activity areas in the report. Significant achievements noted over the year include:

- Council's Building Consent Accreditation was renewed. The IANZ assessment team said they were pleased with what they found and the willingness of the Building Consents team to continually look for and make improvements. Approximately 18 per cent more building consents were processed for 2015/2016 compared to the previous year. Staff have maintained a high level of service balancing the processing of consents with high inspection volumes.
- Of the 28 appeals received on the District Plan only one appeal still remains outstanding. Once resolved the Plan will become fully operative.
- The Annual Staff Engagement survey was completed while a new residents survey was also developed and conducted. The results from both surveys will be used over the coming year to inform continued improvement.
- An Audit and Risk Committee was established and the first meeting was held on 1st December 2015. The purpose of the new committee is to focus on ensuring robust processes are followed to minimise risk to the organisation and ratepayers.
- The Avantidrome successfully hosted its first World Cup event in December attracting riders and supporters from 40 countries to the area. Through collaboration with Hamilton City and Waikato Regional Councils the hosting of rowing and track cycling for the World Masters Games has been secured for April 2017.
- Council's first Digital Enablement Plan (DEP) was adopted in December 2015. The DEP provides the district with a foundation to help maximise the use of the internet to increase business profitability, bring economic advantage and improved community engagement with digital technology.
- Significant progress has been made on a number of key capital projects including the opening of Waipuke Park, the Lake Ngaroto track and construction on the new Te Awamutu library. These are further highlighted in the 'Year That Was'.
- Through the Business Friendly Council group a number of improvement initiatives were progressed. Focus has been on providing customers with more convenient ways of interacting with Council with six online forms live to date.
- Work continues as part of the Mayoral Forum around the four key areas of planning, water and wastewater, economic development and roading with discussions around a potential water CCO ongoing.
- Council achieved Health and Safety tertiary accreditation and continues its focus on embedding best practice health and safety procedures across the organisation.

- Significant preparation has been completed and continues for the triennial elections scheduled in October of this year.
- Significant work continues in the strategy, policy and bylaw area with the Waipa District Cycling Trails Strategic Framework, Dog Control and Gambling and Board Venues policies and bylaws adopted by Council over the year.

It is pleasing to note improvements in our performance across most areas of Council. However we remain committed to our continuous improvement approach and will seek to make further improvements on behalf of the Community.



David Hall

GROUP MANAGER PLANNING & COMMUNITY RELATIONS / DEPUTY CHIEF EXECUTIVE

Opportunities for Community Involvement in Decision Making

Opportunities for Community Involvement in Decision Making

Each year we actively provide opportunities for communities within our district to engage with us in a number of ways. As a Council, community engagement plays an incredibly important role. Hearing from the community early contributes significantly to ensuring decision-making in the Council chamber which best meets the aspirations and needs of those we serve.

We encourage both formal and informal communication engagement using a variety of methods such as surveys, focus groups, and public meetings. We communicate extensively through our local newspapers and work hard to keep people informed about issues under consideration at Council. According to our latest community survey, more than 50 per cent of our residents find out their information about Council via local papers. They remain an important medium.

However, there are also other channels now available to us to connect with people and hear their feedback. We are continuing to put emphasis on our online communication channels and are seeing significant increases in engagement and interaction in this space. For the 2015-25 10-Year Plan, more than 50 per cent of our submissions were made online. This is the most ever and allowed more people, from a variety of different groups, to have their say in a way which best suited them.

Social media, and particularly our Council Facebook page, is also important. Facebook allows us to get almost instant feedback and to reach a huge number of people quickly.

For the 12 month period from 1 July 2015 - 30 June 2016, our Waipa District Council Facebook page's followers increased from 2071 to 3144.

In November 2014, Council also adopted the Significance and Engagement Policy. This policy aims to provide clarity about how and when communities can expect to be engaged with and to inform the Council from the beginning of a decision-making process about the extent, form and type of engagement required. We will continue to follow this policy and in fact, on many issues we are likely to do more than what is strictly required because of the value that early community feedback provides.

As always, elected members, staff and community board members can be contacted directly throughout the year if people want to discuss issues or have information to contribute. We have a formal structure to enable Māori involvement in our decision-making and this is outlined on the following page.

Māori Involvement in Decision-Making

Council intends to foster the development of Māori capacity to contribute to decision-making by working within the 'Policy for liaison with Māori and Joint Management Agreements' and continuing to support the representative structure already put in place through the Iwi Consultative Committee and Ngā Iwi Toopu o Waipa.

Council's objectives (as captured in our Policy referenced above) are:

- Council is committed to on-going development of the capacity of Māori to contribute to Council's decision-making processes.
- Council is committed to decision-making processes that are robust, effective and transparent.

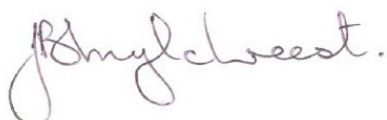
The purpose of the Iwi Consultative Committee is to facilitate communications between Council and Tāngata Whenua. The Committee will consider any matter impacting on the interests of Tāngata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and resource management. The Committee advises Council and Iwi on Treaty of Waitangi implications for policies and activities of Council.

The Iwi Consultative Committee is comprised of the Mayor, the Deputy Mayor, and the Chairs of the Strategic Planning and Policy Committee, Service Delivery Committee, Finance and Corporate Committee and the Regulatory Committee, one representative from each of the Waikato Tainui Trust Board, Maniapoto Trust Board and the Raukawa Settlement Trust, the Chairperson of Ngā Iwi Toopu o Waipa, a Kaumatua representative and further nine members recommended by Ngā Iwi Toopu o Waipa are appointed by Council to represent the hapū of the Waipa District. The Chief Executive attends these meetings as a member of the committee.

This committee is supported by Ngā Iwi Toopu o Waipa, with which Council has a formal agreement for the purpose of reviewing all resource consent applications and considering other matters of significance. This arrangement recognises the mandate Ngā Iwi Toopu o Waipa has in acting on behalf of Iwi within the District.

Statement of Compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).



Jim Mylchreest
MAYOR



Garry Dyet JP
CHIEF EXECUTIVE

Waipa District Council
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2016

	Note	Parent & Group 2016 Actual \$000	Parent 2016 Budget \$000	Parent & Group 2015 Actual \$000
REVENUE				
Rates, excluding targeted water supply rates	3	46,045	45,723	44,670
Fees, charges, and targeted rates for water supply	4	16,400	13,709	14,220
Reserve contributions		439	418	1,142
Development contributions		3,342	3,137	4,670
Gain on revaluation	7	2,435	522	-
Vested assets		15,908	10,507	6,294
Discovered assets		1,685	-	1,011
Dividends		6	-	7
Finance revenue		587	250	533
Subsidies and grants	5	6,782	7,258	7,522
Other revenue	6	377	325	364
Total Revenue		94,006	81,849	80,433
OPERATING EXPENDITURE				
Employee benefit expenses	8	17,900	18,141	17,166
Depreciation & amortisation	19	20,158	19,647	18,840
Other expenses	9	28,229	25,772	26,874
Finance costs	10	807	1,016	1,169
Loss on revaluation	11	-	-	318
Total Operating Expenditure	2	67,094	64,576	64,367
OPERATING SURPLUS		26,912	17,273	16,066
Other Comprehensive Revenue and Expense recognised directly in Equity				
Property Plant and Equipment Revaluation gains / (losses) taken to equity		8,562	17,834	114,690
Intangible gains / (losses) taken to equity		180	-	43
Cash flow hedges gains / (losses) taken to equity		(526)	(262)	(422)
Total Other Comprehensive Revenue and Expense for the Year		8,216	17,572	114,311
Total Comprehensive Revenue for the Year		35,128	34,845	130,377

Explanation of Operating Surplus and Total Comprehensive Revenue:

Council achieved an operating surplus of \$26.9m this year against a budget of \$17.3m. Explanations of the major variations from budget are provided in note 38, pages 92 and 93. The operating surplus includes a number of items of income that are non-cash in nature including infrastructure vested by developers (\$15.9m) and the first time recognition of assets discovered (\$1.7m). Council's total comprehensive income includes \$8.6m of property plant and equipment revaluation gains.

The accompanying notes form part of these financial statements, pages 43-93.

Waipa District Council
Statement of Changes in Equity
For the year ended 30 June 2016

	Note	Parent & Group 2016 Actual \$000	Parent 2016 Budget \$000	Parent & Group 2015 Actual \$000
Balance at 1 July		1,298,618	1,219,354	1,168,241
Total Comprehensive Revenue		35,128	34,845	130,377
Balance at 30 June		1,333,746	1,254,199	1,298,618
Equity represented by:				
Retained earnings	27	400,781	388,383	373,649
Other reserves	27	932,965	865,816	924,969
Total Equity		1,333,746	1,254,199	1,298,618

Explanations of the major variations from budget are provided in note 38, pages 92 and 93. The accompanying notes form part of these financial statements, pages 43-93.

Waipa District Council
Statement of Financial Position
As at 30 June 2016

	Note	Parent & Group 2016 Actual \$000	Parent 2016 Budget \$000	Parent & Group 2015 Actual \$000
ASSETS				
Current Assets				
Cash and cash equivalents	12	15,452	2,870	11,559
Other financial assets	14	2,700	208	1,100
Assets held for sale	15	-	-	592
Trade and other receivables	13	4,703	3,870	4,999
Total Current Assets		22,855	6,948	18,250
Non Current Assets				
Trade and other receivables	13	73	-	79
Property plant and equipment	16	1,318,941	1,268,509	1,290,732
Intangible assets	17	825	1,256	759
Forestry assets	20	1,623	1,318	1,116
Investment property	21	14,611	12,635	12,964
Investments in CCOs'	14	2,997	2,836	3,013
Total Non Current Assets		1,339,070	1,286,554	1,308,663
Total Assets		1,361,925	1,293,502	1,326,913
LIABILITIES				
Current Liabilities				
Trade and other payables	22	11,384	9,601	11,448
Provisions	24	29	48	277
Employee benefit liabilities	25	1,163	1,225	1,378
Borrowings	26	21	-	21
Total Current Liabilities		12,597	10,874	13,124
Non Current Liabilities				
Derivative financial instruments	23	1,640	731	1,114
Provisions	24	740	698	832
Borrowings	26	13,202	27,000	13,225
Total Non Current Liabilities		15,582	28,429	15,171
Total Liabilities		28,179	39,303	28,295
EQUITY				
Retained earnings	27	400,781	388,383	373,649
Other reserves	27	932,965	865,816	924,969
Total Equity		1,333,746	1,254,199	1,298,618

Explanations of the major variations from budget are provided in note 38, pages 92 and 93. The accompanying notes form part of these financial statements, pages 43-93.

Waipa District Council
Statement of Cash Flows
For the year ended 30 June 2016

	Parent & Group 2016 Actual Note	Parent 2016 Budget \$000	Parent & Group 2015 Actual \$000
Cash Flows from Operating Activities			
Receipts from rates revenue	45,899	45,722	44,761
Interest received	588	250	475
Dividends	6	-	7
Receipts from other revenue	28,225	24,602	27,211
Payments to suppliers and employees	(41,757)	(43,620)	(40,869)
Interest paid	(712)	(1,016)	(871)
Goods and service tax (net)	(165)	-	61
Net Cash Flow from Operating Activities	28	32,084	30,775
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment	2,711	965	681
Proceeds from sale of investment property	-	1,604	707
Purchase of intangible assets	-	(360)	(119)
Purchase of property, plant and equipment	(29,279)	(41,777)	(27,860)
Purchase & development of investment property	-	(728)	-
Acquisition of investments	(1,600)	-	(1,100)
Net Cash Flow from Investing Activities	(28,168)	(40,296)	(27,691)
Cash Flows from Financing Activities			
Proceeds from borrowings	-	14,000	-
Repayment of borrowings	(23)	-	(18)
Net Cash Flow from Financing Activities	(23)	14,000	(18)
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	3,893	(358)	3,066
Cash, cash equivalents and bank overdrafts at the beginning of the year	11,559	3,228	8,493
Cash, cash equivalents at the end of the year	12	15,452	11,559

Explanations of the major variations from budget are provided in note 38, pages 92 and 93. The accompanying notes form part of these financial statements, pages 43-93.

Waipa District Council
Funding Impact Statement (whole of Council)
For the year ended 30 June 2016

	2014/15 Annual Plan \$000	2014/15 Annual Report \$000	2015/16 LTP \$000	2015/16 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	15,650	15,716	21,148	21,343
Targeted rates	28,882	28,954	24,574	24,702
Subsidies and grants for operating purposes	2,525	2,843	2,819	2,817
Fees and charges	12,486	14,220	13,662	16,400
Interest and dividends from investments	269	540	250	593
Local authorities fuel tax, fines, infringement fees, and other receipts	325	364	325	377
Total sources of operating funding (A)	60,137	62,637	62,778	66,232
Applications of operating funding				
Payments to staff and suppliers	41,013	40,351	42,607	40,629
Finance costs	1,417	868	1,016	709
Other operating funding applications	1,021	977	1,056	1,029
Total applications of operating funding (B)	43,451	42,196	44,679	42,367
Surplus (deficit) of operating funding (A - B)	16,686	20,441	18,099	23,865
Sources of capital funding				
Subsidies and grants for capital expenditure	5,319	4,679	4,439	3,965
Development and financial contributions	2,941	5,813	3,555	3,781
Increase (decrease) in debt	11,000	(18)	14,000	(23)
Gross proceeds from sale of assets	4,968	1,388	2,569	2,711
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	24,228	11,862	24,563	10,434
Applications of capital funding				
Capital expenditure				
- to meet additional demand	6,025	3,151	12,750	6,157
- to improve the level of service	17,089	12,079	17,424	10,202
- to replace existing assets	14,346	14,584	12,691	11,366
Increase (decrease) in reserves	3,454	2,489	(203)	6,574
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	40,914	32,303	42,662	34,299
Surplus (deficit) of capital funding (C - D)	(16,686)	(20,441)	(18,099)	(23,865)
Funding balance ((A - B) + (C - D))	-	-	-	-

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 15, 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 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 these differences between these two statements.

	2014/15 Annual Plan \$000	2014/15 Annual Report \$000	2015/16 LTP \$000	2015/16 Actual \$000
Total prospective revenue and expense wholly attributable to District Council	46,893	130,377	34,845	35,128
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	16,686	20,441	18,099	23,865
Difference	30,207	109,936	16,746	11,263
The difference is due to:				
Capital income	8,260	10,492	7,994	7,746
Vested assets	3,170	6,294	10,507	15,908
Discovered assets	-	1,011	-	1,685
Revaluation of assets	37,619	113,993	18,094	10,651
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	269	(3,014)	(202)	(4,569)
Depreciation and amortisation	(19,111)	(18,840)	(19,647)	(20,158)
Total explained difference	30,207	109,936	16,746	11,263

Waipa District Council

Notes to the Financial Statements

1. *Statement of Accounting Policies for the Year Ended June 2016*

Reporting Entity

Waipa District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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

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

These financial statements of the Council and group are for the year ended 30 June 2016, and were authorised for issue by Council on 13 September 2016.

Basis of Preparation

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

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

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

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

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Significant Accounting Policies

Basis of consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation. As the Waipa Community Facilities Trust is not a significant component for the current year, the consolidated position has been presented via a 'parent and group' column, as this enables a more direct comparison with prior year information.

Subsidiaries

The Council consolidates in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting

power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consideration transferred in an acquisition of a subsidiary reflects the fair value of the assets transferred by the acquirer and liabilities incurred by the acquirer to the former owner.

Revenue

Revenue is measured at the fair value of consideration received.

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

Exchange Transactions

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

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

Interest and dividends

Interest income is recognised using the effective interest method.

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

Pensioner Housing Revenue

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

Other gains and losses

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

Sales of goods

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

Non-Exchange Transactions

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

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

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

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

Rates Revenue

The following policies for rates have been applied:

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

Development Contributions

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

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Direct charges

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

Revenue from such services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the

cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

Building and resource consent revenue

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

Entrance fees

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

Infringement fees and fines

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

Vested or donated physical assets

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

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

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

Borrowing Costs

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

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria, and are recognised as expenditure when an application that meets the specified criteria for the grant has been received. Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and grants are recognised as expenditure on payment.

Leases

Operating leases

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

Cash and Cash Equivalents

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

Trade and Other Receivables

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

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

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

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

Financial Assets

Council classifies its investments in the following categories:

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

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

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

Financial assets at fair value through surplus or deficit

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

Loans and Receivables

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

Held-to-Maturity Investments

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

Financial Assets at Fair Value through Other Comprehensive Revenue and Expense

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

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

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Assets Held for Sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

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

These assets are not depreciated or amortised.

Property, Plant and Equipment

Property, plant and equipment consists of:

- Operational assets which include land, buildings, library books, plant, furniture and equipment, and motor vehicles.

- Infrastructural assets which are the fixed utility systems. Each asset class includes all items that are required for the network to function, for example sewer reticulation includes reticulation piping and sewer pump stations.

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

Additions

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

Disposals

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

Subsequent Costs

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

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

Depreciation

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

	Components	Years
Water Treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Water Reticulation	Pipes	25 – 80
	Fittings	10 – 30
Sewage Treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Sewerage Reticulation	Pipes	50 – 80
	Fittings	25 – 80
	Manholes	50 – 80
Stormwater	Structures	15 – 80
	Pipes	50 – 80

	Components	Years
	Manholes	50 - 80
Formation/c carriageway and shoulder		Infinite
Pavement structure		30 – 150
Pavement surface (seal)		10 – 15
Catchpits and culverts		30 – 80
Bridges		20 – 80
Kerb and channel		30 -50
Lighting		10 – 50
Footpaths		15 – 100
Signs		5 – 10
Railings		20 – 35
Buildings – not componentised		20 – 100
Building – structure		30 – 100
Building – fit-out		25 – 80
Building – services		25 – 80
Plant/motor vehicles		3 – 15
Furniture, fittings and equipment		3 – 15
Computer equipment		3 – 15
Intangibles		3 – 15
Library Books		7

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

Revaluation

Those asset classes that are revalued are valued on a 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. The most recent valuation was performed by Quotable Value Limited - Asset and Advisory (registered valuers) and the valuation is effective as at 30 June 2014.

Infrastructural Assets

At fair value determined on a depreciated replacement cost basis by an independent valuer. The valuation of the utility assets was performed by AECOM New Zealand Limited (AECOM) and the valuation is effective as at 30 June 2016. The valuation of the roading assets was performed by Beca Valuations Limited (Beca) and is effective as at 30 June 2016.

Land under Roads and Road Reserves

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

Intangible Assets

Software acquisition and development

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

Emissions Trading Scheme

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expense. The useful lives and associated amortisation rates of computer software have been estimated at 3-10 years (33% - 10%).

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of and are tested annually for impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

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

Forestry

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

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

Investment Property

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

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

Employee Benefits

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

Trade and Other Payables

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

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Derivative Financial Instruments

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

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

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

Hedging

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

At the inception of the transaction Council documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Council documents its assessment, both at hedge

inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair Value Hedge

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

Cash Flow Hedge

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

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

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

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

Derivatives that do not qualify for hedge accounting

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

Borrowings

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

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves, the components are:

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

Council created reserves

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

Goods and Services Taxation (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget Figures

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

Cost Allocation

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

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

Critical Accounting Estimates and Assumptions

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

Landfill and aftercare provision

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

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly

so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the assets, then Waipa District Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Waipa District Council's infrastructural assets useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Waipa District Council's asset management planning activities, which gives Waipa District Council further assurance over its useful life estimates.

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

Income Tax

The Council is tax exempt for income tax purposes.

2. Summary Cost of Service

	2016 Actual \$000	2016 Budget \$000	2015 Actual \$000
Parent and group			
INCOME			
Governance	48	39	39
Planning and Regulatory	4,430	4,036	3,717
Community Services and Facilities	4,855	3,252	4,309
Roads and Footpaths	6,591	7,106	7,209
Wastewater Treatment and Disposal	483	469	423
Water Treatment and Supply	6,462	5,935	5,712
Support Services	9,191	10,392	9,147
GROSS REVENUE	32,060	31,229	30,556
Less Internal Charges	(9,146)	(10,385)	(9,130)
Total Income	22,914	20,844	21,426
EXPENDITURE			
Governance	6,779	6,914	6,979
Planning and Regulatory	5,066	5,735	4,950
Community Services and Facilities	16,553	15,926	16,744
Roads and Footpaths	21,909	17,997	18,044
Stormwater	2,646	2,833	2,457
Wastewater Treatment and Disposal	5,760	6,657	6,372
Water Treatment and Supply	9,369	9,561	9,371
Support Services	8,997	10,432	9,426
GROSS EXPENDITURE	77,079	76,055	74,343
Less Internal Charges	(9,146)	(10,385)	(9,132)
Less rates charged to Council properties	(839)	(1,094)	(844)
NET EXPENDITURE	67,094	64,576	64,367

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer Note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

3. Rates Revenue

	2016 Actual \$000	2015 Actual \$000
Parent		
Rates consist of:		
General rates	16,636	16,585
Uniform annual general charge	5,895	-
Targeted ward rates	10,840	16,286
Other targeted rates:		
Water, excluding water supply rates	3,900	3,638
Sewerage	5,951	5,425
Stormwater	2,596	2,005
Recycling	901	941
Other	513	627
Add Penalties	160	176
Less Remissions	(508)	(169)
	46,884	45,514
Less rates charged to Council properties	(839)	(844)
Total Rates, excluding targeted water supply rates	46,045	44,670

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. The annual rates income of Council for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2016 Actual \$000	2015 Actual \$000
Parent		
Rates, excluding targeted water supply rates	46,045	44,670
Targeted water supply rates	6,297	5,546
Total annual rates income	52,342	50,216

Rate Remissions

The Council's rate remission policy allows the remission of rates under certain conditions and criteria. The following is a breakdown:

	2016 Actual \$000	2015 Actual \$000
Parent		
Sport / community organisations	114	105
Maori land	12	12
Open space covenanted land	24	4
School waste water	55	48
Uniform annual general charge	303	-
	508	169

	2016	2015
Parent	Actual	Actual
Number of rating units at start of year	20,821	20,571

	2016	2015
Parent	Actual	Actual
	\$000	\$000
Total capital value of rating units at start of year	13,210,497	12,983,696
Total land value of rating units at start of year	7,325,888	7,272,017

4. Fees, Charges, and Targeted Rates for Water Supply

	2016	2015
Parent and group	Actual	Actual
	\$000	\$000
Targeted water supply rates	6,297	5,546
User Charges	4,590	3,820
Regulatory revenue	4,407	3,696
Rental income from investment properties	586	573
Other Significant Activity revenue	520	585
Total fees, charges, and targeted rates for water supply	16,400	14,220

5. Subsidies and Grants

	2016	2015
Parent	Actual	Actual
	\$000	\$000
New Zealand Transport Agency roading subsidies	6,433	7,116
Grants	60	57
External funding	289	349
Total subsidies and grants	6,782	7,522

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2015 nil).

