

ANNUAL REPORT 2017



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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 10-Year Plan 2015-25). 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

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 residents' 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 with the Census cycle.

Resident surveying

Council initiated a new annual resident survey in the 2015-16 year to help Council understand how it is tracking against its 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

- Residents have maintained their high level of pride in the district (73%) and there has been a slight increase in the percentage of residents who are 'very satisfied' with Council's overall performance (39%). Satisfaction is highest in relation to public facilities and infrastructure (65%) and lowest in relation to stormwater, regulatory services and some aspects of roading.

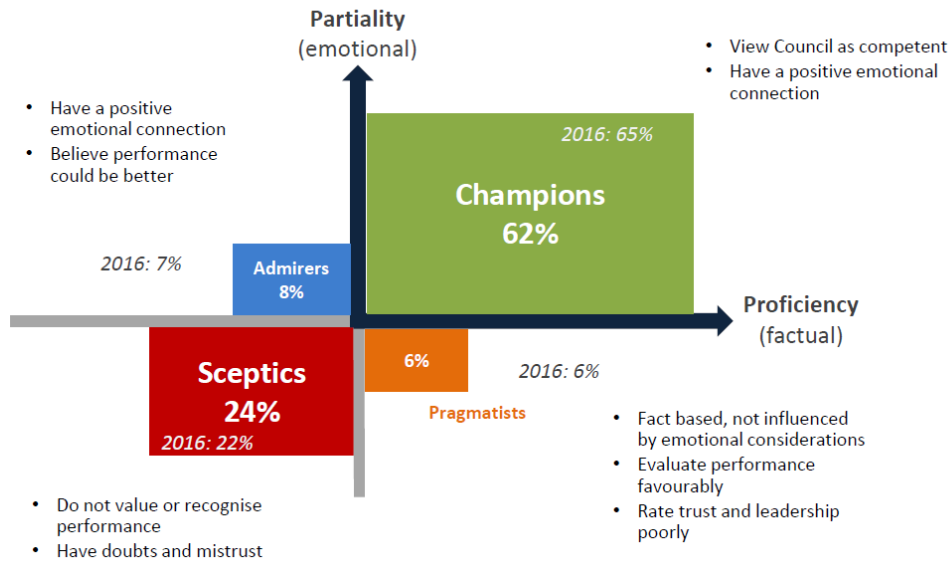
Overall performance summary

	Poor (% 1-4)	Indifferent (% 5-7)	Satisfied (% 8-10)	Satisfaction by township (% 8-10)			
				2016 (%8-10)	Don't know	Cambridge	Te Awamutu
Pride in the Waipa district	25%		73%	71%	0%	75%	71%
Satisfaction with community boards	10%	58%	32%	29%	17%	33%	31%
Overall reputation	7%	53%	39%	44%	2%	38%	41%
- Leadership	11%	48%	41%	39%	3%	37%	46%
- Trust	14%	51%	35%	32%	3%	34%	36%
- Financial performance	13%	59%	28%	25%	13%	27%	29%
- Service quality		52%	42%	45%	1%	38%	48%
Overall value for money	20%	52%	28%	29%	5%	27%	30%
Service, infrastructure and public facilities		52%	42%	45%	1%	38%	48%
- Overall water management	8%	46%	46%	43%	14%	44%	49%
- Overall roads and footpaths	6%	49%	45%	41%	1%	51%	38%
- Overall public facilities		33%	65%	59%	5%	59%	72%
- Regulatory services	11%	52%	37%	43%	13%	35%	39%

Source: Waipa District Council Annual Residents Survey Report. Key Research June 2017

- We have also maintained our strong reputation with the majority of residents classified as 'Champions' (62%), trusting and supporting our vision and leadership. Our reputation is considered 'Excellent'.