6. Other Revenue

	2016	2015
Parent and group	Actual	Actual
	\$000	\$000
Infringements and fines	23	21
Petrol tax	354	343
Total other revenue	377	364

7. Gain on Revaluation

	2016 Actual \$000	2015 Actual \$000
Parent		
Gain on changes in fair value of investment property (note 21)	1,902	-
Gain on changes in fair value of forestry assets (note 20)	533	-
	2,435	-

8. Employee Benefit Expenses

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Salaries and wages	18,115	17,057
Increase / (decrease) in employee benefit liabilities	(215)	109
Total employee benefit expenses	17,900	17,166

9. Other Expenses

	2016 Actual \$000	2015 Actual \$000
Parent and group		
<i>Fees to the principal auditor:</i>		
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	137	130
Fees to Audit New Zealand for audit of the 2015 Long-term Plan	-	83
Total Audit Fees	137	213
Community grants	1,024	970
Loss on disposal property, plant and equipment	4,745	2,820
Loss / (Gain) on disposal investment property	-	(155)
Direct expenses from investment property	268	280
Direct Expenses from investment property not primarily generating income	395	406
Lease payments under operating leases	187	186
Other operating expenditure	21,473	22,154
Total Other Expenses	28,229	26,874

The 'other expenditure' includes among other things staff costs (excluding salaries), administration costs, professional services, repairs and maintenance, and plant costs.

10. Finance Costs

	2016	2015
	Actual	Actual
Parent and group	\$000	\$000
Interest on borrowings	709	868
Discount unwind on provisions (note 24)	98	301
	807	1,169

11. Loss on Revaluation

	2016	2015
	Actual	Actual
Parent	\$000	\$000
Loss on changes in fair value of investment property (note 21)	-	141
Loss on changes in fair value of forestry (note 20)	-	177
	-	318

12. Cash and Cash Equivalents

	2016	2015
	Actual	Actual
Parent and group	\$000	\$000
Cash at bank and in hand	1,152	1,359
Term deposits with maturities less than 3 months	14,300	10,200
Total	15,452	11,559

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

13. Trade and other Receivables

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Rates receivables	340	391
Community loans	19	25
Sundry debtors	4,345	4,527
Loans to Other Entities	72	135
	4,776	5,078
<i>Less non current portion</i>		
Community loans	17	7
Loans to Other Entities	56	72
Total Non-current Portion	73	79
Current Portion	4,703	4,999
Total receivables comprise:		
Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates	4,776	5086
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	-	(8)

The carrying value of trade and other receivables approximates their fair value.

Council does not provide for impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover outstanding debts.

As of 30 June, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision for the prior year has been calculated based on expected losses for Council's pool of debtors. There are no anticipated losses.

The status of the current portion of receivables as at 30 June are detailed below:

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Not past due	4,223	4,382
Past due 1 - 60 days	392	224
Past due 61 - 120 days	55	63
Past due > 120 days	33	402
Total	4,703	5,071

All receivables greater than 30 days in age are considered to be past due.

14. Other Financial Assets

Current Portion

	2016 Actual \$000	2015 Actual \$000
Term deposits with maturities of 4 - 12 Months	2,700	1,100

Non-current Portion

Investments in CCOs

*These shares form part of Council's investment in Local Authority Shared Services Limited.

	Number of Shares	% Holding	Balance Date	2016 Actual \$000	2015 Actual \$000
Parent					
Waikato Regional Airport Limited	777,110	15.63	30 June	2,404	2,404
New Zealand Local Government Insurance Company Limited	149,082	1.35	31 Dec	141	141
Local Authority Shared Services Limited	1	7.69	30 June	1	1
Waikato SVDS*	78,748	4.9	30 June	31	47
Waikato Regional Transport Model*	11,250	5	30 June	112	112
LGFA - unlisted shares	200,000	0.4	30 June	100	100
LGFA - borrower notes			30 June	208	208
Total non current portion of shares and investments in other organisations				2,997	3,013

Fair Value

The carrying amount of term deposits approximates their fair value.

Impairment

There are no impairment expenses or provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

15. Assets Held for Sale

Properties held for sale in 2015 were sold during 2016. These included developed land in Grace Avenue, Cambridge and two residential lots in Pirongia.

	2016 Actual \$000	2015 Actual \$000
Parent		
Assets held for sale - Land	-	592
Assets held for sale - Buildings	-	-
Total assets held for sale	-	592

16. Property, Plant and Equipment

During 2015/16 a revaluation of the Roding Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2016. A revaluation of the utility assets was performed by AECOM New Zealand Limited, (registered valuation experts) effective as at 30 June 2016. The total fair value of infrastructure assets is determined on a depreciated replacement cost basis at 30 June 2016.

Work in progress shows the amount of capital projects that are in the course of construction, and will be capitalised once completed in future years.

There are no restrictions over the title of Council's property, plant and equipment assets, nor are property plant and equipment assets pledged as security for liabilities.

The Local Government Act 2002 requires Council to separate treatment from reticulation for water and sewage assets but Council still considers this to be one class of asset.

2016	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Council operational assets							
Balance at 1 July 2015							
Cost	116,820	49,015	418	2,178	5,281	15,526	189,238
Accumulated depreciation and impairment charges	-	(947)	(418)	(1,216)	(3,676)	(7,123)	(13,380)
Opening carrying amount	116,820	48,068	-	962	1,605	8,403	175,858
Year Ended 30 June 2016							
Transfers	-	-	-	-	-	-	-
Additions	224	250	-	289	1,016	1,405	3,184
Additions (vested to Council)	-	267	-	-	-	-	267
Disposals	(65)	(519)	-	(182)	(506)	(330)	(1,602)
Accumulated depreciation prior to revaluation	-	-	-	-	-	-	-
Current year depreciation	-	(965)	-	(235)	(489)	(654)	(2,343)
Accumulated depreciation write off on disposal/revaluation	-	7	-	182	445	261	895
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Work in progress	897	2,883	-	-	(201)	523	4,102
Total movement	1,056	1,923	-	54	265	1,205	4,503
Balance 30 June 2016							
Cost	117,876	51,896	418	2,285	5,590	17,124	195,189
Accumulated depreciation and impairment charges	-	(1,905)	(418)	(1,269)	(3,720)	(7,516)	(14,828)
Closing Carrying Amount	117,876	49,991	-	1,016	1,870	9,608	180,361

2016	Sewerage system treatment \$000	Sewerage system reticulation \$000	Water system treatment \$000	Water system reticulation \$000	Drainage network \$000	Roading network \$000	Land under roads \$000	Total infrastructural assets \$000
Council infrastructural assets								
Balance at 1 July 2015								
Cost	18,991	63,962	17,728	79,041	59,716	640,794	234,642	1,114,874
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Opening carrying amount	18,991	63,962	17,728	79,041	59,716	640,794	234,642	1,114,874
Year Ended 30 June 2016								
Transfers	-	-	68	-	(68)	-	-	-
Additions (constructed by Council)	1,417	1,757	5,944	4,517	1,640	14,947	-	30,222
Additions (vested to Council)	-	899	-	572	1,160	13,010	-	15,641
Disposals	(75)	(79)	(71)	(431)	(126)	(5,339)	-	(6,121)
Accumulated depreciation prior to disposal/revaluation	(952)	(1,767)	(1,073)	(2,740)	(1,074)	(9,781)	-	(17,387)
Current year depreciation	(966)	(1,769)	(1,086)	(2,778)	(1,076)	(10,046)	-	(17,721)
Accumulated depreciation write off on revaluation	966	1,769	1,086	2,778	1,076	10,046	-	17,721
Revaluation Surplus / (deficit)	389	(367)	535	2,451	157	5,397	-	8,562
Work in progress	(447)	(203)	593	(6,202)	1,938	(2,890)	-	(7,211)
Total movement	332	240	5,996	(1,833)	3,627	15,344	-	23,706
Balance 30 June 2016								
Cost	19,323	64,202	23,724	77,208	63,343	656,138	234,642	1,138,580
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Closing carrying amount	19,323	64,202	23,724	77,208	63,343	656,138	234,642	1,138,580

Total property, plant and equipment as at 30 June 2016 \$1,318,941,000

2015	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Council operational assets							
Balance at 1 July 2014							
Cost	117,298	47,139	418	2,077	5,052	14,165	186,149
Accumulated depreciation and impairment charges	-	-	(418)	(1,156)	(3,753)	(7,153)	(12,480)
Opening carrying amount	117,298	47,139	-	921	1,299	7,012	173,669
Year Ended 30 June 2015							
Transfers*	(227)	-	-	-	(7)	7	(227)
Additions	55	1,522	-	270	815	1,478	4,140
Additions (vested to Council)	-	44	-	-	-	-	44
Disposals	(60)	-	-	(169)	(470)	(699)	(1,398)
Accumulated depreciation prior to revaluation	-	-	-	-	-	-	-
Current year depreciation	-	(947)	-	(229)	(362)	(642)	(2,180)
Accumulated depreciation write off on disposal/revaluation	-	-	-	169	439	672	1,280
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Work in progress	(246)	310	-	-	(109)	575	530
Total movement	(478)	929	-	41	306	1,391	2,189
Balance 30 June 2015							
Cost	116,820	49,015	418	2,178	5,281	15,526	189,238
Accumulated depreciation and impairment charges	-	(947)	(418)	(1,216)	(3,676)	(7,123)	(13,380)
Closing Carrying Amount	116,820	48,068	-	962	1,605	8,403	175,858

2015	Sewerage system treatment \$000	Sewerage system reticulation \$000	Water system treatment \$000	Water system reticulation \$000	Drainage network \$000	Roading network \$000	Land under roads \$000	Total infrastructural assets \$000
Council infrastructural assets								
Balance at 1 July 2014								
Cost	17,263	47,495	16,217	66,761	51,296	554,292	234,642	987,966
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Opening carrying amount	17,263	47,495	16,217	66,761	51,296	554,292	234,642	987,966
Year Ended 30 June 2015								
Transfers	-	-	-	-	-	-	-	-
Additions (constructed by Council)	507	2,309	1,376	1,728	1,225	12,975	-	20,120
Additions (vested to Council)	490	1,821	-	1,601	1,798	540	-	6,250
Disposals	(43)	(463)	(117)	(363)	(426)	(2,581)	-	(3,993)
Accumulated depreciation prior to disposal/revaluation	(975)	(2,024)	(1,045)	(2,911)	(954)	(8,293)	-	(16,202)
Current year depreciation	(992)	(2,056)	(1,066)	(2,930)	(958)	(8,488)	-	(16,490)
Accumulated depreciation write off on revaluation	992	2,056	1,066	2,930	958	8,488	-	16,490
Revaluation Surplus / (deficit)	1,151	14,824	1,104	7,800	4,268	85,543	-	114,690
Work in progress	598	-	193	4,425	2,509	(1,682)	-	6,043
Total movement	1,728	16,467	1,511	12,280	8,420	86,502	-	126,908
Balance 30 June 2015								
Cost	18,991	63,962	17,728	79,041	59,716	640,794	234,642	1,114,874
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Closing carrying amount	18,991	63,962	17,728	79,041	59,716	640,794	234,642	1,114,874

Total property, plant and equipment as at 30 June 2015 \$1,290,732,000

During 2014/15 a revaluation of the Roothing Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2015. A revaluation of the utility assets was performed by AECOM New Zealand Limited, (registered valuation experts) effective as at 30 June 2015.

17. Intangible Assets

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Balance at 1 July		
Cost	2,887	2,732
Accumulated amortisation and impairment	(2,128)	(1,960)
Opening carrying amount	759	772
Year ended 30 June		
Additions	-	119
Transfers	(20)	
Intangible gains / (losses)	180	43
Disposals	-	(7)
Amortisation charge	(94)	(168)
Closing carrying amount	825	759
Balance at 30 June		
Cost	3,047	2,887
Accumulated amortisation and impairment	(2,222)	(2,128)
Closing carrying amount	825	759

There are no restrictions over the title of Council's intangible assets, nor are intangible assets pledged as security for liabilities.

18. Insurance of Assets

The total value of all assets of Council that are covered by insurance contracts is \$600,129,591 and the maximum amount to which they are insured is \$193,452,476.

Insurance Class	Total Declared Value \$	Policy Limit \$
Infrastructure	362,644,273	40,000,000 per loss
Material Damage	234,032,842	\$150,000,000 each and every loss and in the annual aggregate (\$30,000,000 any one loss and in the aggregate for the period of insurance for fire)
Motor Vehicle	3,452,476	3,452,476
Total	600,129,591	193,452,476

The total value of all assets of Council that are covered by financial risk sharing arrangements is nil, and the maximum amount available to Council under this arrangement is nil.

The total value of all assets of the local authority that are self-insured is nil, and the value of any fund maintained by Council for that purpose is nil.

19. Depreciation and Amortisation Expense by Group of Activity

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Directly attributable depreciation and amortisation expense by group of activity		
Governance	5	5
Planning and Regulatory	4	4
Community Services and Facilities	1,502	1,423
Roads and Footpaths	10,076	8,515
Stormwater	1,076	958
Water Treatment and Supply	3,882	4,027
Wastewater Treatment and Disposal	2,735	3,052
Support Services	878	856
Total depreciation and amortisation expense	20,158	18,840

20. Forestry Assets

	2016 Actual \$000	2015 Actual \$000
Parent		
Balance at 1 July	1,116	1,318
Decrease due to harvest and thinnings	(26)	(25)
Gains / (losses) arising from changes in fair value less estimated point of sale costs	533	(177)
Increase due to planting	-	-
Balance 30 June	1,623	1,116

Council owns 284 hectares of forest land with 236.1 hectares of mainly pinus radiata and 4.8 hectares of mixed species. The pinus are at varying stages of maturity ranging from 5 years to 35 years.

There has been no harvesting in the 2016 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2016. A peer review of the P F Olsen Limited's valuation was completed by Interpine Forestry Limited. A pre-tax discount rate of 6.5% has been used in discounting the present value of expected cash flows.

Financial Risk Management Strategies

Council is exposed to financial risks arising from changes in timber prices. Council is a long-term forestry investor and forestry interests form only a small part of Council's business activity and asset base, therefore, it has not taken any measures to manage the risks of a decline in timber prices

Emissions Trading Scheme

The council had 272 hectares of eligible forest area of pre-1990 forest land at the time of application. This land is subject to the provisions of the New Zealand emissions trading scheme ('ETS'). The implication of this for the financial statements is two-fold:

- Should the land be deforested (that is, the land is changed from forestry to some other purpose), a deforestation penalty will arise; and
- As a result of the deforestation restriction, compensation units are being provided by the Government.

Compensation has been provided to forestry owners, via the allocation of compensation units, known as New Zealand Units (NZUs) in two tranches. Council received the first tranche of 6,256 units in November 2012, and the second tranche of 10,064 units in April 2013. The value of these NZUs as at 30 June 2016 is \$291,312 (2015 \$111,000).

21. Investment Property

	2016 Actual \$000	2015 Actual \$000
Parent		
Balance at 1 July	12,964	13,123
Additions	-	-
Disposals	(255)	(3)
Transfer to held for sale	-	-
Transfer to property, plant and equipment	-	(15)
Fair value gains / (losses) on valuation	1,902	(141)
Balance 30 June	14,611	12,964

Investment properties are valued annually at fair value effective 30 June. The fair value of investment property has been determined by the current market sales within the areas where the properties are located. Where no comparable sales were evident, sales of other types of properties were checked to determine if there had been a shift in market values over the previous twelve months since the properties were last valued.

The valuation was performed by C Coakley ANZIV MPINZ, registered valuer, Quotable Value Limited. Quotable Value Limited are experienced valuation experts with extensive market knowledge in the types of investment properties owned by Council.

	2016 Actual \$000	2015 Actual \$000
Parent		
Rental income	586	573
Expenses from investment property generating income	268	280
Expenses from investment property not primarily generating income	395	406

22. Trade and other Payables

	2016 Actual \$000	2015 Actual \$000
Parent and group		
<i>Trade and other payables under exchange transactions</i>		
Trade payables	5,676	6,672
Deposits and bonds	195	193
Accrued expenses	3,076	2,492
Income in advance	1,875	1,602
Total	10,822	10,959
<i>Trade and other payables under non-exchange transactions</i>		
Taxes payable (e.g. GST and FBT)	562	489
Total	562	489
Total Trade and other payables	11,384	11,448

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

23. Derivative Financial Instruments

	2016 Actual \$000	2015 Actual \$000
Parent		
Non current liability portion	-	-
Interest rate swaps - cash flow hedges	1,640	1,114
Total Derivative Financial Instrument Liabilities	1,640	1,114

Fair Value

The fair value of the interest rate swaps have been determined using a discounted cash flows valuation technique based on quoted market values.

Interest Rate Swaps

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2015 \$7,000,000). As at 30 June 2016 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2015 6.01%).

Council deems the hedges held to be effective. Gains and losses are recognised in the hedging reserve in equity (note 27) and will be released to the Statement of Comprehensive Revenue and Expense as interest is paid on the underlying debt.

24. Provisions

	2016 Actual \$000	2015 Actual \$000
Parent and group		
<i>Current provisions are represented by:</i>		
Landfill aftercare provision and finance leases	29	277
Total Current Provisions	29	277
<i>Non current provisions are represented by:</i>		
Landfill aftercare provisions and finance leases	740	832
Total Non-current Provisions	740	832

Provisions for landfill aftercare costs

Council has operated the Cambridge, Te Awamutu, Kihikihi and Pirongia landfills. Council has the responsibility under the resource consents to provide on-going maintenance and monitoring of the landfills after the sites are closed. Additional costs were incurred during the 2015 year due to the requirement for additional capping of the Cambridge landfill to meet consent conditions.

Capacity of the sites

The Cambridge, Te Awamutu, Kihikihi and Pirongia landfills have all been closed and capped. The cash flows for landfills post-closure are expected to continue as far out as 2039.

The long term nature of the liability means that there are inherent uncertainties in estimating the costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 5.10% (2015 5.54%).

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Opening balance	1,109	872
Amounts used	(216)	(312)
Additional provision	-	217
Unused amounts reversed	(222)	-
Discounting changes	98	332
Closing Balance	769	1,109
<i>Represented by:</i>		
Current portion	29	277
Term portion	740	832
	769	1,109

25. Employee Benefit Liabilities

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Accrued pay	-	336
Annual leave	1,105	982
Sick leave	58	60
Total Employee Benefit Liabilities	1,163	1,378
<i>Comprising:</i>		
Current	1,163	1,378
Total Employee Benefit Liabilities	1,163	1,378

26. Borrowings

Internal Borrowings

Information about internal borrowings is provided on pages 105 to 176 of Council's annual report. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

	2016 Actual \$000	2015 Actual \$000
Parent and group		
<i>Current</i>		
Secured loans	21	21
Total Current Borrowings	21	21
<i>Non-Current</i>		
Secured loans	13,202	13,225
Total Non-current Borrowings	13,202	13,225
Total Borrowings	13,223	13,246

\$7 million is repayable in full on 15 December 2017, \$6 million is repayable on 15 March 2019 and \$223k is repayable by 30 March 2024.

Fixed Rate Debt

Council currently has no secured debt issued at fixed rates of interest (2015 \$0). Council utilises interest rate swap arrangements to provide fixed rate cover on debt. Note 23 provides detail of the interest rate swaps that are in place.

Committed Cash Advance Facilities

Council has the following committed cash advance facilities in place:

- A \$7.5m revolving committed cash advance facility with ANZ Bank New Zealand Limited, (2015, 7.5m)

None of these facilities were drawn down at 30 June 2016 (2015 none of these facilities were drawn down).

Security

Council's loans and committed cash advance facilities are secured by a charge on rates by way of security stock issuances under a debenture trust deed.

Maturity Analysis and Effective Interest Rates

The following is a maturity analysis of Council's borrowings. There are no finance leases.

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Less than one year	21	21
<i>weighted average effective interest rate</i>	5.55%	6.50%
Later than one year but not more than five years	13,202	13,225
<i>weighted average effective interest rate</i>	5.11%	5.56%
	13,223	13,246

27. Equity

	2016 Actual \$000	2015 Actual \$000
Parent and group		
<i>Retained earnings</i>		
As at 1 July	373,649	356,193
Transfers to:		
Reserves and special funds	(12,952)	(10,868)
Transfers from:		
Asset Revaluation reserve on disposal of property, plant and equipment	5,969	4,500
Reserves and special funds	7,203	7,758
Surplus / (deficit) for the year	26,912	16,066
Total retained earnings as at 30 June	400,781	373,649
<i>Council created reserves</i>		
As at 1 July	28,474	25,364
Transfers to:		
Retained earnings	(7,203)	(7,758)
Transfers from:		
Retained earnings	12,952	10,868
As at 30 June	34,223	28,474
Asset Revaluation Reserves		
As at 1 July	897,609	787,376
Revaluation gain / (losses)	8,742	114,733
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(5,969)	(4,500)
As at 30 June	900,382	897,609
<i>Asset revaluation reserves consist of:</i>		
Operational assets		
Land	93,841	93,906
Buildings	19,001	19,159
Intangible Assets	291	111
Infrastructural Assets		
Sewerage System	46,820	46,894
Water System	55,414	53,174
Drainage network	35,111	35,694
Roading network	649,904	648,671
Total Asset Revaluation Reserves	900,382	897,609
<i>Cash Flow Hedge Reserves</i>		
Opening balance 1 July	(1,114)	(692)
Fair value gains / (losses) in the year	(526)	(422)
Total Cash Flow Hedge Reserve	(1,640)	(1,114)
Total other reserves as at 30 June	932,965	924,969

Information about reserve funds held for a specific purpose is provided below:

Parent	2015/16	2015/16	2015/16	
	Opening Balance	Transfer to Reserve	Transfer From Reserve	
	\$000	\$000	\$000	
<i>Council created reserves consist of:</i>				
Property Reserves				
Asset Sales Cambridge	899	726	(90)	1,535
Asset Sales Te Awamutu	175	40	-	215
Asset Sales General	373	78	(25)	426
Endowment Land Cambridge	2,097	63	(6)	2,154
Endowment Land Pirongia	17	-	-	17
Endowment Land Te Awamutu	611	238	(755)	94
Endowment Land Waipa District	1,026	31	(1,045)	12
Forestry Reserve	116	-	(81)	35
Residential Housing Reserve	378	1,050	(1,242)	186
Reserve Contributions & Development Contributions				
Cambridge North	1,346	2,726	(3,127)	945
District Wide Stormwater	213	13	-	226
District Wide Waste Water	858	1,325	(791)	1,392
District Wide Water Treatment and Supply	753	999	(655)	1,097
District Wide Roding	1,815	999	(1,259)	1,555
District Wide Reserve Developments	495	23	(53)	465
District Wide Land Purchase	1,963	244	(788)	1,419
Parks	-	-	-	-
Library Books	-	-	-	-
Karapiro Reserve Development	-	-	-	-
Te Awamutu Library/Museum	423	26	(255)	194
Special Funds				
Cemetery Paterangi	4	-	-	4
Project Funding Reserve	3,288	2,238	(560)	4,966
General Insurance Reserve	183	51	(37)	197
Infrastructure Insurance Reserve	284	90	-	374
Te Awamutu 100kv Compensation Reserve	-	313	-	313
Pavement Levies	-	17	-	17
Separate Balances				
Roding Reserve	1,187	33,619	(33,224)	1,582
Stormwater Reserve	167	5,318	(5,244)	241
Water Supply Reserve	4,898	12,626	(10,675)	6,849
Waste Water Reserve	2,774	8,637	(6,295)	5,116
Depreciation Reserve - Long Term Assets	648	537	(355)	830
Depreciation Reserve - Medium Term Assets	1,483	1,477	(1,193)	1,767
Total Council Created Reserves	28,474	73,504	(67,755)	34,223

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

Reserve	Purpose	Activity
Property Reserves		
Asset Sales Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	Property
Asset Sales Te Awamutu	Proceeds from Te Awamutu asset sales held in reserve to fund future asset purchases	Property
Asset Sales General	Proceeds from district wide asset sales held in reserve to fund future asset purchases	Property
Endowment Land Cambridge	Proceeds from sale of Cambridge endowment land held in reserve for endowment purposes	Property
Endowment Land Pirongia	Proceeds from sale of Pirongia endowment land held in reserve for endowment purposes	Property
Endowment Land Te Awamutu	Proceeds from sale of Te Awamutu endowment land held in reserve for endowment purposes	Property
Endowment Land Waipa District	Proceeds from sale of District Wide endowment land held in reserve for endowment purposes	Property
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 of that activity.	Pensioner Housing & Own Your Own Housing
Reserve Contributions & Development Contributions		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths / Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
District Wide Stormwater	Proceeds from development contributions to fund growth related expenditure	Stormwater
District Wide Wastewater	Proceeds from development contributions to fund growth related expenditure	Wastewater Treatment & Disposal
District Wide Water Treatment & Supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply
District Wide Rooding	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	District Libraries / Museums

Reserve	Purpose	Activity
	Awamutu Library / Museum	
Special Funds		
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 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
Separate Balances		
Roading Reserve	Funds held in reserve for capital works expenditure	Roads & Footpaths
Stormwater Reserve	Funds held in reserve for capital works expenditure	Stormwater
Water Supply Reserve	Funds held in reserve for capital works expenditure	Water Treatment & Supply
Wastewater Reserve	Funds held in reserve for operating and capital works expenditure	Wastewater Treatment & Disposal
Depreciation Reserve Long Term Assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
Depreciation Reserve Medium Term Assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
Asset Revaluation Reserves		
Operational		
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
Infrastructural Assets		
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

28. Reconciliations of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Surplus / (deficit) after tax	26,912	16,066
<i>Add (less) non cash items</i>		
Depreciation and amortisation	20,158	18,840
Asset write-downs	26	110
Vested / discovered assets	(17,593)	(7,305)
(Gains) / losses in fair value of investment property and forestry	(2,435)	318
Add / (less) items classified as investing or financing activities	669	(1,347)
(Gains) / losses on disposal of assets	4,745	2,665
Impairment (Gain) / Loss	(81)	(301)
<i>Add / (less) movements in working capital items</i>		
Trade and other receivables	302	(703)
Trade and other payables	(64)	2,086
Provisions	(340)	237
Employee Benefits	(215)	109
Net Cash Inflow / (Outflow) from Operating Activities	32,084	30,775

29. Capital Commitments and Operating Leases

	2016 Actual \$000	2015 Actual \$000
Parent		
<i>Capital Commitments</i>		
Roading network	3,773	1,177
Drainage network	-	1,334
Wastewater treatment and disposal	167	-
Water treatment and supply	6,060	857
Parks and reserves - pathways and structures	1,483	193
Property development	-	245
Total capital commitments	11,483	3,806

Capital commitments represent capital expenditure contracted for at balance date but not yet incurred.

Operating lease as lessee

The Council leases property in the normal course of its business. The majority of these leases have a non-cancellable term. The properties that Council lease are 14 Wilson Street, Cambridge, 77 Daphne Street, Te Awamutu and 33 Wilson Street, Cambridge (Warehouse depot and carpark) and units 64 and 65 at 230 Berquist Drive, Te Awamutu. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2016 Actual \$000	2015 Actual \$000
Parent		
Not later than one year	72	199
Later than one year and not later than five years	7	161
Later than five years	-	-
Total Non-cancellable Operating Leases	79	360

Operating leases as lessor

Investment property is leased under operating leases. The majority of these are short term leases, however Council also has a small number of non-cancellable long term leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2016 Actual \$000	2015 Actual \$000
Parent		
Not later than one year	143	145
Later than one year and not later than five years	89	221
Later than five years	19	31
Total Non-cancellable Operating Leases	251	397

30. Contingencies

Contingent Liabilities

	2016 Actual \$000	2015 Actual \$000
Parent		
a) Guarantees	478	627
b) Waikato Regional Airport	-	1,500
c) Waipa Community Trust	20	20
d) Waipa Community Facilities Trust	223	245
e) Outstanding legal matters	60	9
	781	2,401

Council is listed as sole guarantor for a number of community organisation bank loans. The Council is obligated under each guarantee to make loan payments in the event that the organisation defaults on a loan arrangement.

During May 2004, the shareholders of Waikato Regional Airport (WRAL) of which Waipa District Council has a 15.625% shareholding, authorised the company to issue shares totalling \$21.6m to

shareholders. This capital restructure was part of the WRAL airport development and allowed WRAL to borrow commercially at favourable interest rates. In 2009, a call was made on the shareholders, with the Waipa District Council share being \$1.875m, and this amount duly paid. WRAL and the shareholding councils have now signed a deed of amendment absolving Council of its previous \$1.5m contingent obligation for the remaining uncalled capital.

Council has an exposure of \$20,500 (maximum) to the Waipa Community Trust under an underwriting commitment given in relation to fundraising costs associated with the Cambridge Community Pool Project. In August 2011 (and with the commitment extended to a greater financial value in December 2011), Council agreed at the request of the project fundraising committee to underwrite a certain amount of fundraising cost associated with the project. On the basis of this undertaking the Waipa Community Trust agreed to advance \$30,000 of the funds it was holding for the project to meet the fundraising costs. Those funds had come from donors to the pool project. For \$9,500 of this amount there was confirmation from the donor that the funds were not required to be refunded even if the project did not go ahead. For the remaining \$20,500 there remains the possibility that the donors could ask the Waipa Community Trust for their funds to be returned given the current status of the project, in which case the Trust may have to call on Council's underwriting commitment. The risk associated with this potential exposure should have reduced considerably with Council's re-inclusion of a Cambridge Covered Pool project in the 2015-25 10 Year Plan and the current work underway to progress this project. At 30 June 2016 the Trust still holds approximately \$16,000 of funds on behalf of the pool project.

Council's solicitors have estimated a potential exposure of \$60,000 for outstanding legal matters.

Contingent Liabilities not able to be Quantified - Local Government Funding Agency

Council is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA) and is party to the guarantee of all borrowings of the entity.

This entity was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

Council is one of 30 local authority shareholders and 11 local authority guarantors of the NZLGFA. The LGFA has uncalled capital of \$20m available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all of the LGFA's borrowings. At 30 June 2016, NZLGFA had borrowings totalling \$6,501m (2015 \$4,999m). [This figure is made up of the face value of LGFA's bonds on issue of \\$6,220m and accrued interest on bonds of \\$56m and the face value of bills issued of \\$225m.](#)

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- The LGFA engages stringent credit check controls on borrowers and potential borrowers.
- Council are not aware of any local authority debt default events in New Zealand in recent years; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Contingent Assets

Council is a 2% capital beneficiary of the WEL Energy Trust. The life of the Trust ends in 2073 unless terminated earlier if its purpose is completed. Given the uncertainties surrounding the life of the Trust, Council is unable to accurately establish the appropriate value of the 2% shareholding.

Council has paper roads which it is unable to place a value on. The value of the paper roads will be realised either through the sale of the land on which these paper roads are located on or the development of the site covered by paper roads.

Crown owned land located at 62 Goldsmith Street, Cambridge and previously recorded in Council's asset register was sold in May 2016. Council has recognised \$177,500 of sale proceeds and the related loss on sale in this financial report on the basis that there is good certainty that at least this level of funds will be received. However, Council has made a claim for the full proceeds (net of sale costs) on the basis of our understanding of a new policy advised by the Crown in August 2014. An estimated additional \$197,500 in proceeds would be secured if this claim is successful. Any additional proceeds will be recognised once there is certainty in this matter.

Council is actively fund raising for \$2.9 million of external funds to go towards construction of the Cambridge Community Pool Re-development, to date \$700,000 has been secured, \$400,000 from Trust Waikato Significant Projects Fund and \$300,000 from Brian Perry Charitable Trust, subject to conditions of the grants being met.

31. Related Party Transactions

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

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

Related party transaction to be disclosed

Council entered into a lease arrangement with Waipa Community Facilities Trust in 2013, to occupy the Trust Waikato Te Awamutu Event Centre and the Cambridge Swimming Pool Complex. The lease covers a term of twenty years and attracts a rental charge of one dollar plus GST per annum, payable on 16 September each year.

Council entered into an agreement with Councillor Lawrence William Ernest Hoverd and Janice Melva Hoverd to purchase for public work approximately 6 hectares of land currently being part of Lot 1, DPS 31770 for a price of ONE DOLLAR (\$1.00) excluding GST. The settlement date for the land purchase was 4 December 2015.

Senior Management and Councillors' Compensation

	2016 Actual \$000	2015 Actual \$000
Parent		
<i>Councillors</i>		
Remuneration	522	486
Number of members	13	13
<i>Senior Management Team, including Chief Executive</i>		
Remuneration	952	943
Full-time equivalent members	4	5
Total key management personnel remuneration	1,474	1,429
Total number of members	17	18

32. Remuneration

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$274,062 (2015 \$275,139) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	2016 Actual \$	2015 Actual \$
Parent		
Salary	274,062	275,139
Defined contribution plan employer contributions (KiwiSaver)	8,222	8,254
Vehicle	15,916	14,807
Total Chief Executive remuneration	298,200	298,200

Elected representatives received the following remuneration:

Parent	2016 Actual \$	2015 Actual \$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	113,300	108,500
Grahame Webber, Deputy Mayor	43,540	40,180
Judy Bannon	31,100	28,700
Hazel Barnes JP	31,100	28,700
John Bishop	38,875	35,875
Andrew Brown	38,875	35,875
Marcus Gower	31,100	28,700
Lawrence Hoverd	31,100	28,700
Sue Milner	31,100	28,700
Clare St Pierre	31,100	28,700
Liz Stolwyk	31,100	28,700
Bruce Thomas JP	38,875	35,875
Vern Wilson	31,100	28,700

Council Employees

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

Parent	2016 Actual	2015 Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	128	136
\$60,000 - \$79,999	69	60
\$80,000 - \$99,999	24	22
\$100,000 - \$119,999	10	10
\$120,000 - 139,999	10	10
\$140,000 - \$300,000	8	6
Total Employees	249	244

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 195 (2015 189) full-time employees, with the balance of staff representing 27.15 (2015 32.86) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour week.

33. Severance Payments

For the year ended 30 June 2016 there were three severance payments to employees totalling \$26,390 (2015 \$89,540).

The value of each of the severance payments was \$3,095, \$12,795 and \$10,500.

34. Events after Balance Date

Council entered into a financial arrangement where \$21.5m of borrowing was raised with the Local Government Funding Agency Limited (LGFA) on 1 September 2016 and invested in short

term deposits on the same day with two major banking institutions. The borrowing and investments are both at fixed interest rates for a period of six months and will secure a favourable return to Council of \$100,110. At the conclusion of the six month period of this arrangement Council will use the \$21.5m maturing from the deposits to fully settle the short term borrowing with the LGFA.

35. Financial Instruments

The accounting policies for financial instruments have been applied to the line items below:

	2016 Actual \$000	2015 Actual \$000
Parent and group		
Financial Assets		
Loans and receivables		
Cash and cash equivalents excluding term deposits	615	1,359
Trade and other receivables	3,163	3,740
Other financial assets:		
- term deposits	17,537	11,300
- community loans	19	25
- loans to other entities	72	135
Total loans and receivables	21,406	16,559
Financial Liabilities		
Derivatives that are hedge accounted		
Derivative financial instrument liabilities	1,640	1,114
Financial liabilities at amortised cost		
Trade and other payables	8,947	9,357
Borrowings:		
- secured loans	13,223	13,246
Total financial liabilities at amortised cost	22,170	22,603

Financial Instrument Risk

Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Liability Management and Investment policies which do not allow any transactions that are speculative in nature.

Price Risk

Price Risk is the risk that the value of the financial instrument will fluctuate as a result of changes in the market prices. Council is not exposed to price risk as it does not enter into widely held equity security transactions.

Currency Risk

Currency Risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Council is not exposed to currency risk as it does not enter into foreign currency transactions.

Interest Rate Risk

Interest rates on borrowings are disclosed in note 26.

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing at fixed rates exposes Council to fair value interest rate risk and the Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps may be entered into to hedge the fair value interest rate risk arising from borrowing at fixed rates. Disclosure of these hedging arrangements is made in Note 23. In addition investments at fixed interest rates give an exposure to fair value interest rate risk.

Cash Flow Interest Rate Risk

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

Generally, the Council raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit Risk

Credit risk is the risk that a third party will default on its obligation, causing Council to incur a loss. There are no specific concentrations of credit risk. Council only invests funds in bank deposits and local authority stock and the Investment Policy limits the exposure to any one organisation.

Council is exposed to credit risk as a guarantor of community organisation loans and LGFA borrowings. Information about this exposure is explained in note 30.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor’s credit ratings (if available) or to historical information about counterparty default rates.

	2016 Actual \$000	2015 Actual \$000
Parent and Group		
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA-	18,152	12,659
Total cash at bank and term deposits	18,152	12,659
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Community and related party loans		
Existing counterparty with no defaults in the past	569	787
Total community and related party loans	569	787

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

Liquidity Risk

Liquidity risk is the risk that Council will encounter difficulty raising liquid funds to meet commitments as they fall due. In order to meet its commitments, Council maintains a liquidity buffer of \$1.5m and has a committed cash advance facility of \$7.5 million, there are no funds drawn as at 30 June 2016.

Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 30.

Contractual maturity analysis of financial liabilities excluding derivatives:

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

Parent and group	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000
Council 2016					
Creditors and other payables	8,947	8,947	8,947	-	-
Secured loans	13,223	13,223	-	7,000	6,223
Financial guarantees	478	478	478	-	-
Total	22,648	22,648	9,425	7,000	6,223

Parent and group	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000
Council 2015					
Creditors and other payables	9,357	9,357	9,357	-	-
Secured loans	13,246	13,246	-	-	13,264
Financial guarantees	627	627	627	-	-
Total	23,230	23,230	9,984	-	13,264

Council has derivative financial instruments in the form of one (2015 one) interest rate swap arrangement, with this interest rate swap arrangement maturing in 2023.

Contractual maturity analysis of financial assets:

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

Parent and group	Carrying Contractual		Less than 1 Year	1-2 Years	2-5 Years
	Amount	Cash Flows			
	\$000	\$000	\$000	\$000	\$000
Council 2016					
Cash at bank and term deposits	18,152	18,152	18,152	-	-
Debtors and other receivables	4,685	4,685	4,685	-	-
Community loans	19	19	2	2	6
Loans to other entities	72	72	16	18	38
Financial guarantees	478	478	478	-	-
Total	23,406	23,406	23,333	20	44

Parent	Carrying Contractual		Less than 1 Year	1-2 Years	2-5 Years
	Amount	Cash Flows			
	\$000	\$000	\$000	\$000	\$000
Council 2015					
Cash at bank and term deposits	12,659	12,659	12,659	-	-
Debtors and other receivables	4,918	4,918	4,918	-	-
Community loans	25	25	7	7	11
Loans to other entities	135	135	61	34	40
Financial guarantees	627	627	627	-	-
Total	18,364	18,364	18,272	41	51

Sensitivity Analysis

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

Notes	2016 Actual \$000				2015 Actual \$000				
	-100 bps Other Profit	+100 bps Other Equity	-100 bps Other Profit	+100 bps Other Equity	-100 bps Other Profit	+100 bps Other Equity	-100 bps Other Profit	+100 bps Other Equity	
Interest rate risk									
<i>Financial assets</i>									
Cash and cash equivalents	1	(175)	-	175	-	(120)	-	120	-
<i>Financial liabilities</i>									
Derivatives-hedge accounted	2	-	(524)	-	487	-	(545)	-	502
Total sensitivity on interest rates		(175)	(524)	175	487	(120)	(545)	120	502

Explanation of sensitivity analysis:

- 1 Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$17,537,042 (2015 \$12,052,641) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$175,370 (2015 \$120,526).

- 2 Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$1,640,016 (2015 \$1,113,693). A movement in interest rates plus 100 bps has an effect of \$486,621 (2015 \$502,114) and minus 100 bps has an effect of \$523,899 (2015 \$545,123).

36. Fair Value Hierarchy Disclosures

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

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

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

	Total \$000	Valuation technique		
		Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
Parent				
<i>30 June 2016</i>				
Financial assets				
Shares	2,789	-	-	2,789
Financial liabilities				
Derivatives	1,640	-	1,640	-
<i>30 June 2015</i>				
Financial assets				
Shares	2,805	-	-	2,805
Financial liabilities				
Derivatives	1,114	-	1,114	-

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2016 Actual \$000	2015 Actual \$000
Parent		
Balance at 1 July	2,805	2,837
Impairment	(16)	(32)
Balance 30 June	2,789	2,805

37. Capital Management

Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the Act] requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

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

Waipa District Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- reserves and special funds.