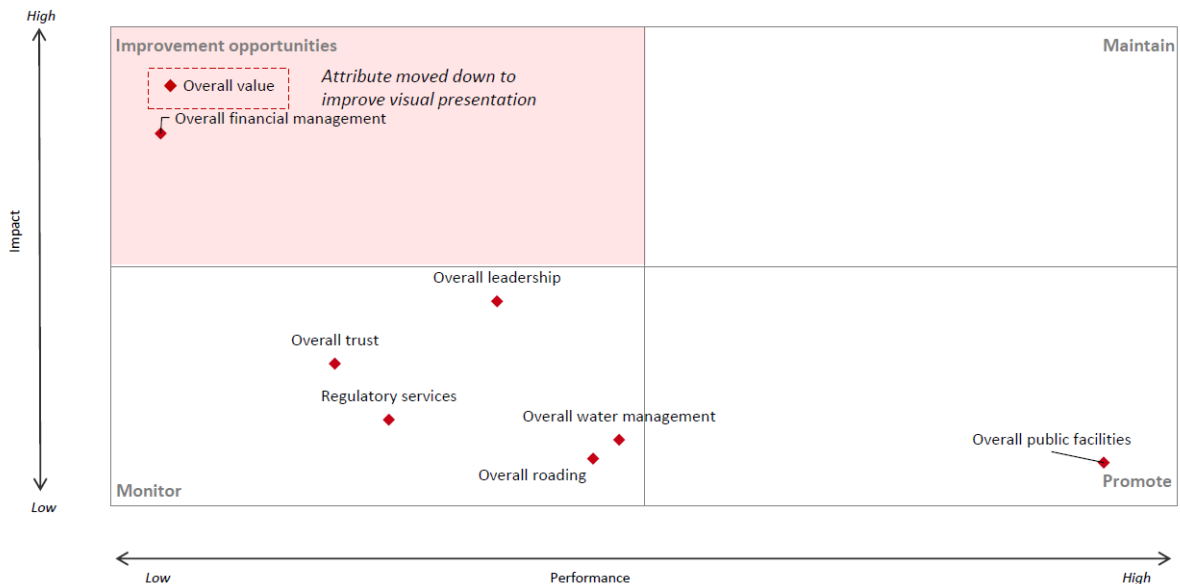
Reputation profile



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2017

3. A number of factors that influence our reputation also scored higher than last year; *'spending wisely', 'competency to achieve good outcomes' and 'working in the best interests of the community'*.
4. We can enhance our reputation further by educating residents on how we provide value for money in regards to rates and other fees and demonstrating how we are prudent in our financial management.

Overall level performance: Improvement opportunities



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2017

5. In line with last year's results only 16 per cent of residents say they have a 'good knowledge' of our activities. Only 56 per cent of residents recognise Council's Community Boards act as community advocates.

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

Mayor and Councillors



Mayor
Jim Mylchreest - JP



Grahame Webber
Deputy Mayor
CAMBRIDGE



Judy Bannon
CAMBRIDGE



Liz Stolwyk
CAMBRIDGE



Sue Milner
CAMBRIDGE



Andrew Brown
TE AWAMUTU



Hazel Barnes - JP
TE AWAMUTU



Marcus Gower
TE AWAMUTU



Vern Wilson
TE AWAMUTU



Bruce Thomas - JP
PIRONGIA



Clare St Pierre
PIRONGIA



Susan O'Regan
KAKEPUKU



Elwyn Andree-Wiltens
MAUNGATAUTARI

Council Information

MAYOR Jim Mylchreest JP

DEPUTY MAYOR Grahame Webber

COUNCILLORS

Elwyn Andree-Wiltens	Susan O'Regan
Judy Bannon	Clare St Pierre
Hazel Barnes JP	Liz Stolwyk
Andrew Brown	Bruce Thomas JP
Marcus Gower	Vern Wilson
Sue Milner	

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, 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; and
- 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.
- Civic Financial Services Limited.
- 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.

Audit and Risk Committee

Chairperson: Councillor Clare St Pierre

Membership: Mayor Jim Mylchreest, Councillors Judy Bannon, Andrew Brown, Susan O'Regan, Clare St Pierre and Vern Wilson, and independent member, Bruce Robertson of R Bruce Robertson Limited.

Purpose: To provide independent assurance and assistance to the Waipa District Council on Council's risk, control and compliance framework, and its external accountability responsibilities.

Chief Executive Performance Committee

Chairperson: Mayor Jim Mylchreest

Membership: Mayor Jim Mylchreest, Deputy Mayor Grahame Webber and Councillor Bruce Thomas.

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

District Licensing Committee

Commissioner: Sara Brown

Membership: Deputy Chair Councillor Marcus Gower, Members: Mr Ross Murphy, Ms Patsi Davies, Dr Michael Cameron, Mr Roy Johnson, Sara Brown.

Purpose: To consider and determine applications for licences, managers certificates, renewal of licences and manager certificates, temporary authorities and other matters pursuant to section 187 of the Sale and Supply of Alcohol Act 2012.

Executive Committee

Chairperson: Mayor Jim Mylchreest

Membership: Mayor Jim Mylchreest, Deputy Mayor Grahame Webber, Councillor Liz Stolwyk, Councillor Andrew Brown and Councillor Bruce Thomas.

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

Finance and Corporate Committee

Chairperson: Councillor Andrew Brown

Membership: Full Council.

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

Maungatautari Reserve Committee

Chairperson: Councillor Elwyn Andree-Wiltens

Membership:

- Mayor Jim Mylchreest, Deputy Mayor Grahame Webber and Councillor Elwyn Andree-Wiltens
- Ted Tauroa & another representative to be confirmed (Ngati Koroki Kahukura)
- Ted Tauroa (Pohara Marae)
- Fred Haimoana (Ngati Haua)
- Melissa Sinton (Maungatautari Ecological Island Trust)
- Ray Scrimgeour (Department of Conservation)
- Representative to be confirmed (Adjoining Landowners)
- Stu Kneebone (Waikato Regional Council)

Purpose: To facilitate effective and meaningful communication between Council, Tāngata 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.