Reserves for different areas of benefit are used where there is a separate rate set as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Special reserves are set up where Council has received funds that are restricted for particular purposes. Interest is added to these reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

38. Explanation of Major Variances Against Budget

Explanations for major variances from the 2015/16 budgeted figures are as follows:

Statement of Comprehensive Revenue and Expense

- Fees and charges revenue received is \$2.7 million higher than budget. \$394,000 of this is from higher than anticipated consent applications. \$313,000 relates to revenue received as compensation for an easement arrangement. \$1,268,000 is district pools, this relates to recovery of expenses from the Waipa Community Facilities Trust, \$268,000 and revenue from the Community Facilities Trust on consolidation, \$1 million. Revenue received for water fees and charges was \$527,000 higher than budget.
- Gain on revaluation of Forestry and Investment Properties was \$1.9 million higher than budget due to current market conditions
- The amount of infrastructure assets gifted from developers was worth \$5.4 million more than budget, this relates to the timing of receiving assets from developers and also the vested assets from NZTA in relation to the Cambridge Bypass.
- Discovered assets of \$1.7 million have been recognised, these are mainly water, wastewater and stormwater assets as information from CCTV and conditions assessments are received.
- Delays in completing the capital roading programme have resulted in less subsidy received in 2015/16, this funding can be carried forward to 2016/17.
- Other expenses are \$2.5 million higher than budget. This is made up of:
 - Loss on disposal of infrastructure assets being \$3.7 million higher than budget.
 - Carry forwards of \$452,000 from 2014/15, this includes costs for Hautapu Structure Plan, demolition and removal of dwelling and outbuildings at Sainsbury Road and stormwater works.
 - Savings in Planning and Regulatory of \$669,000 which includes expenditure not required for earthquake assessments, due to legislation and regulations not yet in force.
 - Condition assessment costs lower than budget largely due to the restructure of the Water Services area, \$437,000.
 - Savings across all activities within Support Services, the biggest savings were in costs budgeted for Council Occupied Buildings and professional services.
- Gain on revaluation of Property Plant and Equipment \$9.3 million lower than budget largely due to the difference between the inflation rates used for the budget and actual CPI rates applied by the valuation companies.

Statement of Financial Position

- The higher cash balance at year end is due to the opening balance being considerably higher than anticipated, as well as savings in expenditure and additional cash received for interest revenue and reserve and development contributions. Also due to the timing of capital work, particularly development related projects.
- Borrowings at year end are \$14 million lower than budget. This is due to the higher than anticipated cash balance at the end of the 2014/15 financial year, additional revenue received and timing of capital works.

Groups of Activities

How we group activities

Our services in the 10-Year Plan are gathered within eight groups, each containing a number of activities.

Seven of the groups of activities are focused on public service delivery, with the contents of four of these set by legislation whilst the remaining three have been grouped according to Council's corporate structure of related activities. The remaining group of activities, support services, is internally focused and is not an official group of activities as defined in the Local Government Act 2002. However, it is included in the 10-Year Plan as it contains a significant amount of our activities and, together with the other groups, provides a complete picture of the activities Council provides. Support services support the delivery of community services within each group of activities. While the costs of support services are included within each group, they are also shown separately at the end of the section to show the total indirect costs.

The groups of activities covered in this section are:

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

How we measure performance

For each group of activities, a range of targets and measures were developed to show the standard of performance expected over the next ten years and the means by which we intend to measure that performance. The measures, when considered collectively, are intended to provide a general view of the overall performance in each area, and encompass the elements of quality, quantity, cost, timeliness and location (if relevant).

A 12-month Snapshot

Judged best in sector

July 2015

The year began extremely well when we won a national award for community engagement.

Waipa District Council's 'Let's Get Engaged' campaign to involve the community in its 10-Year Plan was judged best in New Zealand at the LGNZ Excellence Awards. Judges described our project as "innovative, inclusive, energetic and focused".

Nearly 500 submissions on our draft 10-Year Plan were received. As a result of community feedback elected members made a number of changes to the original proposals shared with residents and ratepayers.

Community results

August 2015

An independent survey reported nearly half of Waipa residents thought Waipa was a better place to live than three years earlier.

Of those surveyed nearly 93 per cent said they were likely or very likely to promote Waipa as a good place to live. Around 74 per cent also said they were likely or very likely to talk positively about Waipa District Council.

In all, 69 per cent of residents said the services we offer provide value for money. Nineteen per cent disagreed and 12 per cent choose not to comment.

Big boost for Cambridge pool

September 2015

We secured a \$400,000 grant from Trust Waikato towards a new pool complex for Cambridge, the biggest grant made during that funding round.

We have budgeted to spend \$7.8 million towards a new pool including an indoor eight or 10-lane 25 meter pool with an integrated junior and learner's pool. The existing outdoor 50 meter pool will be retained and upgraded.

A master plan includes provision for a spa pool, sauna and outdoor splash park but funding has not yet been allocated and relies on community fund-raising. We are aiming to raise \$2.1 million towards the project. (Note: By August 2016 a further \$300,000 in fund-raising had been secured).

Cambridge roundabout agreement

October 2015

We reached agreement with the NZ Transport Agency to fund and fix one of Cambridge's most notorious accident spots.

The installation of a roundabout at the intersection of SH1 and Victoria Road by St Andrew's Anglican church was not scheduled to be undertaken for another four years. But the NZ Transport Agency stepped in and agreed to fund and fast-track the work.

Planning began immediately, including consideration of a range of opportunities opened up by the early decision. They include improving access to Lake Te Ko Utu and determining options for a new 'entrance' into Cambridge.

New library for Te Awamutu

November 2015

A formal site blessing in November allowed construction work to begin on Te Awamutu's long-awaited new library.

The 1400 square meter, \$4.4 million purpose-built facility is being constructed on the corner of Mahoe Street and Selwyn Lane. When complete it will form an anchor building in the Te Awamutu hub. The hub, which will incorporate the existing Trust Waikato Te Awamutu Events Centre, will ultimately include a proposed new museum along with recreation space, hospitality, accommodation and office facilities.

Earthworks on the project began during December and construction started in earnest after Christmas. The library is due to open in October 2016.

Picnic in the park

December 2015

Families enjoyed a Waipa picnic in December at the official opening of a new recreation space, Waipuke Park.

The 40-hectare site, just up river from the Mighty River Domain, is owned by Waipa District Council. After years of grazing and following consultation with the public, the lower terrace of Waipuke Park on the banks of the Waikato River has now been set aside for public use.

Following earthworks, the construction of a walkway, fencing and the installation of signage, Waipuke Park opened in time for summer and has been a hit ever since. Development of the park continues.

Working together

January 2016

Work continued in 2016 on finding innovative and more cost-effective ways to provide council services. We continued to be part of the 12-council Local Authority Shared Service (LASS) organisation to pool resources and combine work in a range of areas. We also continued to be part of the Waikato Mayoral Forum.

The Waikato Road Asset Technical Acord (RATA), originally an initiative of the Waikato Mayoral Forum, has already returned savings to Waipa ratepayers by making key recommendations around road maintenance. RATA has now been set up as a business unit within our Council, contracting the services it provides on behalf of the region back to LASS.

Improvements at Lake Ngaroto

February 2016

World Wetlands Day was celebrated at Waipa with the official opening of the upgraded track at Lake Ngaroto.

This natural wetland north of Te Awamutu is home to native plants and animals. It is a popular Waipa recreation spot and is already used for yachting, rowing, wind surfing, fishing, walking and picnicking.

We have already invested in improved water quality at the lake and over the next decade, plan to spend around \$1 million further developing the lake and its surrounds.

New bore operational

March 2016

A new bore on council-owned land at Frontier Road was put into production, providing a new fresh source water for 1,200 Te Awamutu households.

The bore supplements water from the Mangauika Stream on Mt Pirongia. We can only take a finite amount of water from the stream under our resource consent from Waikato Regional Council, meaning we can struggle to provide enough water to Te Awamutu during summer.

The exploratory programme to find further production bores continued throughout the year as part of an effort to find alternative water sources. If successful, the Council will save millions of dollars by avoiding an upgrade of the Parallel Road treatment plant and the Parallel Road to Taylor's Hill pipeline.

Events website launched

April 2016

Work was completed on a new website to support events in the Waipa district.

The site www.whatsonwaipa.co.nz was launched in May and followed independent research which showed major events are worth millions to the Waipa economy.

The website splits listed events into three categories – sport, community and arts and culture. It details why events should be held in Waipa and provides information about possible funding support.

Within weeks of launching, the site had attracted a loyal following and already has events listed well out until 2017.

Cycleways and walkways all go

May 2016

Planning work began in earnest on a series of cycleways and walkways linking Te Awamutu, Kihikihi and Pirongia.

We resolved to invest \$1.2 million on three separate trails in the 2016/17 financial year following recommendations from a community stakeholder group working alongside our staff.

Money was approved for the construction of a 2.5-3-metre, 19km Te Awamutu to Pirongia cycleway, subject to further investigation and confirmation of costs. If construction of the full trail is not feasible, a section connecting Te Awamutu to Lake Ngaroto will kick off the project.

Approval was also given to to build a 2.5-metre, 4km easy-riding trail from Te Awamutu to Kihikihi.

Te Awamutu streetscaping project

June 2016

Streetscaping work continued in June on an extensive project to upgrade and better connect Te Awamutu's central business district.

When complete in October 2016, the work will link the new library, Selwyn Park, the playground and the Trust Waikato Te Awamutu Events Centre to the rest of town. The \$1.6 million project was approved as part of the 10-Year Plan.

The project involved 240 meters of new kerbing, 2,000 square meters of new asphalt, 400 meters of new footpaths and 650 square meters of decorative paving. The budget also allows for seating, landscaping and improved street lighting.

Governance

What we do

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

Why we do it

- To enable democratic local decision-making and action, including Māori participation.
- To meet the current and future needs of our communities in a cost-effective manner for households and businesses.




The level of service we will deliver

The level of service was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The Governance group of activities contributes to many of the community outcomes, but has special links to:

Table 1: Governance community outcomes

Goals	Community outcomes
 Economically progressive	<ul style="list-style-type: none">▪ We are financially sustainable.▪ Our services are acknowledged as excellent value for money.
 Connected with our community	<ul style="list-style-type: none">▪ Our stakeholders are advocates/ambassadors for Waipa and Council.▪ We engage with all parts of our community.▪ We have collaborative and enduring partnerships.
 Socially responsible	<ul style="list-style-type: none">▪ We give back to the community.▪ We are a workplace of choice.

Identified effects on community wellbeing

The Governance Group of Activities is the key area for the democratic processes of Council. A significant amount of work goes into ensuring clear communication is achieved (both to and from Council) via the formal community representative groups - including the Iwi Consultative Committee, Community Boards, the Youth Council and the Senior Council.

Council uses a community engagement strategy which ensures that the public is able to participate in the consultation and decision making processes of Council. We will continue to use a large number of engagement channels with our community, including social media as well as traditional methods of communication, to reach as wide an audience as possible. This focus on engagement with residents is aimed at both educating people about what Council does as well as using feedback to gauge the most acceptable way forward in terms of decision making. This helps

Council to achieve the current and future needs of our communities in a cost-effective manner for both households and businesses.

Strategic planning processes are also included in this group of activities. The development, sharing and implementation of good plans and policies are the foundation of good governance. Of special importance is our participation in the Waikato Mayoral Forum, which works to ensure consistent local government application across communities, cost cutting through sharing of services and the provision of cohesive community leadership. Included in this strategic planning role are a number of planning initiatives including the Waipa 2050 Growth Strategy and the Future Proof Sub-regional Strategy. The review of the Waipa District Plan is almost complete and is a key product as it provides Council with a resource management planning framework that is well grounded in National, Regional, and Sub-regional policies, which enable the appropriate development of the District while helping to preserve the productive base of the District. Council's other strategies, policies and bylaws all ensure that households and businesses know about the outcomes that Council is pursuing and the guidelines/regulations established to govern behaviour.

Statement of Service Performance – Governance

What to expect from us:

- **Council and community boards** - Council will make robust and effective decisions and the community can expect timely and open access to information.
- **Communications and marketing** - We are communicating effectively with our community.
- **Strategy** – We focus on strategies and plans to address the top priorities facing our community and district. This includes developing the District Plan and 10-Year Plan.

Tracking against service performance measures:

Table 2: Governance performance measures

Activity	The service we provide	How we measure success	Results for 2014/2015	Target for 2015/16	Actual for 2015/16	Comment
Council and Community Boards.	Public information is provided openly and in a timely manner	The percentage of official information requests responded to within statutory timeframes.	Not previously measured	100%	94.62%	Not achieved. Five LGOIMA requests did not meet the required timeframe. 93 LGOIMA requests were received over the year. One missed was a unique occurrence due to a staffing change; all adequate processes are in place. Four were late due to resource constraints. Further training on managing LGOIMA requests is planned for the 2016/17 year.
		The number of complaints about Council withholding information upheld by the Ombudsman.	Not previously measured	0	0	Achieved.
	Council makes robust and effective decisions	The number of Council decisions successfully challenged by Judicial review.	Not previously measured	0	0	Achieved.

Activity	The service we provide	How we measure success	Results for 2014/2015	Target for 2015/16	Actual for 2015/16	Comment
Communications and Marketing	To ensure information about our activities are communicated to the community.	Key draft policy documents subject to consultation are available during the consultation period on Council's website.	Not previously measured	100%	100%	Achieved.
		The number of community members we engage with through our website ¹ .	Not previously measured	114,540	185,337	Achieved Council has focused on increasing engagement through the website by improving the relevance to the Community of the material on the site. This is reflected in the high results.

¹ The measure for the 2015-25 LTP changed from website hits to website sessions therefore this is considered a new measure for the 2015-2025 LTP.

Statement of Cost of Service

	2014/15 Long-term Plan Notes \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
REVENUE			
Elections	-	-	-
Community Grants	30	39	48
Strategic Planning	53	-	-
TOTAL REVENUE	83	39	48
OPERATING EXPENDITURE			
Council & Committees	3,001	2,324	2,246
Cambridge Community Board	202	172	167
Te Awamutu Community Board	202	170	162
Elections	-	30	27
Community Grants	328	379	368
Strategic Planning	2,072	2,104	2,222
Community Relationships	1,186	1,735	1,587
TOTAL EXPENDITURE	6,991	6,914	6,779
OPERATING NET COST OF SERVICE	(6,908)	(6,875)	(6,731)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	-	-	38
Debt Repayment (Internal)	422	510	510
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	422	510	548

Explanation of significant costs of service variances between LTP and Actual

Reduction in expenditure across all activities due to savings in the overhead allocation.

Capital Expenditure Table

	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
To Replace Existing Assets			
Replace Tables in Council Chambers	-	-	19
Marketing and Promotion Equipment	-	-	19
TOTAL CAPITAL EXPENDITURE	-	-	38

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Governance

	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,146	4,464	4,845
Targeted rates	3,592	2,510	2,190
Subsidies and grants for operating purposes	30	39	48
Fees and charges	53	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	6,821	7,013	7,083
Applications of operating funding			
Payments to staff and suppliers	3,428	3,686	3,728
Finance costs	116	63	44
Internal charges and overheads applied	2,855	2,433	2,287
Other operating funding applications	580	721	716
Total applications of operating funding (B)	6,979	6,903	6,775
Surplus (deficit) of operating funding (A - B)	(158)	110	308
Sources of capital funding			
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	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	38
Increase (decrease) in reserves	(158)	110	270
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(158)	110	308
Surplus (deficit) of capital funding (C - D)	158	(110)	(308)
Funding balance ((A - B) + (C - D))	-	-	-

Internal Borrowing Statement

	Opening Balance 1 July 2015 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2016 \$000	Interest \$000
Activity Loans	3,342	(510)	412	3,244	44

Planning and Regulatory

What we do

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

Why we do it

- To guide, enhance and maintain the quality of our natural and physical environment and to ensure that our district is developed in a sustainable way.
- To ensure buildings are safe and the necessary regulations and standards are met.
- To ensure animals are kept in a way that minimises danger, distress and nuisance to the public, that the public are kept safe and animal owners are educated about their responsibilities.
- To promote and improve human health, safety, comfort and wellbeing and protect the environment.
- To ensure development meets required standards, and connection to and use of our infrastructure is well managed.



The level of service we will deliver

The level of service was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The planning and regulatory group of activities contribute to many of the outcomes, but has special links to:

Table 3: Planning and regulatory community outcomes

Goals	Community outcomes
 Environmental and cultural champions	<ul style="list-style-type: none">▪ We are recognised as environmental and cultural leaders.▪ Waipa's environmental and cultural heritage is a showcase for excellence.
 Socially responsible	<ul style="list-style-type: none">▪ Waipa offers an excellent quality of life.

Identified effects on community wellbeing

The planning and regulatory group of activities guide, enhance and maintain the quality of the district's natural and physical environment and ensures that communities are safe in a district that is developed in a sustainable way.

Maintaining Public Health and Safety are important components of this group of activities. Complaints about aggressive dogs are investigated and actioned. Dog owner education is undertaken where appropriate. This minimises danger, distress and nuisance to the public, and keeps people safe and educated about their responsibilities.

Environmental services teams operate under the Food Act, Health Act and other legislation where public health is the focus, and the Sale and Supply of Alcohol Act 2012 has reduction of alcohol related harm as its aim.

All buildings that have had a Code Compliance Certificate issued at the completion of the building work will comply with the requirements of the Building Code. These buildings will therefore be safe and sound and provide a secure environment in which to work and live.

Statement of Service Performance - Planning and regulatory:

What to expect from us:

- **Animal control** - We manage animal control in a way that ensures animal welfare and community safety.
- **Building control** - We ensure that buildings are safe and fit for purpose.
- **Environmental health** - We protect and promote the health of our communities within the Waipa District.
- **Resource consents and monitoring, and land information memorandums** - We achieve community aspirations through the implementation and enforcement of the District Plan.
- **Development engineering** – We ensure developers build services/infrastructure which meet current and future community needs

Tracking against service performance measures:

Table 4: Planning and regulatory performance measures

Activity	The service we provide	How we measure success	Results for 2014/2015	Target for 2015/16	Actual for 2015/16	Comment
Animal control	Dog attack allegations are responded to in a timely manner 24 hours a day.	The percentage of urgent dog attack allegations acted upon within one hour of Council being notified. ²	96.88%	95%	97.73%	Achieved
Building control	We process all building consent applications within agreed timeframes.	The percentage of buildings consents processed within 20 working days. ³	99.53%	100%	98.96%	Not Achieved. As a result of a sustained period of high application numbers and inspections demands 13 consents were unable to be processed within timeframes. Two further consents were processed within 20 days however not signed; a process change has mitigated this for the

² Urgent being dogs attacks on humans or animals notified within 12 hours of the event.

³ The Building Act 2004 states the time limit is “within 20 working days after receipt by the building consent authority of the application”.

Activity	The service we provide	How we measure success	Results for 2014/2015	Target for 2015/16	Actual for 2015/16	Comment
						future. 1256 building consents were processed over the year. 1061 building consents were processed during 2014/15. approx. 18% less than the current year. Additional resource is being sought to assist with the high volumes.
Environmental health	Registered food premises maintain a high level of food safety.	The percentage of premises that hold registration or certificates of inspection as required.	100%	100%	100%	Achieved.
		The percentage of eligible food premises who have food control plans. ⁴	12.77%	20%	23.24%	Achieved.
	Noise and fire allegations are responded to in a timely manner 24 hours a day.	The percentage of excessive noise complaints investigated within 1 hour.	88.47%	95%	94.12%	Not Achieved. 816 out of 867 calls were responded to within the timeframe. Technical errors since resolved were responsible for some of the delayed response times. A number of calls appear outside out of the one hour timeframe due to system user errors which have also since been resolved. It is believed the target was met for these requests but this cannot be proven therefore the recorded times must be used.

⁴ A phased implementation plan with all food premises required to have food control plans by 2019 as required by legislation.

Activity	The service we provide	How we measure success	Results for 2014/2015	Target for 2015/16	Actual for 2015/16	Comment
						The remainder were in rural areas and were responded to within 70 minutes.
		The percentage of smoke complaints investigated within 1 hour.	92.13%	95%	97.01%	Achieved.
Resource consents and monitoring, and land information memorandums (LIMs)	We respond to allegations in a timely manner.	Investigation of complaints regarding a breach of the District Plan or resource consents are responded to within 4 working days.	98.95%	100%	100%	Achieved.
	We process all applications within agreed timeframes.	The percentage of Resource Consents processed within the statutory timeframes.	100%	100%	100%	Achieved.
		The percentage of LIMs processed within the statutory timeframes.	100%	100%	100%	Achieved.
Development engineering	We are responsive to enquiries and requests for information.	Enquiries are responded to within 4 working days.	98.40%	95%	100%	Achieved.

Statement of Cost of Service

		2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Resource Management		1,166	1,180	1,259
Building Control	1	1,239	1,711	2,107
Environmental Health		290	356	354
Animal Control		435	439	465
Development Engineering	2	289	350	245
TOTAL REVENUE		3,419	4,036	4,430
OPERATING EXPENDITURE				
Resource Management		1,732	1,690	1,718
Building Control	1	1,432	1,732	1,390
Environmental Health	3	799	829	719
Animal Control		614	682	634
Development Engineering	2	893	802	605
TOTAL EXPENDITURE		5,470	5,735	5,066
OPERATING NET COST OF SERVICE		(2,051)	(1,699)	(636)
CAPITAL EXPENDITURE				
Capital Expenditure (excluding Vested)		-	-	-
TOTAL CAPITAL EXPENDITURE		-	-	-

Explanation of significant costs of service variances between LTP and Actual

Reduction in expenditure across all activities due to savings in the overhead allocation.
Explanation of other variances are:

1. Building Control revenue was higher than budget, the number of consents received was considerably higher than budget. The revenue increase has been offset by the revenue budgeted for earthquake assessments, \$160,000 not being received due to legislation and regulations not yet in force. There was also an expenditure budget for the earthquake assessments which was not spent, \$200,000.
2. Development Engineering revenue lower than budget which has been offset by a reduction in expenditure.
3. Environmental Health expenditure lower than budget due to vacant position not being filled throughout the year.

There is no capital expenditure in the Planning and Regulatory activity.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Planning and Regulatory

	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,104	1,237	1,272
Targeted rates	948	462	481
Subsidies and grants for operating purposes	-	-	-
Fees and charges	3,419	4,036	4,407
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	23
Total sources of operating funding (A)	5,471	5,735	6,183
Applications of operating funding			
Payments to staff and suppliers	4,085	4,398	3,913
Finance costs	-	-	-
Internal charges and overheads applied	1,386	1,332	1,149
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,471	5,730	5,062
Surplus (deficit) of operating funding (A - B)	-	5	1,121
Sources of capital funding			
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	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	5	1,121
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	5	1,121
Surplus (deficit) of capital funding (C - D)	-	(5)	(1,121)
Funding balance ((A - B) + (C - D))	-	-	-

There is no internal borrowing in the Planning and Regulatory activity.

Community Services and Facilities

What we do

The community services and facilities group of activities provides recreational benefit and promotes the health and safety; and social and environmental wellbeing of our communities. The activities are:

- Parks and reserves
- Mighty River Domain (on Lake Karāpiro)
- Libraries
- Museums and heritage
- Swimming pools
- Public toilets
- Community halls
- Pensioner housing
- Cemeteries
- Civil defence emergency management and rural fire
- Waste management and minimisation.

Why we do it

The availability and accessibility of good quality leisure, heritage and recreational facilities and community services is important to the district's economic, social, cultural and environmental wellbeing.




The level of service we will deliver


The level of service was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The community services and facilities group of activities contributes to many of the community outcomes, but has special links to:

Table 5: Community services and facilities community outcomes

Goal	Community outcomes
 Economically progressive	▪ Our services are acknowledged as excellent value for money.
	▪ Waipa's growth is built on its strengths.
 Environmental and cultural champions	▪ We are recognised as environmental and cultural leaders.
	▪ Waipa's environmental and cultural heritage is a showcase for excellence.
 Connected with our community	▪ We engage with all parts of our community.
	▪ We have collaborative and enduring partnerships.

Goal	Community outcomes
 Socially responsible	<ul style="list-style-type: none"> ▪ Waipa offers an excellent quality of life.

Identified effects on community wellbeing

The community services and facilities group of activities provides recreational benefit, and promotes the social and physical wellbeing and engagement of our communities. Parks, sports reserves and swimming pools provide for physical and environmental wellbeing, while libraries, museums and pensioner housing cater for social and cultural wellbeing. The Waipa Community Facilities Trust was established to ensure that levels of service for community facilities are maintained and enhanced.

Statement of Service Performance: Community services and facilities

What to expect from us:

- **Community land and buildings** – We provide venues within our communities to support social and recreational interaction.
- **Museums** – We provide opportunities and places for affordable cultural learning and leisure which the community sees as a valuable public service.
- **Parks and reserves** – We enhance the Waipa environment by providing multi-purpose open spaces for opportunities for health and recreation
- **Pensioner housing** – We provide secure and safe affordable housing in a communal environment for aged persons with limited means.
- **Public library** – We provide opportunities and places for affordable learning and leisure which the community sees as a valuable public service.
- **Public toilets** – We ensure an affordable network of well-maintained public toilets is available to both the community and visitors to the district.
- **Swimming pools** – We provide affordable public swimming pools that provide opportunities for the community to increase its water safety skills, health and recreational wellbeing.
- **Waste management and minimisation** – We provide a convenient waste collection service that diverts recyclable waste from landfill.

Tracking against service performance measures:

Table 6: Community services and facilities performance measures

Activity	The service we provide	How we measure success	Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
Community land and buildings	Property services are responsive to customer service requests	The median response time (hours) for the resolution of urgent service requests relating to land and buildings.	Not previously measured	4	1.67	Achieved.
		The median response time (days) for the		5	1.02	Achieved.

Activity	The service we provide	How we measure success	Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		resolution of non-urgent service requests relating to land and buildings.	Not previously measured			
Museums	The Community is satisfied with the services provided by the museums	The percentage of visitors surveyed who were satisfied with their museum visit. ⁵	New survey.	90%	90%	Achieved.
		The number of school student visitors per annum.	3,671	4,400 ⁶	3,578	Not Achieved. A new Educator was employed for the 2015/16 year. As expected it has taken time to build networks and relationships which has meant the numbers are at times lower. The new Education Programmes have received a lot of positive feedback from schools. As a result higher numbers of school student visitors are anticipated in the future.
		The number of 'other' ⁷ visitors per annum.	10,569	10,000	11,150	Achieved.
Parks and reserves	Parks and reserves meet public requirements	The number of complaints received regarding the appearance of parks and	Not previously measured ⁸	<180	182	Not Achieved. District growth has stretched available resources. This has been compounded by the resourcing impacts of the new Traffic Management Plan processes, some activities have taken longer while staff become

⁵ As per the annual Museum Aotearoa Survey questionnaire

⁶ Learning Experience Outside the Classroom (LEOTC) contractual requirement

⁷ 'Other' - visitors other than school students

⁸ For 2014/15 this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

Activity	The service we provide	How we measure success	Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		reserves.				familiar with the new processes.
		The percentage of annual playground renewal programme completed.	Not previously measured	100%	100%	Achieved.
		The percentage of annual parks and reserves renewal programme completed.	Not previously measured	100%	100%	Achieved.
Pensioner housing	Property Services respond in a timely manner to customer service requests.	The median response time (hours) for the resolution of urgent ⁹ service requests relating to pensioner housing.	Not previously measured	2	0.46	Achieved.
		The median response time (days) for the resolution of non-urgent ¹⁰ service requests relating to pensioner	Not previously measured	5	0.06	Achieved.

⁹ Urgent service requests are defined as a health & safety or public safety issue.

¹⁰ Non-urgent service requests are defined as any other service request other than a health & safety or public safety issue.

Activity	The service we provide	How we measure success	Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		housing.				
Public library	Our library services and facilities meet the needs of the community.	% of population who are active ¹¹ library users.	64.22%	64%	65.95%	Achieved.
		The number of walk-in library visitors per annum.	198,971	190,000	192,730	Achieved.
	The library service provides an adequate quantity of recreational and educational material.	The percentage of users surveyed who agreed the library offered the resource they were looking for (via survey mechanism).	91.16%	90%	94.24%	Achieved.
		Library collection meets the LIANZA ¹² standard of 3 items per resident.	Met standard	Meet standard	2.83	Not Achieved. A physical stock take was carried out in both libraries in March 2016. As a result the library database was cleansed. The stock take figures now more accurately reflect the number of items held in the libraries which has pushed this measure slightly under target.
Public toilets	Public Toilets are well maintained	The number of service requests	Not previously	<90	85	Achieved.

¹¹ Active – library card used in past 2 years

¹² LIANZA – Library and Information Association of New Zealand Aotearoa

Activity	The service we provide	How we measure success		Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		regarding public toilets.		measured ¹³			
Swimming pools	The community is satisfied with the service provided.	The percentage of users satisfied with swimming pool services (via survey mechanism).	Te Awamutu	Not previously measured	75%	78%	Achieved.
			Cambridge	Not previously measured	70%	81%	Achieved.
	Public swimming pools are accessible.	The number of admissions per annum ¹⁴ .		147,379	165,000	157,657	Not Achieved. The admission numbers were higher than for the 2014/15 year. The target for the year of 165,000 was based on the 160,000- 170,000 suggested by the Trust, which was a stretch target based on the previous years results.
	Pools are safe and clean.	The percentage of compliance	Te Awamutu	Not previously measured	85%	99%	Achieved.
Cambridge				85%	100%	Achieved.	

¹³ For 2014/15 this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

¹⁴ Annual admissions for Cambridge and Te Awamutu combined

Activity	The service we provide	How we measure success		Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		with water quality standards. (no. of tests compliant).	dge	Not previously measured			
Waste management and minimisation	Recycling services are convenient.	Number of justified ¹⁵ complaints about recycling collection services.		71	<144	99	Achieved.

¹⁵ 'Justified' as defined in contract with provider: "Missed Recyclables Collection" for the purposes of recording for the scoring of KPIs shall fall into two (2) categories: justified (meaning due to Contractor error) and non-justified (Customer places the Recycling Crate out following the collection occurrence and telephones the Council's Customer Call Centre to request collection)"

Statement of Cost of Services

	Notes	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
REVENUE				
Fees and Charges:				
Parks and Reserves		-	-	1
Mighty River Domain		586	605	665
District Museums		116	108	104
District Libraries		246	210	177
District Pools	1	315	-	1,266
Cemeteries		162	175	213
Public Toilets		33	30	21
Properties	2	862	768	1,060
Pensioner Housing & Own your Own Housing		797	1,113	1,051
Rural Fire/Civil Defence		-	92	100
Waste Management		153	151	197
TOTAL REVENUE		3,270	3,252	4,855
OPERATING EXPENDITURE				
Parks and Reserves		4,793	4,463	4,285
Mighty River Domain		1,229	1,079	1,089
District Museums		897	965	856
District Libraries		1,636	1,790	1,714
District Pools	1	1,873	1,878	2,773
Heritage		268	452	499
Cemeteries		278	302	257
Public Toilets		549	501	467
Properties	2	778	1,631	2,035
Pensioner Housing & Own your Own Housing		829	876	875
Forestry		60	87	107
Rural Fire/Civil Defence		366	272	250
Waste Management		1,643	1,570	1,291
National Cycle Centre of Excellence		67	60	55
TOTAL EXPENDITURE		15,266	15,926	16,553
OPERATING NET COST OF SERVICE		(11,996)	(12,674)	(11,698)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		18,208	9,237	6,011
Vested Assets		-	-	267
Debt Repayment (Internal)		1,377	1,170	2,002
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		19,585	10,407	8,280

Explanation of significant costs of service variances between LTP and Actual

Reduction in expenditure across all activities due to savings in the overhead and interest allocations. Explanation of other variances are:

1. The Waipa Community Facilities Trust was established with the signing of the Trust Deed on 12 April 2013. Consolidation of the Community Facilities Trust has resulted in higher revenue and expenditure than budgeted in the 2015-25 Long-term Plan.
2. Property – additional revenue received as compensation for an easement arrangement. Delay in gain on sale for Cambridge property developments, sale of these properties has been re-budgeted in the 2016-17 Annual Plan.

Capital Expenditure Table

	Notes	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
To Meet Additional Demand				
Buffer Reserve Land Purchase	1	900	292	763
Reserve Purchases - Developments		-	49	23
Total Capital Expenditure to Meet Additional Demand		900	341	786
To Improve Level of Service				
Cambridge Town Pool Development	2	10,860	250	80
Cambridge Town Hall Repairs & Maintenance			350	10
Peat Lake Programme	3	446	-	132
Reserve Developments		-	43	75
Development & Restoration of Lake Ngaroto		-	20	12
Pa Sites		53	-	12
Maungatautari Project		21	-	65
Castleton Park - Sports Fields		-	53	33
Discretionary Community Facility Projects		85	193	170
Cambridge Motor Park - Upgrade Work		37	45	31
Taylor/Vogel Street Development - Property	4	-	728	6
Grace Avenue Development - Property		1,000	-	-
Karapiro Minor Assets (Don Rowlands Centre)		11	10	10
Replacement of Existing Power Boxes - Mighty River Domain		12	-	-
Upgrade Site Managers House - Mighty River Domain		85	80	17
Upgrade Site Office Facility - Mighty River Domain		-	-	64
Childrens Playground - Mighty River Domain		-	-	81
Public Conveniences - New Toilet Blocks		-	85	17
Purchase of Own Your Own Units	5		200	-
Renew Pensioner Housing - Palmer Street	6	847	596	52
Pensioner Housing - Renewals and Upgrades		-	300	396
Purchase of land for Te Awamutu Western Arterial	7	318	300	-
Cambridge Water Tower - Upgrade		21	-	-
Te Awamutu Library & Museum Complex	8	2,912	4,259	2,552
Design and Build Te Awamutu Museum		-	30	27
Te Awamutu Community Hub Precinct			83	87
Waipuke Reserve Development		74	417	333
Lake Mangakaware Enhancement of Heritage Values		-	156	91
Matakitaki Access & Restoration		-	32	12
Rata-Tu Reserve Implementation of Management Plan			88	-
ECT IT Hardware Procurement		-	36	-
Other Minor Land Purchases		-	-	24
Total Capital Expenditure to Improve Level of Service		16,782	8,354	4,389
To Replace Existing Assets				
Parks Renewals		47	-	
Karapiro / Arapuni Lakes Programme		74	25	27
Playground Equipment & Safety Surfaces Renewal		45	45	45
Parks Structure Renewals		3	69	99
Plant Replacement - Mighty River Domain		37	20	20
Plant Replacement - Rural Fire		32	-	-
Pensioner Housing Carpark Renewal		6	87	74
Library Books Te Awamutu		138	148	145
Library Books Cambridge		144	148	144
Event Centre Minor Assets	9	-	-	176
Other Minor Asset Renewals		-	-	106
Total Capital Expenditure to Replace Existing Assets		526	542	836
TOTAL CAPITAL EXPENDITURE		18,208	9,237	6,011

Explanation capital expenditure variances between LTP and Actual

1. Contribution towards reserves vesting in Council from St Kilda subdivision brought forward from 2016/17.
2. Cambridge Pool Development – a Project Control Group has been set up to manage the delivery of this project and work has been done on firming up the Ten Year Plan concept delivery options and fundraising for the pool development.
3. Peat lakes – costs for completion of the Lake Ngaroto diversion.
4. This project has been delayed while Council obtains geotechnical advice. The budget has been deferred to the 2016/17 year.
5. Own your own units – there have been no purchases this year.
6. Considerable research has been done at the Palmer Street pensioner housing including extensive geo-technical investigations. Council is still in the information gathering stage and further development has been deferred to the 2016/17 year.
7. Western Arterial Purchase of Properties – there have been no purchases this year.
8. The construction of the new Te Awamutu library started in December 2015 with completion planned for September 2016, the remaining construction and fit-out costs have been deferred to 2016/17.
9. Purchase of minor assets for the district pools for plant renewals.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Community Services and Facilities

	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,652	7,796	7,856
Targeted rates	7,738	6,095	6,189
Subsidies and grants for operating purposes	12	59	205
Fees and charges	3,258	3,193	4,845
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	16,660	17,143	19,095
Applications of operating funding			
Payments to staff and suppliers	12,194	12,319	12,845
Finance costs	742	381	317
Internal charges and overheads applied	2,217	2,285	1,917
Other operating funding applications	316	330	308
Total applications of operating funding (B)	15,469	15,315	15,387
Surplus (deficit) of operating funding (A - B)	1,191	1,828	3,708
Sources of capital funding			
Subsidies and grants for capital expenditure	4,787	76	96
Development and financial contributions	629	418	439
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,416	494	535
Applications of capital funding			
Capital expenditure			
- to meet additional demand	900	341	786
- to improve the level of service	16,782	8,354	4,389
- to replace existing assets	526	542	836
Increase (decrease) in reserves	(11,601)	(6,915)	(1,768)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,607	2,322	4,243
Surplus (deficit) of capital funding (C - D)	(1,191)	(1,828)	(3,708)
Funding balance ((A - B) + (C - D))	-	-	-

Internal Borrowing Statement

	Opening Balance 1 July 2015 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2016 \$000	Interest \$000
Activity Loans	13,815	(2,002)	1,662	13,475	300
Total	13,815	(2,002)	1,662	13,475	300

Roads and Footpaths

What we do

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

Why we do it

To provide a safe and convenient movement network that connects communities and supports district development.



The level of service we will deliver

The level of service was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The roads and footpaths group of activities contribute to many of the outcomes, but has special links to:

Table 7: Roads and footpaths community outcomes

Goals	Community outcomes
 Economically progressive	▪ We are financially sustainable.
	▪ Our services are acknowledged as excellent value for money.
	▪ Waipa's growth is built on its strengths.
 Socially responsible	▪ Waipa offers an excellent quality of life.

Identified effects on community wellbeing

The Roding and Footpaths Group of activities provides the means for the transport of goods and people throughout the District and provides major social and economic benefits. It connects communities with many destinations such as work, shopping, leisure, education and entertainment.

Road and footpath rehabilitation activities are an essential part of the on-going maintenance programme. However in delivering these services there may be disruption and nuisance caused to the public through road closures and dust generation. Although staff endeavour to minimise the negative impacts as much as possible and provide regular information about projects, parts of the community will always be inconvenienced in various ways.

Council continues to promote road safety initiatives and more sustainable forms of transport such as cycling.

Statement of Service Performance: Roads and Footpaths

What to expect from us:

- We provide a safe and convenient transport network that connects communities and supports district development.

Tracking against service performance measures:

Table 8: Roads and footpaths performance measures

Activity	The service we provide	How we measure success	Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
Roads and Footpaths	Roads are designed and managed to reduce the risk of harm to users.	The change from the previous financial year in the number of fatalities and serious crashes on the local road network.	Nil change	Nil change	Nil change	Achieved.
		Number of fatal and serious crash numbers on Waipa local roads per annum (five year average).	20.4	20.0	20.8	Not Achieved. Although the actual result is higher than the target, investigations into the crashes showed that in all cases road conditions were not a factor.
		The average quality of ride on sealed local roads. ¹⁶	96%	96%	96%	Achieved. Note: In accordance with NZTA processes this survey is carried out every two years. Therefore some of the data used to calculate this result was obtained between 8 April 2015 and 25 June 2015 (the previous financial year). The Road Roughness Survey is due to be performed during the 2016/17 financial year.

¹⁶ Full wording of mandatory measure is: The average quality of ride on a sealed local road network, measured by smooth travel exposure.

Activity	The service we provide	How we measure success	Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
	The existing network is well maintained.	The percentage completed of the sealed local road network that is planned for resurfacing ¹⁷	Not previously measured	100%	88.73%	Not Achieved. Actual quantity of road to be sealed is determined by the length of road. The corresponding area of the road to be sealed was estimated using an average road width. As roads vary in width the actual area sealed per year can vary. Based on this estimate the area target was not achieved however by length Council did complete 100% of the planned reseals for the 15/16 financial year.
		The percentage of footpaths whose condition meets the desired minimum standard for condition. ¹⁸	93.88%	>80%	98.63%	Achieved.
	We are responsive to roading issues raised by the community.	The percentage of customer service requests relating to roads & footpaths responded to within the specified time frame. ¹⁹	95.66%	90%	93.28%	Achieved.
	Alternative transport options are available and	% (by length) of urban roads ²⁰ which have a footpath on at least	88.28%	80%	85.13%	Achieved.

¹⁷ As compared to the target area set in the Asset Management Plan (602,792m² per year)

¹⁸ Full wording of mandatory measure is: The %age of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).

¹⁹ Full wording of mandatory measure is: The percentage of customer service requests relating to roads & footpaths to which the territorial authority responds within the time frame specified in the long term plan.

²⁰ Urban roads defined as those with a speed limit of 70 kilometers or less.

Activity	The service we provide	How we measure success	Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
	promoted.	one side.				

Statement of Cost of Service

		2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
	Notes			
REVENUE				
Fees, charges and NZTA subsidy	1	6,765	7,106	6,591
TOTAL REVENUE		6,765	7,106	6,591
OPERATING EXPENDITURE				
Depreciation and Amortisation	2	8,613	8,901	10,076
Activity Expenses	3	7,960	7,337	10,112
Internal charges and Overheads		1,165	1,388	1,432
Finance Costs		1,116	371	289
TOTAL EXPENDITURE		18,854	17,997	21,909
OPERATING NET COST OF SERVICE		(12,089)	(10,891)	(15,318)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		11,374	15,044	11,284
Vested Assets	4	1,675	9,413	13,010
Debt Repayment (Internal)		1,435	1,399	1,399
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		14,484	25,856	25,693

Explanation of significant costs of service variances between LTP and Actual

1. Delays in completing the capital programme have resulted in less subsidy received in 2015/16, this funding can be carried forward to 2016/17.
2. Depreciation more than budget due to impact of 2014/15 revaluation.
3. Activity expenses higher than budget due to loss on disposal of assets.
4. The amount of roading infrastructure assets gifted from developers was \$3.6 million higher than budget this relates to vested assets from the New Zealand Transport Agency in relation to the Cambridge Bypass.