Pirongia Ward Committee

Chairperson: Councillor Clare St Pierre

Membership: Councillor Clare St Pierre, Councillor Bruce Thomas, and further representatives to be confirmed from the Pirongia and Ohaupo Community Associations, the Te Pahu Residents' and Ratepayers' Association, three members from the Ngahinapouri, Kaipaki, and Koromatua communities plus a representative from Te Kauhanganui o Waikato and from the Purekireki Marae Committee.

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

Regulatory Committee

Chairperson: Councillor Bruce Thomas

Membership: Councillor Marcus Gower, Councillor Bruce Thomas, Councillor Clare St Pierre, Councillor Liz Stolwyk and Poto Davies as a representative from Nga Iwi Toopu O Waipa.

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

Service Delivery Committee

Chairperson: Deputy Mayor Grahame Webber

Membership: Full 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, Road Asset Technical Accord, Water Services, Community Facilities and Heritage and Museums, including the consideration of regional integration of services.

Strategic Planning and Policy Committee

Chairperson: Councillor Liz Stolwyk

Membership: Full Council and Poto Davies as a representative from Nga Iwi Toopu O Waipa.

Purpose: To oversee the development and review of Council's plans (including long term and annual plans), bylaws, strategies and policies, and where appropriate to act as Council's hearings committee for consultation submissions in relation to these; and to exercise Council's powers under the Resource Management Act 1991 in relation to the District Plan, plan changes and variations.

Waipa Iwi Consultative Committee

Chairperson: To be confirmed

Membership:

- Mayor Jim Mylchreest
- Deputy Mayor Grahame Webber
- Chairperson of the Strategic Planning & Policy Committee - Councillor Liz Stolwyk
- Chairperson of the Finance & Corporate Committee - Councillor Andrew Brown
- Chairperson of the Service Delivery Committee - Councillor Grahame Webber
- Chairperson of the Regulatory Committee - Councillor Bruce Thomas
- The Chief Executive
- Waikato Tainui Trust Board – representative to be advised
- Raukawa Settlement Trust – representative to be advised
- Maniapoto Trust Board – representative to be advised
- Nga Iwi Toopu o Waipa Chairperson – Gaylene Roberts
- Proxy for Gaylene Roberts – Hazel Wander
- Kaumatua – Jim Keremeta
- Wharepuhunga – Katarina Hodge
- Ngati Haua – Chris Riki
- Purekireki – Haupai Puke
- Puniu – Harold Maniapoto
- Proxy for Harold Maniapoto – Val Ingley
- Te Kopua (Kakepuku) – Doris Walters
- Kaniwhaniwha – Rangiuiia Riki
- Maungatautari – Josephine Taute
- Proxy for Josephine Taute – Poto Davies
- Ngati Ngawaero – George Searancke
- Ngati Hikairo – Hano Ormsby
- Proxy for Hano Ormsby – Jane Anderson

Purpose: 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 will advise Council and the various Iwi on Treaty of Waitangi implications for policies and activities of Council.

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 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: Gary Derbyshire

Membership: Richard Hurrell, Ange Holt, Gary Derbyshire, Colleen Wilson, Nigel Anderson, Susan O'Regan (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: Mike Pettit, John Bishop, Julie Epps, Roger Gordon, Philip Coles, Elwyn Andre-Wiltens (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.

ANZAC and Armistice Organising Committee

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

Other advisory groups and committees

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

As we report back on another strong financial year, it is clear that working collaboratively with our community and stakeholders has once again provided huge benefits to our district.

We have ended 2016/17 in a strong financial position and with a number of milestones achieved. Our financial position remains robust and our district has continued to enjoy a growing reputation for its excellent quality of life.

This is all, of course, very pleasing but it is not something Council has achieved on its own. Our achievements and the decisions made on your behalf are a reflection of our passionate and motivated community and of the powerful relationships we have built with many of our stakeholders.

The year has seen an ongoing investment in key infrastructure – water, wastewater and roads – as Waipa continues to deal with and prepare for the significant growth projected for our district. This year we completed 80 per cent of our planned capital works programme, investing \$37.6 million across the district.

As part of that investment we completed some major projects including the brand new Te Awamutu library and the Cambridge roundabout and town entrance.

We have also kept our commitment to the Cambridge community taking major steps forward on the long-awaited redevelopment of the Cambridge pool. This project continues to attract huge community support, illustrated by a \$100,000 donation from the Cambridge Lions Club. At the time of writing we had raised \$800,000 and we look forward to ongoing community support as we drive towards our \$2.1 million fundraising target.

Working collaboratively with key stakeholders on major initiatives was again a key theme for our Council. During the year we formally committed to the Waikato Plan alongside other Waikato-based councils and a range of other organisations including