Capital Expenditure Table

		2014/15 Long-term Plan Notes \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
To Meet Additional Demand				
Cambridge North Capital Projects	1	1,067	4,519	2,100
Urban Upgrades - Development Related		53	50	54
Total Capital Expenditure to Meet Additional Demand		1,120	4,569	2,154
To Improve Level of Service				
Seal Extensions		517	500	607
New Footpaths		144	39	51
Car Park Improvements		80	80	4
Town Concept Plans Implementation		320	500	582
Victoria Road, Cambridge - Interchange Contribution		427	-	-
Passenger Transport Infrastructure		16	10	-
Street Light Improvements		213	438	392
Cycling Projects District Wide	2	53	350	-
Associated & Minor Improvements	3	913	1,160	920
Cambridge Bypass Roading Improvements		107	100	51
CBD Accessibility Improvements		-	100	3
Shakespeare St/Tirau Rd Intersection Upgrade/Fergusson Bridge	4	-	-	334
Cambridge Gateways Project	5	-	100	-
Total Capital Expenditure to Improve Level of Service		2,790	3,377	2,944
To Replace Existing Assets				
Footpath Renewals		320	320	321
Amenity Lighting Renewals		2	2	4
Car Park Renewals		75	74	16
Drainage Renewals	6	234	370	680
Sealed Road Resurfacing		3,201	2,850	2,710
Unsealed Road Metalling		115	100	71
Pavement Rehabilitation	6	3,329	3,000	2,268
Structures Component Renewal	6	109	300	17
Traffic Services Renewals		25	25	25
Guardrail Renewals		54	50	74
Bus Shelter Renewals		-	7	-
Total Capital Expenditure to Replace Existing Assets		7,464	7,098	6,186
TOTAL CAPITAL EXPENDITURE		11,374	15,044	11,284

Explanation of significant capital variances between LTP and Actual

1. Norfolk Drive Extension and Norfolk / Victoria intersection are currently under construction and will be completed by December 2016/17, budget deferred to 2016/17.
2. Work is continuing with Te Awa, Hamilton City Council, Waikato District Council and the New Zealand Transport Agency to confirm the preferred route between Cambridge and Hamilton for the cycleway – this budget has been deferred until the route is agreed.
3. Associated and minor improvements under budget due to delays in Swayne Road, this budget will be carried forward to 2016/17 for completion.

4. Strengthening of Ferguson Bridge was carried forward from 2014/15.
5. Cambridge Gateways will be completed in conjunction with works on Victoria Road, budget deferred to 2016/17.
6. Additional spend in Drainage renewals offset by pavement rehabilitation and structural component renewals. Pavement rehabilitation works under budget due to delays to Peake Road and Swayne Road, these will be completed in 2016/17. Structural component renewals will be completed in 2016/17, this project was delayed in 2015/16 due to the timing of receiving the bridge inspection reports.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Roads and Footpaths

	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,060	7,912	7,537
Targeted rates	5,361	2,328	2,866
Subsidies and grants for operating purposes	2,550	2,721	2,564
Fees and charges	181	22	158
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	14,152	12,983	13,125
Applications of operating funding			
Payments to staff and suppliers	7,054	6,428	5,797
Finance costs	1,116	371	289
Internal charges and overheads applied	1,165	1,388	1,432
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,335	8,187	7,518
Surplus (deficit) of operating funding (A - B)	4,817	4,796	5,607
Sources of capital funding			
Subsidies and grants for capital expenditure	4,035	4,363	3,869
Development and financial contributions	1,203	561	1,000
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,238	4,924	4,869
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,120	4,569	2,154
- to improve the level of service	2,791	3,377	2,944
- to replace existing assets	7,463	7,098	6,186
Increase (decrease) in reserves	(1,319)	(5,324)	(808)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	10,055	9,720	10,476
Surplus (deficit) of capital funding (C - D)	(4,817)	(4,796)	(5,607)
Funding balance ((A - B) + (C - D))	-	-	-

Internal Borrowing Statement

	Opening Balance 1 July 2015 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2016 \$000	Interest \$000
Activity Loans	20,141	(1,399)	1,612	20,354	289
Total	20,141	(1,399)	1,612	20,354	289

Stormwater

What we do

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

Stormwater reticulation systems are necessary for the effective and safe removal of rainfall to appropriate open drains, streams, rivers and lakes. Cambridge, Te Awamutu, Ohaupo, Karāpiro, Pirongia and Kihikihi typically have kerb and channel systems which discharge into stormwater pipes and open channels.

The stormwater systems in the district consist of 141 kilometres of pipes, 2,652 manholes and other related structures such as open drains, streams, swales, soak systems and retention structures.

We are the primary service provider for managing stormwater in urban areas. Council maintains all of Waipa's public rural drains (where these are defined).

Why we do it

To limit the impacts of flooding on the community, and ensure that stormwater discharging to waterways, such as rivers and streams, are free from contaminants.



The level of service we will deliver

The level of was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The Stormwater group of activities contribute to many of the outcomes, but has special links to:

Table 9: Stormwater community outcomes

Goal	Community outcomes
 Economically progressive	<ul style="list-style-type: none">Our services are acknowledged as excellent value for money.
 Environmental and cultural champions	<ul style="list-style-type: none">We are recognised as environmental and cultural leaders.

Identified effects on community wellbeing

Effective stormwater systems are important in managing the effects of high intensity rainfall in urban environments to avoid regular flooding. Some of our stormwater systems were designed in the 1950s and are insufficient to deal with the effects of the higher intensity rainfall events expected with climate change. Improvements to these systems will be built into Council's Long

Term Plans. Stormwater discharges from urban and industrial areas into rivers can also have potentially negative consequences for environmental wellbeing, for example from oil or diesel spills. Fortunately there have been few of these events. Council looks to manage these by working closely with the Regional Council, investigating any spills and implementing best practice designs for stormwater infrastructure including filtration devices, swales and detention dams.

Statement of Service Performance: Stormwater

What to expect from us:

- We manage stormwater to limit unwanted impacts of flooding on our community and its effects on the environment.

Tracking against service performance measures:

Table 10: Stormwater performance measures

Activity	The service we provide	How we measure success	Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment	
Stormwater	Stormwater is managed to minimise flooding and environmental impact in a way that is most cost-effective.	The number of complaints received about the performance of the stormwater system. ²¹	Not previously measured ²²	<10	5.7	Achieved.	
		Compliance with the resource consents for discharge from the stormwater system. ²³	Number of Abatement notices.	0	0	0	Achieved.
			Number of Infringement notices.	0	0	0	Achieved.
			Number of Enforcement orders.	0	0	0	Achieved.
			Number of	0	0	0	Achieved.

²¹ Full wording of mandatory measure is: The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.

²² For 2014/15 this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

²³ Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices; and (b) infringement notices; and (c) enforcement orders; (d) successful convictions, received by the territorial authority in relation to those resource consents

Activity	The service we provide	How we measure success	Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		Convictions.				
		The number of flooding events in the district. ²⁴	Not previously measured	<5	0	Achieved.
		For each flooding event , the number of habitable floors affected. ²⁵	Not previously measured	<10	0	Achieved.
	Council is responsive during heavy rainfall events.	The median response time (hours) to attend a flooding event from the time that notification is received. ²⁶	Not previously measured	2	No flooding events	No flooding events.

²⁴ Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

²⁵ Full wording of mandatory measure is: For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the territorial authority's stormwater system).

²⁶ Full wording of mandatory measure is: The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.

Statement of Cost of Service

	2014/15 Long-term Plan Notes \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
OPERATING EXPENDITURE			
Depreciation and Amortisation	1,070	1,087	1,076
Activity Expenses	853	1,370	1,253
Internal charges and Overheads	324	366	307
Finance Costs	293	10	10
TOTAL EXPENDITURE	2,540	2,833	2,646
OPERATING NET COST OF SERVICE			
	(2,540)	(2,833)	(2,646)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	2,702	4,859	2,186
Vested Assets	1 624	540	1,160
Debt Repayment (Internal)	2 66	26	382
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	3,392	5,425	3,728

Explanation of significant costs of service variances between LTP and Actual

1. Increase in vested assets due to the timing of recognition of assets in the St Kilda and Cambridge Park developments.
2. Additional repayment on stormwater loan from depreciation not required for capital work in the 2015/16 year.

Capital Expenditure Table

		2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge Deferred Residential Stormwater Works	1	1,903	3,994	1,725
Total Capital Expenditure to Meet Additional Demand		1,903	3,994	1,725
To Improve Level of Service				
Cambridge Deferred Residential - Western Catchment Remedial Works	2	-	665	-
Stormwater Modelling		174	-	-
Total Capital Expenditure to Improve Level of Service		174	665	-
To Replace Existing Assets				
Renewals	3	571	200	461
Pipe Condition and Assessment		54	-	-
Total Capital Expenditure to Replace Existing Assets		625	200	461
TOTAL CAPITAL EXPENDITURE		2,702	4,859	2,186

Explanation of significant capital expenditure variances between LTP and Actual

- Delays to the start of construction has meant that work will be continued in 2016/17, there are also approximately \$360,000 of savings on the Norfolk Road Trunk Reticulation project as a result of efficiencies in scope during detail design and lower than anticipated construction prices for the developer portion of Norfolk Drive.
- The budget for Cambridge western catchment remedial works will be deferred until 2024/25 as the actual diversion of flows from the present development area cannot occur until the full western storm water solution is implemented.
- Renewals higher than budget due to capital work done on the Stormwater maintenance contract, this offsets a reduction in operating expenditure.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Stormwater

	2014/15 Long-term Plan \$000	2015/16 Long-term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	100	151	151
Targeted rates	2,381	2,632	2,651
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	2,481	2,783	2,802
Applications of operating funding			
Payments to staff and suppliers	792	1,310	1,129
Finance costs	293	10	10
Internal charges and overheads applied	324	366	307
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,409	1,686	1,446
Surplus (deficit) of operating funding (A - B)	1,072	1,097	1,356
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	289	1,130	126
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	289	1,130	126
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,903	3,994	1,725
- to improve the level of service	174	665	-
- to replace existing assets	625	200	461
Increase (decrease) in reserves	(1,341)	(2,632)	(704)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,361	2,227	1,482
Surplus (deficit) of capital funding (C - D)	(1,072)	(1,097)	(1,356)
Funding balance ((A - B) + (C - D))	-	-	-

Internal Borrowing Statement

	Opening Balance 1 July 2015 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2016 \$000	Interest \$000
Activity Loans	693	(382)	-	311	10
Total	693	(382)	-	311	10

Wastewater Treatment and Disposal

What we do

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

Wastewater from toilets, laundries, kitchens, bathrooms and trade waste is collected in Cambridge, Karāpiro village, Te Awamutu and Kihikihi, then piped to the treatment plants.

We are responsible for ensuring wastes are treated and disposed of in a way that minimises potential harm to the environment, consistent with the requirements of Waikato Regional Council resource consents, legislation and our sustainable development approach.

We operate two wastewater plants, one at Te Awamutu and one at Cambridge. We are responsible for maintaining the wastewater network which comprises wastewater pipes and pump stations.

Why we do it

A safe, effective and reliable system for managing wastewater in urban areas is a basic requirement for maintaining public health and protecting land and waterways from contamination.



The level of service we will deliver

The level of service was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The wastewater treatment and disposal group of activities contributes to many of the community outcomes, but has special links to:

Table 11: Wastewater treatment and disposal community outcomes

Goals	Community outcomes
 Economically progressive	<ul style="list-style-type: none">Our services are acknowledged as excellent value for money.
 Environmental and cultural champions	<ul style="list-style-type: none">We are recognised as environmental and cultural leaders.

Identified effects on community wellbeing

Wastewater treatment and disposal is a cornerstone of public health. The Cambridge Wastewater Treatment Plant continues to record significant noncompliance with its resource consent. An upgrade to the plant is planned to improve the quality of the discharge and provide capacity for the growth of Cambridge. We are currently working with the National Institute of Water and Atmospheric Research (NIWA) to determine if a more cost effective approach to this upgrade can

be undertaken through the use of an Enhanced Pond System. Some issues of minor non-compliance were recorded at Te Awamutu but overall the plant achieved a high level of compliance. Upgrade works for increased capacity at the Plant are planned. Odour issues in part of Cambridge resulted in customers calls during the Summer, the situation is being monitored.

Statement of Service Performance: Wastewater treatment and disposal

What can you expect from us:

- We provide a reliable wastewater system that supports community health and minimises impacts on the environment.

Tracking against service performance measures:

Table 12: Wastewater treatment and disposal performance measures

Activity	The service we provide	How we measure success	Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment	
Wastewater	Wastewater is managed to minimise environmental impact in a way that is most cost-effective	The number of dry weather sewerage overflows. ²⁷	Not previously measured ²⁸	<5	0.33	Achieved.	
		Compliance with consents for discharge from the sewerage system. ²⁹	Number of Abatement notices.	0	0	0	Achieved.
			Number of Infringement notices.	0	0	0	Achieved.
			Number of Enforcement orders.	0	0	0	Achieved.
			Number of Convictions.	0	0	0	Achieved.

²⁷ Full wording of mandatory measure is: The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.

²⁸ For 2014/15 this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

²⁹ Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices, (b) infringement notices, (c) enforcement orders, (d) convictions received by the territorial authority in relation to those resource consents

Activity	The service we provide	How we measure success		Actual for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		The median response time for call-outs in response to a sewerage overflow. ³⁰	The time (hours) from notification for service personnel to reach the site.	Not previously measured	2	0.43	Achieved.
			The time (hours) from notification to resolution of a blockage or other fault.	Not previously measured	6	2.2	Achieved.
		The number of complaints received about any of the following: odour, system faults, blockages, and the response time to any of these issue. ³¹		Not previously measured ³²	<15	3.7	Achieved.

³⁰ Full wording of mandatory measure is: Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, (b) Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault

³¹ Full wording of mandatory measure is: The total number of complaints received by the territorial authority about any of the following (expressed per 1000 connections to the territorial authority's sewerage system): Sewerage odour, sewerage system faults, sewerage system blockages, territorial authority's response to issues with its sewerage system.

³² For 2014/15 this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

Statement of Cost of Service

		2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
	Notes			
REVENUE				
Fees and Charges		503	469	483
TOTAL REVENUE		503	469	483
OPERATING EXPENDITURE				
Depreciation and Amortisation	1	3,333	3,100	2,735
Activity Expenses	2	2,279	2,696	2,259
Internal charges and Overheads		981	855	766
Finance Costs		154	6	-
TOTAL EXPENDITURE		6,747	6,657	5,760
OPERATING NET COST OF SERVICE		(6,244)	(6,188)	(5,277)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		2,653	3,426	2,338
Vested Assets	3	344	257	899
Debt Repayment (Internal)	4	5	327	-
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		3,002	4,010	3,237

Explanation of significant costs of service variances between LTP and Actual

1. Depreciation less than budget due to impact of 2014/15 revaluation.
2. Salary costs and condition assessment costs lower than budget largely due to the restructure of the Water Services area.
3. Increase in vested assets due to the timing of recognition of assets in the St Kilda and Cambridge Park developments.
4. Wastewater did not require internal loans in 2014/15, therefore no repayments in 2015/16.

Capital Expenditure Table

		2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Deferred Residential		-	352	171
Cambridge Wastewater Pipe Upgrades	1	-	910	33
Te Awamutu Wastewater Pipe Upgrades	2	-	564	305
Total Capital Expenditure to Meet Additional Demand		-	1,826	509
To Improve Level of Service				
Cambridge Wastewater Treatment Plant Upgrade	3	-	-	580
Te Awamutu Wastewater Treatment Plant Upgrade		161	-	41
Te Awamutu South Construction Plan (T7)		-	-	
Total Capital Expenditure to Improve Level of Service		161	-	621
To Replace Existing Assets				
Renewals		2,045	650	577
Cambridge Pipe Bridge	4	-	507	245
Cambridge WWTP Perimeter Fencing	5	-	250	121
Plant and Pumps		315	193	265
Pipe Condition Assessments & infiltration Study		132	-	-
Total Capital Expenditure to Replace Existing Assets		2,492	1,600	1,208
TOTAL CAPITAL EXPENDITURE		2,653	3,426	2,338

Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge wastewater pipe upgrades (St Kilda rising main) – the design for this project is complete and will proceed once the Norfolk Drive Extension has been completed to minimise impact on traffic flows, the budget has been deferred to 2016/17 Annual Plan.
2. Te Awamutu Wastewater pipe upgrades – this contract was started in 2015/16 and will be completed in August 2016.
3. Cambridge Wastewater Treatment Plant Anaerobic Pond Cover – this project was carried forward from 2014/15 for completion of the cover. The installation of the cover is part of the agreement with National Institute of Water and Atmospheric Research (NIWA).
4. Cambridge Upgrade Pipe Bridge – investigation and design of the pipe bridge upgrade is well underway with construction scheduled to commence in 2016/17, the balance of this budget has been deferred to 2016/17.
5. Cambridge Wastewater Treatment Plant Perimeter Fencing – the 2015-25 Long term plan allowed for 2.8km of fencing, after further scoping this has been reduced to 1km, the reduction in length has provided an overall budget saving.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Wastewater Treatment and Disposal

	2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	351	463	461
Targeted rates	5,916	6,023	6,121
Subsidies and grants for operating purposes	-	-	-
Fees and charges	503	469	483
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	6,770	6,955	7,065
Applications of operating funding			
Payments to staff and suppliers	2,187	2,603	2,120
Finance costs	154	6	-
Internal charges and overheads applied	981	855	766
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,322	3,464	2,886
Surplus (deficit) of operating funding (A - B)	3,448	3,491	4,179
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	434	831	1,167
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	434	831	1,167
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	1,826	509
- to improve the level of service	172	-	621
- to replace existing assets	2,481	1,600	1,208
Increase (decrease) in reserves	1,229	896	3,008
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3,882	4,322	5,346
Surplus (deficit) of capital funding (C - D)	(3,448)	(3,491)	(4,179)
Funding balance ((A - B) + (C - D))	-	-	-

There is no internal borrowing in the Wastewater Treatment and Disposal activity.

Water Treatment and Supply

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, Ohaupo, Pukerimu and Karāpiro.

We operate six water treatments plants. We are responsible for maintaining the water network which comprises water pipes, pump stations and reservoirs. Council is working on, and has completed, a substantial amount of work in the recent past (2012-2015) to ensure that the main water storage sites can hold 24 hours of water (as required for emergency situations).

Why we do it

To provide high quality water to the reticulated areas of Waipa.



The level of service we will deliver

The level of service was maintained as planned within this group of activities.

What community outcomes does it contribute to?

The water treatment and supply group of activities contributes to many of the outcomes, but has special links to:

Table 13: Water treatment and supply community outcomes

Goals	Community outcomes
 Economically progressive	▪ We are financially sustainable.
	▪ Our services are acknowledged as excellent value for money.
	▪ Waipa's growth is built on its strengths.
 Socially responsible	▪ Waipa offers an excellent quality of life.

Identified effects on community wellbeing

Water infrastructure is the biggest challenge facing our district over the next 10 to 30 years, particularly given our projected population growth. Over the next decade alone, we'll need to spend more than \$200 million on water, wastewater and stormwater projects.

The demand for water has increased and we are forced to seasonally restrict usage. During the summer, water restrictions were put in place for all district water supplies in response to the hot dry summer conditions. Water Restrictions were lifted on 30th March and this was the first Summer in three years where restrictions did not require alert level three status. Water quality

was constantly monitored during this time. We believe that the safety of the water was not compromised at any time.

In our 10-Year Plan 2015-25, we have planned a significant investment in water supply infrastructure to ensure that we meet the level of service the community can expect. This will also ensure we can meet new demand driven by expected population growth, the New Zealand drinking water standards (by providing for increased storage and upgrading treatment plants), improving water pressure where required and adhering to increased levels of environmental compliance.

Statement of Service Performance: Water treatment and supply

What can you expect from us:

- We provide a reliable supply of water sufficient to meet residential and industry needs which supports district development.

Tracking against service performance measures:

Table 14: Water treatment and supply performance measures

Activity	The service we provide	How we measure success				Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
Water treatment and supply	The community is provided with safe and pleasant drinking water through a reliable piped water system (within specified areas) in a way that is most cost-effective	The extent to which the local authority's drinking water supply complies with the drinking-water standards. ³³	Compliant with bacterial compliance criteria ³⁴ .	Cambridge & Karāpiro.	Treatment plant.	C	NC	NC	<p>The current year's actual target was set as NC on the assumption that Hicks Road is measured against urban standards. However Hicks Road was historically assessed incorrectly; when assessed against small rural supply criteria which is correct it can be classified as compliant.</p> <p>Using this criteria June was the only month that the supply was non compliant. The non compliance was due to a chlorine carry water pump failure over a period of 4 hours.</p> <p>The water from Hicks Rd springs has low risk of bacterial</p>

³³ Full wording of mandatory measure is: The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking water standards (bacteria compliance criteria); and (b) part 5 of the drinking water standards (protozoal compliance criteria).

³⁴ The result will be either 'C' compliant or 'NC' not compliant.

Activity	The service we provide	How we measure success			Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
								contamination and the residences on that supply are on a permanent boil water notice as the supply is also non compliant to the Protozoa requirements. Therefore there was minimal risk to the public during this incident.
				Network zones.	C	C	C	Achieved.
			Te Awamutu & Pirongia.	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
			Kihikihi.	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
			Ohaupo & Pukerimu.	Treatment plant.	C	C	NC	Not Achieved. The Parallel Road Treatment Plant had a short duration of no chlorine going into the supply (18 minutes) in June that was caused by a chlorine dosing system failure. As all of the Pukerimu and Ohaupo supplies are from trickle feed with onsite storage or are

Activity	The service we provide	How we measure success			Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
								<p>supplied through a storage reservoir which would have had adequate chlorine residuals this short term non compliance presented no risk to the public.</p> <p>Council is reviewing monitoring and shut down procedures to stop this happening again.</p>
				Network zones.	C	C	NC	<p>Not Achieved.</p> <p>For the Pukerimu rural zone non-compliance was due to an insufficient number of samples being taken in the last quarter of the year as required by the Drinking-water standards for New Zealand. There was no public health risk.</p>
		Compliant with protozoal compliance criteria.	Cambridge & Karāpiro.	Treatment plant.	NC	NC	NC	<p>Not Achieved.</p> <p>Hicks Road network is noncompliant to the protozoa parameters and will remain non-compliant until the treatment plant is upgraded. This is not a public health risk.</p> <p>In addition a high turbidity event at the Karapiro Water Treatment Plant occurred. As the combined outlet turbidity was not affected there was minimal risk from this incident to the public but unfortunately caused the treatment plant to be non compliant not only for the</p>

Activity	The service we provide	How we measure success			Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
								month but also for the year.
				Network zones.	NC	C	NC	Not Achieved. As Hicks Road TP is non compliant to the protozoal requirements and there was a short term incident at Karapiro TP by default Cambridge and Karapiro Network zones failed for the year.
				Te Awamutu & Pirongia.	NC	C	NC	Not Achieved. The Te Tahi Treatment Plant supply (raw water from the Mangauika stream) has been tested as having low risk of Protozoa contamination but by the requirements of the current drinking water standards any treatment must meet 3 log removal requirements. The term log credits for a treatment process is related to the efficacy of removing protozoa from the source water, passing through that treatment process (es). Water catchment areas are assigned a number of logs e.g. 3, this relates to the likely risk of the source water containing protozoa. The Te Tahi Treatment plant is a direct filtration plant so by the drinking water standards can only achieve 2.5 log removal.

Activity	The service we provide	How we measure success				Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
									<p>Council has a UV unit post treatment at Te Tahi for the plant to achieve the required three log removal.</p> <p>In October and November there were short duration failures of the UV treatment units so the plant was only achieving 2.5 log removal of protozoa.</p> <p>These failures have been investigated and resolved.</p> <p>In May there were issues with online validation equipment that caused Council to not be able to prove that all parameters were being met therefore only able to prove 2.5 log treatment.</p> <p>These issues were again only short term but not enough data was available to meet the reporting requirements even though visually the operator could verify that the UV units were working correctly.</p> <p>All instruments and data validation issues are currently being audited to fix the bugs that are causing these issues.</p> <p>As the Te Tahi Treatment Plant supply has very low risk of protozoa contamination and the difference between 2.5 and 3</p>

Activity	The service we provide	How we measure success			Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
								log treatment is a 0.04% increase in the removal of protozoa the risk to the public was extremely low due to these non compliant incidents.
				Network zones.	NC	C	NC	Not Achieved. Due to the Protozoa non compliance at the Treatment Plant by default the Network Zone is non compliant. As with the Treatment Plant there was minimal to no risk to the public connected to the Te Awamutu and Pirongia water supply network
			Kihikihi .	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
			Ohaupo & Pukerimu.	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.

Activity	The service we provide	How we measure success		Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
		Median response time for call-outs in response to a fault or unplanned interruption to the network. ³⁵	Attendance for urgent call-out from the time of notification. (hours) ³⁶	Not previously measured	2	0.25	Achieved.
			Resolution of urgent call-outs from the time of notification (hours). ³⁷	Not previously measured	6	1.85	Achieved.
			Attendance for non-urgent call-outs from the time of notification (days). ³⁸	Not previously measured	2	0.93	Achieved.
			Resolution of non-urgent call-outs from the time of notification (days). ³⁹	Not previously measured	10	1.02	Achieved.
Water treatment and supply	The community is provided with safe and	The total number of complaints received about any of the following: Drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the response to any of these issues. ⁴⁰		Not previously measured ⁴¹	<30	12.6	Achieved.

³⁵ Full wording of mandatory measure is: Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured:.

³⁶ Full wording of mandatory measure is: Attendance for urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

³⁷ Full wording of mandatory measure is: Resolution of urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

³⁸ Full wording of mandatory measure is: Attendance for non-urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

³⁹ Full wording of mandatory measure is: Resolution of non-urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

⁴⁰ Full wording of the mandatory measure is: The total number of complaints received by the local authority about any of the following (expressed per 1000 connections to the local authority's networked reticulation system): Drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow, continuity of supply, the local authority's response to any of these issues.

⁴¹ For 2014/15 this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

Activity	The service we provide	How we measure success		Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
	pleasant drinking water through a reliable piped water system (within specified areas) in a way that is most cost-effective						
	The supply and demand are managed to ensure prudent use of water.	The percentage of real water loss from the networked reticulation system. ⁴²	Cambridge & Karāpiro.	Not previously measured ⁴³	<15%	14%	Achieved.
			Te Awamutu & Pirongia.	Not previously measured	<15%	12%	Achieved.
			Kihikihi.	Not previously measured	<25%	18%	Achieved.
			Ohaupo & Pukerimu.		<20%	21%	Not Achieved. Due to issues with the telemetry system resulting in two months worth of missing data estimates

⁴² Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system. Note these results are from pre 2013/2014.

⁴³ For all 2014/15 water loss and consumption results this was calculated on a different basis to the 2015-2025 LTP and disclosure of the result would not be comparable

Activity	The service we provide	How we measure success		Results for 2014/15	Target for 2015/16	Actual for 2015/16	Comment
				Not previously measured			in total treatment process loss had to be made this financial year. The estimates made were conservative in nature, which may be contributing to the result being slightly above target. Work is currently underway to resolve the issue and to recapture the missing data.
		The average consumption of drinking water per day per resident. ⁴⁴	Cambridge & Karāpiro.	Not previously measured	250	221	Achieved.
			Te Awamutu & Pirongia.	Not previously measured	250	206	Achieved.
			Kihikihi.	Not previously measured	250	238	Achieved.
			Ohaupo & Pukerimu.	Not previously measured	185	179	Achieved.

⁴⁴ Full wording of the mandatory measure is: The average consumption of drinking water per day per resident within the territorial authority district.

Statement of Cost of Service

		2014/15 Long-term Plan Notes	2015/16 Long- term Plan	2015/16 Actual
		\$000	\$000	\$000
REVENUE				
Fees, charges and targeted rates for water supply	1	5,673	5,935	6,462
TOTAL REVENUE		5,673	5,935	6,462
OPERATING EXPENDITURE				
Depreciation and Amortisation		3,858	3,945	3,882
Activity Expenses		3,975	5,275	5,133
Internal charges and Overheads		915	341	354
Finance Costs		40	-	-
TOTAL EXPENDITURE		8,788	9,561	9,369
OPERATING NET COST OF SERVICE		(3,115)	(3,626)	(2,907)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		3,017	8,104	4,799
Vested Assets	2	602	297	572
Debt Repayment (Internal)		-	28	-
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		3,619	8,429	5,371

Explanation of significant costs of service variances between LTP and Actual

1. Revenue received for metered water higher than budget due to cubic meter cost and actual water usage.
2. Increase in vested assets due to the timing of recognition of assets in the St Kilda and Cambridge Park developments.

Capital Expenditure Table

		2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge Reservoir Renewals & Upgrades		81	-	-
Karapiro Rising Main	1	70	1,452	110
Cambridge North Water Provision		-	98	116
Dedicated Cambridge North Water Main	2	-	250	476
Cambridge North to Hautapu Pipeline		-	-	2
Karapiro Water Treatment Plant Upgrade	3	-	150	279
Cambridge Water Reticulation Active Control		-	70	-
Total Capital Expenditure to Meet Additional Demand		151	2,020	983
To Improve Level of Service				
CB Hicks Rd WTP Upgrade	4	-	2,303	57
Water Main upgrade from Karapiro to Leamington	5	-	-	456
Karapiro Villaeg Solution Construction		-	175	121
Standby Generators for Treatment Plants		-	108	10
District Wide - Zone Identification		338	-	-
Te Tahi Consent Compliance - Installation of New Plant		-	67	6
Pukerimu Water Supply - Upgrade Supply to Airport	6	-	151	-
Frontier Road Production Bore and Treatment Plant	7	-	-	848
Drinking Water Compliance		323	5	129
Investigation of New Water Sources Te Awamutu	7	-	600	409
Water Meters - New and Replacement	8	402	766	184
Total Capital Expenditure to Improve Level of Service		1,063	4,175	2,220
To Replace Existing Assets				
Renewals		304	178	310
District Wide Pipe Replacements and Upgrades		892	-	-
District Wide Main Replacement Criticality 1	9	-	1,600	1,132
District Wide Rider Main Installation		-	131	154
Replacement of Pukerimu Piping		591	-	-
DW Reservoirs Investigation & Condition Assessment		16	-	-
Total Capital Expenditure to Replace Existing Assets		1,803	1,909	1,596
TOTAL CAPITAL EXPENDITURE		3,017	8,104	4,799

Explanation of significant capital expenditure variances between LTP and Actual

1. Karapiro Rising Main – due to land access agreements and issues around the consent, construction has been delayed and will commence in the 2016/17 year, the budget has been deferred to 2016/17.
2. Dedicated Cambridge North Water Main – the 2015-25 LTP allowed for installation of a new watermain pipe to provide additional water to Cambridge North. Further modelling has been done to look at how this watermain will affect the water pressure and has shown that the pipe alone will not make a difference to the water pressure, so instead of installation of the watermain other improvements were undertaken including automatic

valves and a new pump. The budget from year two of \$326,000 was brought forward to 2015/16 to allow completion of the work. The watermain will be deferred until 2018/19.

3. Karapiro Water Treatment Plant Upgrade – the design of this project progressed further than anticipated and part of the 2016/17 budget was brought forward.
4. Hicks Road Water Treatment Plant Upgrade – as per resolution at the Service Delivery Committee in February 2016 further investigation on this project will be undertaken, the budget has been deferred to 2016/17.
5. Water Main Upgrade from Karapiro to Leamington – carry forward from 2014/15 for completion.
6. Pukerimu Water Supply – Upgrade Supply to Airport – this project is triggered by growth at the airport, the amount of water currently being provided is considered to be sufficient and the earliest this work will now be required is in the 2017/18 year.
7. During the year investigations on new water sources for Te Awamutu continued resulting in four bore sites being investigated and tested, Frontier Road, Te Tahī and Taylors and Picquet Hill. The Frontier Road bore was successful and a production bore and treatment plant has been developed for a municipal water supply. Investigations will continue during 2016/17.
8. The contract for installation of water meters across the district will commence in August 2016.
9. Contract prices for main replacements came in significantly under budget.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Water Treatment and Supply

	2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	408	590	589
Targeted rates	3,991	4,159	4,124
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,673	5,935	6,462
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	10,072	10,684	11,175
Applications of operating funding			
Payments to staff and suppliers	3,857	5,155	4,744
Finance costs	40	-	-
Internal charges and overheads applied	915	341	354
Other operating funding applications	7	5	5
Total applications of operating funding (B)	4,819	5,501	5,103
Surplus (deficit) of operating funding (A - B)	5,253	5,183	6,072
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	286	615	1,049
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	286	615	1,049
Applications of capital funding			
Capital expenditure			
- to meet additional demand	152	2,020	983
- to improve the level of service	1,062	4,175	2,220
- to replace existing assets	1,803	1,909	1,596
Increase (decrease) in reserves	2,522	(2,306)	2,322
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5,539	5,798	7,121
Surplus (deficit) of capital funding (C - D)	(5,253)	(5,183)	(6,072)
Funding balance ((A - B) + (C - D))	-	-	-

There is no internal borrowing in the Water Treatment and Supply activity.

Support Services

What we do

Support services provide a range of specialist skills and services to support the delivery of our services, including customer support, financial management, human resources, information services, legal and corporate support, organisational development, and property management.

Provide specialist skills and services to support the delivery of Council services.


Why we do it

To support the organisation in effectively and efficiently delivering services.

What community outcomes does it contribute to?

The support services group of activities contributes to many of the outcomes, but has special links to:

Table 15: Support services community outcomes

Goals	Community outcomes
 Socially responsible	<ul style="list-style-type: none">▪ We give back to the community.

Statement of Support services

What to expect from us:

We provide a responsive customer support service to our community.

Tracking against service performance measures:

Table 16: Support services performance measures

Activity	The service we provide	How we measure success	Results for 2014/2015	Target for 2015/16	Actual for 2015/16	Comment
Support Services	The community has enquiries completed at first resolution provided by Customer Support.	Percentage of query calls received by Customer Support resolved at the time.	Not previously measured. ⁴⁵	75%	71.04%	Not Achieved. This is a stretch target. Performance has steadily increased over the year. Focus continues on quality call handling, training and call recording to evaluate areas for continual improvement. This is reflected in the 81.3% above target result which was achieved for the final month of the year (June).
		Percentage of walk in queries received by Customer Support resolved at the time.	Not previously measured.	80%	98.05%	Achieved.

⁴⁵ From 2015/2016 this will include the closure of calls assigned to external contractors which were not previously included in reporting.

Statement of Cost of Service

		2014/15 Long-term Plan	2015/16 Long- term Plan	2015/16 Actual
	Notes	\$000	\$000	\$000
REVENUE				
Fees and Charges		29	7	45
TOTAL REVENUE		29	7	45
OPERATING EXPENDITURE				
Employee Related Expenses	1	5,501	6,150	5,431
Depreciation and Amortisation	2	1,425	1,060	878
Activity Expenses	3	3,894	3,037	2,639
Finance Costs	4	(31)	185	49
TOTAL EXPENDITURE		10,789	10,432	8,997
OPERATING NET COST OF SERVICE		(10,760)	(10,425)	(8,952)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		2,294	2,195	1,069
Debt Repayment		601	298	298
TOTAL CAPITAL EXPENDITURE		2,895	2,493	1,367

Explanation of significant costs of service variances between LTP and Actual

- Salaries are less than budget due to the timing of filling vacant positions and the transfer of salary expenses from the Asset Management team to other activities as a result of restructure of Water Services.
- Depreciation on computer hardware, software and plant is lower due to the capital work costs being less than anticipated in prior years.
- Savings across all activities within Support Services, the biggest savings were for costs budgeted for Council Occupied Buildings, these were significantly lower than anticipated.
- Finance costs lower than budget due to there not being any requirement to take out additional loans.

Capital Expenditure Table

		2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
	Notes			
To Improve Level of Service				
Buildings	1	831	803	-
Web Strategy		160	-	-
Aerial Photography		-	-	28
Computer Hardware Upgrades		42	50	-
Computer Software Upgrades		341	-	-
Total to Improve Level of Service		1,374	853	28
To Replace Existing Assets				
Plant	2	485	549	721
Buildings		23	-	27
Carparks Renewals		-	-	-
Computer Hardware Renewals	3	348	433	243
Computer Software Renewals	3	64	360	50
Total to Replace Existing Assets		920	1,342	1,041
TOTAL CAPITAL EXPENDITURE		2,294	2,195	1,069

Explanation of significant capital expenditure variances between LTP and Actual

1. Deferral of the proposed new Animal Control Pound to 2016/17.
2. Replacement of vehicles higher than budget, the additional expenditure has been funded from the sale proceeds of the replaced vehicles and carry forward of prior year underspent vehicle replacement budgets.
3. Savings in software upgrades and hardware renewals. Budgeted spend on software procurement has been superseded by software subscription services using cloud software.

Waipa District Council Funding Impact Statement for Year Ended 30 June 2016 for Support Services

	2014/15 Long-term Plan \$000	2015/16 Long- term Plan \$000	2015/16 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	386	293	213
Targeted rates	-	-	80
Subsidies and grants for operating purposes	-	-	-
Fees and charges	29	7	45
Internal charges and overheads recovered	11,072	10,385	9,146
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	11,487	10,685	9,484
Applications of operating funding			
Payments to staff and suppliers	9,388	9,187	8,126
Finance costs	(31)	185	49
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,357	9,372	8,175
Surplus (deficit) of operating funding (A - B)	2,130	1,313	1,309
Sources of capital funding			
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	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,374	853	28
- to replace existing assets	920	1,342	1,041
Increase (decrease) in reserves	(164)	(882)	240
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,130	1,313	1,309
Surplus (deficit) of capital funding (C - D)	(2,130)	(1,313)	(1,309)
Funding balance ((A - B) + (C - D))	-	-	-

Internal Borrowing Statement

	Opening Balance 1 July 2015 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2016 \$000	Interest \$000
Activity Loans	2,808	(298)	27	2,537	105
Development Contribution Loans	6,785	(1,450)	2,751	8,086	99
Total	9,593	(1,748)	2,778	10,623	204

Involvement in Council Controlled Organisations and Council Organisations

The Local Government Act 2002 requires the council to include in the Annual Report information on Council controlled and Council organisations in which it is a stakeholder. In particular, the council must include:

- Its significant policies and objectives regarding ownership and control of the organisation.
- The nature and scope of the activities to be provided by the organisation.
- The key performance targets and other measures by which performance may be judged.

We are a shareholder in four organisations that are classified as council controlled organisations as defined by the Local Government Act 2002. The organisations are:

- Waikato Regional Airport Limited, also known as Hamilton International Airport.
- Local Government Funding Agency Limited.
- New Zealand Local Government Insurance Corporation, also known as Civic Assurance.
- Local Authority Shared Services Limited.

Waikato Regional Airport Limited

Waikato Regional Airport Limited (Hamilton International Airport) is jointly owned by five local authorities – Hamilton City, Waipa District, Waikato District, Matamata-Piako District and Otorohanga District Councils.

Waipa District Council's shareholding is 15.625 percent.

Corporate Mission

The mission of Waikato Regional Airport Limited is to operate a successful commercial business providing safe, appropriate and efficient services for the transportation of people and freight in and out of Hamilton Airport.

Goal

The retention of the Airport as a major infrastructural facility is important to the Waikato economy.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

Nature and Scope of Activities to be Undertaken as per 2015/16 Statement of Intent

Operate an efficient and compliant airport

- Operate a safe, secure and compliant airport by providing for essential projects together with any compliance expenditure warranted.

Enhance the traveler experience

- Maximise traveller satisfaction and airport experience.

Maintain a viable aeronautical business

- Identify opportunities to develop new, and expand existing, domestic passenger services.
- Promote development and growth of the general aviation sector.
- Protect future aeronautical opportunities by completing the runway designation, to allow the main runway to be extended up to 2984m when supported by an appropriate business case.
- Position the airport as an efficient, cost effective international port of arrival for private, corporate and medial aircraft.

Maximise revenue diversification through non-aeronautical business opportunities

- Support the development of land within the bounds of a sound strategic approach to long term planning for the airport precinct.
- Identify and market for lease all available surplus airport-owned land.

Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation

- Knowledge and capable, high performing and appropriately resourced management team to ensure sound reporting and accountability, and delivery of the strategic plan.

Capital Expenditure

- Planned major capital expenditure included in the 3 year forecast is 2016: \$1,430k; 2017: \$650k; 2018: \$670k. Included in the 2016 year is \$1.13m for the completion of the runway designation.

Strategic Activities

Key activities for the 2015/16 year are:

- Optimise domestic passenger services
- Completion of runway designation appeal process
- Maximise property lease income
- Completion of review of Titanium Park Joint Venture

Dividend policy

In view of the priority to reduce debt, and as agreed by Shareholders, the Directors propose to recommend that no dividend be paid for the next three years and that the dividend payment decisions for subsequent years are determined at the annual general meeting each year.

Performance Targets as per 2015/16 Statement of Intent

The following annual performance targets exclude any Titanium Park land sales.

	Year ended 30 June		
	2016	2017	2018
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	\$2.061m	\$1.903m	\$1.872m
Net Surplus after Tax	\$421k	\$701k	\$760k
Net profit after tax to average shareholders' funds	-1%	-1%	-1%
Net profit after tax to total assets	-1%	-1%	-1%
Net cash flow (operating and investing)	-\$632k	\$28k	\$101k
Total Liabilities/Shareholder Funds: (Debt/Equity Ratio).	25:75	25:75	24:76

Applicable to Parent company (Airport) operations only

	Year ended 30 June		
	2016	2017	2018
Percentage of non-landing charges revenue	64%	64%	64%
Interest cover <i>The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt</i>	2.86x	2.76x	3.00x

Performance Results as per 2015/16 Annual Report

This information was not available at the time of publication of Waipa District Council's 2015/16 Annual Report. The 2015/16 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisations website in October 2016.

New Zealand Local Government Funding Agency Limited

The New Zealand Local Government Funding Agency Limited, which is a council controlled trading organisation, has been established by the Local Government sector and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

The New Zealand Local Government Funding Agency Limited will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities and may undertake any other activities considered by the Board of Local Government Funding Agency Limited to be reasonably related or incidental to, or in connection with, that business.

The New Zealand Local Government Funding Agency Limited will only lend to local authorities that enter into all the relevant arrangements with it and comply with the New Zealand Local Government Funding Agency Limited's lending policies.

The main objectives of the New Zealand Local Government Funding Agency Limited will be to:

- Achieve the objectives and performance targets of the shareholders in the New Zealand Local Government Funding Agency Limited (both commercial and non-commercial);
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;
- Conduct its affairs in accordance with sound business practice;
- Providing savings in annual interest costs for all Participating Local Authorities;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of New Zealand Local Government Funding Agency Limited.

Nature and Scope of Activities to be Undertaken as per 2015/16 Statement of Intent

The New Zealand Local Government Funding Agency Limited will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of New Zealand Local Government Funding Agency Limited to be reasonably related or incidentally to, or in connection with, that business.

The New Zealand Local Government Funding Agency Limited will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the New Zealand Local Government Funding Agency Limited's lending policies.

Dividend policy

The New Zealand Local Government Funding Agency Limited will seek to maximise benefits to Participating Local Authorities as Borrowers rather than shareholders. Consequently it is intended to pay a limited dividend to shareholders.

The board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to Local Government Funding Agency Limited cost of funds plus 2.00 percent over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

Performance Targets as per 2015/16 Statement of Intent

New Zealand Local Government Funding Agency Limited has the following performance targets:

- New Zealand Local Government Funding Agency Limited's average cost of funds on debt issued relative to the average cost of funds for New Zealand Government Securities for the 12 month period to:
 - 30 June 2016 will be less than 0.50% higher
 - 30 June 2017 will be less than 0.50% higher
 - 30 June 2018 will be less than 0.50% higher
- The average margin above New Zealand Local Government Funding Agency Limited's cost of funds charged to the highest rated Participating Local Authorities for the period to:
 - 30 June 2016 will be no more than 0.10%
 - 30 June 2017 will be no more than 0.10%
 - 30 June 2018 will be no more than 0.10%

In relation to the 2015/16 financial year, the 5 bps reduction (to 10 bps) in base margin on long dated borrowing is in line with the projected reduction outlined in the previous 2014/15 Statement of Intent.

Although issuance and operating expenses are forecast to rise, New Zealand Local Government Funding Agency Limited's financial position is expected to be sufficiently strong to enable a reduction in the base margin per the targets above, subject to shareholder consultation on future options for capital structure and the liquidity facility.

- New Zealand Local Government Funding Agency Limited's annual issuance and operating expenses for the period to:
 - 30 June 2016 will be less than \$5.94 million
 - 30 June 2017 will be less than \$6.88 million
 - 30 June 2018 will be less than \$7.43 million
- Total lending to Participating Local Authorities at:
 - 30 June 2016 will be at least \$5,885 million
 - 30 June 2017 will be at least 7,095 million
 - 30 June 2018 will be at least \$7,735 million

- Savings on borrowing cost for council borrowers:
 - New Zealand Local Government Funding Agency Limited will demonstrate the savings to council borrowers achieved in the relevant financial year and compared to previous financial years.

Performance Results as per 2015/16 Annual Report

This information was not available at the time of publication of Waipa District Council's 2015/16 Annual Report. The 2015/16 Annual Report of Local Government Funding Agency is expected to be published on that organisation's website in October.

New Zealand Local Government Insurance Corporation

The New Zealand Local Government Insurance Corporation is wholly owned by New Zealand city, district and regional councils. It provides a range of products and services to prevent loss and manage risk.

Waipa District Council's shareholding is 1.1 percent.

Mission Statement

To provide insurance, risk-financing and superannuation solutions to the local government sector.

Corporate Goals

The specific goals of the New Zealand Local Government Insurance Corporation are:

- To operate as a sound and successful business.
- To be the primary supplier of insurance, risk-financing and superannuation services to the Local Government sector.
- To investigate and facilitate as appropriate, new products and markets in insurance, risk-financing and superannuation.
- To regain a claims paying ability rating of A- or better.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of New Zealand Local Government Insurance Corporation.

Profits, Dividend Policy and Projections

The Company historically has three main sources of revenue: insurance premiums, investment income, and fees from providing administration and accounting services. The profit outlook is as follows:

Profits from providing insurance

These will take a while to rebuild following the Company's withdrawal from the property insurance market after it was unable to secure suitable reinsurance terms for 1 July 2011. The Company intends to re-enter the property insurance market once it has settled its Canterbury earthquake claims.

Profits from investment income

An environment of lower interest rates and investment returns inevitably means less investment income. Civic's investment return is strongly influenced by the investment performance of its nine-story office block at 114 Lambton Quay, Wellington.

Profits from providing administration and accounting services

The fee income generated contributes significantly to Civic's overheads. This source of revenue will continue to increase as the SuperEasy funds under management continues to increase.

Until such time that Civic has re-established itself as a local government property underwriter, it is not meaningful to provide financial projections.

Nature and Scope of Activities as per 2015 Statement of Intent

Civic’s primary role is to provide insurance, risk-financing and superannuation services to the local government sector.

- For traditional insurance, the Company has always offered and intends to offer in the future:
 - Competitive prices.
 - An honest and fair process for managing claims.
 - Products from which the profits are returned to the sector through the Company’s local government shareholders.
- The Company provides administration, reinsurance, accounting, and a range of other services to Civic Property Pool, Riskpool and LAPP.
- The Company provides superannuation services for Local Government and Local Government staff via SuperEasy and SuperEasy KiwiSaver.
- The Company investigates and facilitates as appropriate new insurance, risk-financing and superannuation services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- In a modest and selective way the Company provides sponsorship for a range of local government activities at regional and national level.

Performance Results as per 2015 Annual Report

Performance Target as per 2015 Statement of Intent	Result
Annual claims paying ability rating by AM Best of ‘A- (Excellent)’.	Not achieved – result ‘B+, negative outlook’. The primary reason for the Company not meeting performance targets is due to the flow on effects of the Canterbury Earthquakes on 22 February 2011 and 13 June 2011.

Local Authority Shared Services Limited

Shareholders

Local Authority Shared Services Limited is jointly owned by 12 local authorities.

- Waikato Regional Council
- Hamilton City Council
- Hauraki District Council
- Matamata-Piako District Council
- Otorohanga District Council
- Rotorua District Council
- South Waikato District Council
- Taupo District Council
- Thames-Coromandel District Council
- Waikato District Council
- Waipa District Council
- Waitomo District Council

Background

The local authorities within the boundaries of the Waikato region have adopted shared services as a mechanism for providing back office type services in a coordinated manner across the region to leverage opportunities and deliver benefits. Over the period that Local Authority Shared Services Limited has been operating, the following positive outcomes have been achieved:

- Improved level and quality of service provided through the Shared Valuation Database Service.
- Coordinated approach to the provision of services.
- Reductions in the cost of services.
- Opportunities to develop new initiatives.
- Opportunities for all councils, irrespective of location or size, to benefit from joint initiatives.
- Economies of scale, resulting in cost saving, have been achieved in procurement.

There are two shared services currently operating. The Shared Valuation Data Service provides valuation data services to the councils and has been established to ensure that valuation data is both accurate and current. The Waikato Regional Transport Model has been developed to collect information on traffic type and flows which will be used to develop a transport model for the Waikato region. New services will only be adopted where a business case shows that they provide some form of benefit to the shareholders.

Council Policies and Objectives Relating to Council Controlled Organisations

The Constitution of Local Authorities Shared Services Limited set out the principles and expectations around how the company will be governed and operated. While council has no

formal policies and objectives, it has become a shareholder on the basis that the Local Authority Shared Services Limited will develop products and services of significant benefit to Waipa residents and ratepayers.

Company Objectives

The objective of the Local Authority Shared Services Limited is to provide Waikato region's local authorities with a vehicle to procure shared services. It provides a mechanism for the development of new services which are available to any shareholder that chooses to join. It also provides those councils that wish to develop new services with a company structure under which they can develop and promote services to other local authorities.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Local Authority Shared Services Limited.

Nature and Scope of Activities to be Undertaken as per 2015/16 Statement of Intent

There are currently four major initiatives operating under the LASS umbrella, plus a support role for collaborative workstreams of the Waikato Mayoral Forum.

1. Shared Valuation Data Service (SVDS). This operational system is providing timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database in the region.
2. Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. This Model, provides accurate information to Councils and external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region.
3. Joint Procurement Initiatives. LASS is a party to a number of joint procurement contracts between LASS, shareholding Councils and suppliers.
4. The Waikato Regional Aerial Photography Services (WRAPS). WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. WRAPS became a LASS managed project in December 2014.

The Waikato Mayoral Forum in 2012 enabled the creation of five working parties to investigate collaborative opportunities in the areas of governance structures, planning, three waters, roads and economic development. An additional work stream for bylaws and policies was created in 2013. Each working party is led by a Council CEO in conjunction with a group of Mayors/Chairs from the Waikato Mayoral Forum. LASS is available as a support entity to assist these working parties.

Over the period that the company has been operating benefits have been delivered in the form of:

- Improved level and quality of services
- Co-ordinated approach to the provision of services
- Reductions in the cost of services
- Development of new initiatives
- Opportunities for all Councils (irrespective of their location or size) to benefit from joint initiatives

- Leverage provided from economy of scales resulting from a single entity representing all Councils and leveraging procurement opportunities.

Based on feedback from shareholder Councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at its future meetings. The Directors are mindful of the political environment, and see the investigation of possible future shared services as a key focus of their role.

Performance Results as per 2015/16 Annual Report

The following performance measures were incorporated into the Statement of Intent for the 2015/16 financial year.

TARGET	METHOD	MEASURE	OUTCOME
<p>Procurement</p> <p>Joint procurement initiatives for goods and services for LASS councils will be investigated and implemented.</p>	<p>Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.</p>	<p>A minimum of three new procurement initiatives investigated per annum and business cases developed if considered appropriate.</p> <p>Initiatives which are implemented shall provide financial savings and/or improved service levels to the participating councils.</p>	<p>Achieved. Three new procurement initiatives have been implemented (Laboratory Services (5-year term), IT Professional Services Panel (3-year term, with a 2-year right of renewal), Internal Audit Services (3-year term).</p> <p>Achieved. The Laboratory Services contract is expected to save over \$170,000 p.a. if all of the eligible councils participate.</p> <p>The IT Professional Services Panel provides discounted hourly rates of between 0 – 50% off market rates, averaging 10.4% over the 22 suppliers.</p> <p>The Internal Audit Services contract provides discounted hourly rates of between 25 – 30% off market rates, plus a number of additional, value added services at no cost. The fees will remain unchanged for 3 years.</p>

TARGET	METHOD	MEASURE	OUTCOME
		New suppliers are awarded contracts according to the LASS Financial Delegations Policy.	Achieved. The Laboratory Services contract is an extension of an existing Waikato Regional Council contract, which was originally competitively tendered. Both of the other contracts were publicly tendered and awarded in accordance with the LASS Financial Delegations Policy.
<p>Collaborative Projects</p> <p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	The focus is on shared services which will benefit all councils.	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>	<p>Achieved. Five new collaboration projects were implemented during 2015/16:</p> <ul style="list-style-type: none"> EECA Collaboration Agreement; development of a regional GIS Data Portal; transfer of the Waikato Building Consent group into LASS; the permanent establishment of RATA within LASS; the transfer of Future Proof into LASS. <p>Achieved. All proposals were approved following the consideration of a report to, and a resolution of, the LASS Board.</p>
<p>Existing LASS Contracts</p> <p>Existing contracts are managed and renegotiated as</p>	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are</p>	<p>Achieved. The Contracts Register is up-to-date.</p> <p>Achieved. The NZ Post contract has been extended</p>

TARGET	METHOD	MEASURE	OUTCOME
required.		due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.	for 2 years on the existing terms and conditions.
Cashflow The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly. The LASS Board reviews the financial statements quarterly.	Monthly financial statements show a positive cashflow position.	Achieved. All monthly financial statements showed a positive cashflow. Reports on the financial position were considered at LASS Board meetings on 21 August and 3 November 2015, 15 February, 1 April and 10 June 2016.
Cost Control Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly. The LASS Board reviews financial statements quarterly.	Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.	Achieved. Administration expenditure showed a positive variance of \$54,649 as at 30 June 2016. Reports on the financial position were considered at LASS Board meetings on 21 August and 3 November 2015, and on 15 February, 1 April and 10 June 2016.
Reporting Six monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the LASS Board every meeting. One 6-monthly and one Annual Report are prepared for shareholders.	The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months. Note that every second report shall be the Annual Report, which includes a report that all of the	Achieved. The 2015/16 LASS Annual Report is being provided. The 6-monthly report was sent to all shareholders on 27 January 2016.

TARGET	METHOD	MEASURE	OUTCOME
		statutory requirements of the LASS are being adhered to.	
<p>Waikato Mayoral Forum</p> <p>The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through the LASS.</p> <p>Updates on Mayoral Forum projects shall be co-ordinated by the LASS Chief Executive.</p> <p>Note: The current approved workstreams are:</p> <ul style="list-style-type: none"> • Roding (RATA) • Economic Development • Regulatory Bylaws and Policies • Waters • Waikato Spatial Plan 	<p>The Mayoral Forum is regularly updated on the progress of each approved workstream.</p> <p>Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.</p>	<p>Achieved. Progress reports were provided to the Mayoral Forum on 7 September and 16 November 2015, and 22 February and 18 April 2016.</p> <p>Achieved. All approved invoices were paid by the 20th of the month following their receipt.</p>
<p>Shared Valuation Data Services (SVDS)</p> <p>The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>Contract Manager monitors performance of contractor and reports quarterly to the SVDS Advisory Group.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>All capital enhancement work is supported by a business case and approved by the SVDS Advisory Group.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p>	<p>Achieved. SVDS was available to users for more than 99.5% of normal working hours.</p> <p>Achieved. No capital enhancement work was undertaken during 2015/16.</p> <p>Achieved. The SVDS Advisory Group met five times - on 6 August and 5 November 2015, and on 29 January</p>

TARGET	METHOD	MEASURE	OUTCOME
			(teleconference), 10 March and 2 June 2016.
<p>Waikato Regional Transport Model (WRTM)</p> <p>The WRTM is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for WRTM.</p> <p>Contract Manager monitors performance of the model supplier (currently Traffic Design Group) and reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report by the Contract Manager on any new developments and on the status of the model is provided to the LASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>	<p>Achieved. The model supplier reports quarterly on service performance. All modelling reports were actioned within the agreed timeframe and scope; two projects were under the budget estimate and one was slightly over.</p> <p>Not Achieved. Only one report was provided to the Board, at their meeting on 15 February 2016.</p> <p>Achieved. WRTM Census update base model was completed in August 2015.</p> <p>The Peer reviewer has been engaged from the outset of the project.</p> <p>All technical notes and the base model have been signed off by the peer reviewer.</p> <p>Peer reviewer is scheduled to sign off the Future Models in late 2016.</p>
<p>Shareholder Survey</p> <p>Shareholders are satisfied with the performance of LASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with LASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>	<p>Achieved. A survey was undertaken in May 2016</p>
<p>Review of Benefits</p> <p>Shareholders</p>	<p>The benefits of LASS (including financial and non-financial</p>	<p>Information on the financial and non-financial benefits</p>	<p>Achieved. Information on the achievements of LASS over the past 12 months are</p>

TARGET	METHOD	MEASURE	OUTCOME
are informed of the benefits being provided to shareholding councils by LASS.	achievements) are regularly analysed and reported to shareholders.	being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.	included in this report and as part of these performance measures.

The Annual Report for the above mentioned companies, for the year ended 30 June 2016, will be publicly available in due course.

Abbreviations

Abbreviation	Meaning
ETS	Emissions Trading Scheme
GST	Goods and Services Taxation
LASS	Local Authority Shared Services Limited
LGA	Local Government Act 2002
LGFA	Local Government Funding Agency
NZ GAAP	Generally accepted accounting practice in New Zealand
NZTA	New Zealand Transport Agency
PBE	Public benefit entity
PPE	Property , plant and equipment
SVDS	Shared Valuation Data Service
WRAL	Waikato Regional Airport Limited
WRTM	Waikato Regional Transportation Model

Glossary

Term	Definition
Activity	Services provided by or on behalf of Council.
Amortisation	The reduction of the value of an asset by prorating its cost over a period of years.
Annual Plan	Contains details of Council's action plan for the next financial year, the budget and the level of rates required to fund that spending. It also contains details of any variation from the financial statements and funding impact statement that are included in Council's current 10-Year Plan.
Annual report	Report prepared once a year to assess Council's performance against its objectives, activities, performance targets and budgets as outlined in the 10-Year Plan.
Asset	A resource; Council's asset ownership extends over land, buildings, plant, equipment, forestry and infrastructure such as roads, bridges, footpaths, sewerage schemes, water supply and stormwater reticulation.
Capital Expenditure	Money spent to build or buy a new asset, or to improve the standard of any existing asset.
Community	A group of individuals and organisations that are linked together by some common factor, interest, identity or administrative boundary.
Community Boards	Pass on community concerns and make recommendations to the elected Council and its committees.
Community Outcomes	The outcomes that a local authority aims to achieve for its community and district in the present and for the future.
Community Wellbeing	The overall wellbeing (quality of life) of the community taking into account economic, cultural, social and environmental wellbeing.
Council Controlled Organisations	A company or entity in which one or more local authority has a shareholding of 50% or more, voting rights of 50% or more, or the right to appoint 50% or more of the directors. Section 6(4) of the Local Government Act 2002 details entities which are exceptions.
Development Contributions	Payment from developers to help fund new infrastructure required by growth (as set out in the Local Government Act 2002).
District Plan	Required by the Resource Management Act 1991, it defines how resources and development will be managed by the district. The Plan is based on economic, cultural, social and environmental wellbeing.
Equity	The market value of assets less any liabilities.
Funding Impact Statement	A financial statement that discloses the revenue and financial mechanisms that Council proposes to use.
Future Proof	The term used to refer to the growth strategy that is being prepared for the sub-region. Included in the sub-region are the following authorities – Waipa District Council, Waikato District Council, Waikato Regional Council and Hamilton City Council.
General Rate	A charge calculated using the rateable value of property that is paid to council to fund its general services but not services funded by targeted rate, fees or charges.
Governance	Is how Council engages with the community, oversees the effective and responsible management of resources, delivers services and sets the strategic direction for the district.
Hapū	A cluster of related whanau (extended family), descended from a single ancestor that has collective decision-making rights over its territory.

Term	Definition
Indicator	A measure or combination of measures, either qualitative or quantitative, against which performance or progress can be assessed.
Interest	Interest on bank accounts, overdrafts and debt.
Iwi	Larger than the hapū - A cluster of related hapū, descended from a single ancestor, varying in size.
Levels of Service (LOS)	The extent of a service provided by Council.
Local Authority	A regional, district or city council.
Local Government Act 2002	The legislation that defines the powers and responsibilities of Local Government organisations (regional, city and district councils).
Long Term Plan	Refer to 10-Year Plan.
Ngā Iwi Toopu o Waipa	A representative group of local tangata whenua, made up of mandated hapū representatives appointed by relevant Marae committees.
Operating Costs	These are costs to run the council's services on a day-by-day basis and range from maintenance of infrastructure to staff salaries.
Partnership	This refers to the council's relationship with groups within the community to achieve outcomes. This does not refer to a legal partnership.
Passenger Transport	Can also be referred to as public transport – includes buses.
Rates	Rates are what each property owner pays for the services provided by councils. The charge is set in accordance to the Local Government (Rating) Act 2002.
Renewals	Activities required to upgrade, refurbish or replace current facilities or assets, with facilities or assets of equivalent capability or service potential.
Revenue	Revenue received by the council to fund the services it provides. Revenue sources include – rates; fees and charges for using a particular service; penalties and fines; and grants and subsidies.
Shared service	Waikato Mayoral Forum initiative to share costs across the region where possible through Local Authority Shared Services Limited.
Strategy	A plan of action designed to guide progress towards the long-term vision.
Tangata Whenua	Māori people who belong to a particular area by ancestral connection.
Targeted Rate	A rate that is levied to fund a particular service or facility.
Te Kauhanganui o Waikato	Kauhanganui is made up of marae representatives from throughout the wider region of Tainui with emphasis on those who faced raupatu (land confiscation). Each marae is represented by two delegates, one Kaumatua (elder) and one rangatahi (youth), who are appointed for a set term.
Ward	An administrative and electoral area of the district. There are five wards in our district – Cambridge; Te Awamutu; Pirongia; Maungatautari and Kakepuku.
Vested Assets	An existing right to the immediate or future possession of property, resources, cash, stock and goodwill.
10-Year Plan	A strategic plan, covering at least 10 years, that describes a local authorities activities and the community outcomes of the authority's district or region. A council's 10-Year Plan is the basis for its accountability to the community.

Auditor's Report

Independent Auditor's Report

To the readers of Waipa District Council and group's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Waipa District Council (the District Council) and group. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 35 to 38 and pages 41 to 91:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2016; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 39, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the Groups of Activities on pages 97 to 174:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand;
- the statement about capital expenditure for each group of activities on pages 101 to 172, presents fairly, in all material respects, actual capital expenditure as compared

to the budgeted capital expenditure included in the District Council's Long-term plan; and

- the funding impact statement for each group of activities on pages 102 to 173, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 23 to 30 which are required by the Local Government (Financial Reporting and Prudence Regulations 2014) which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 13 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;

- determining the appropriateness of the reported Groups of Activities within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

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

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

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. In addition to this audit, which includes our report on the Other Requirements, we have carried out assignments in the area of the debenture trust deed, which are compatible with those independence requirements. Other than these assignments we have no relationship with or interests in the District Council or any of its subsidiaries.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand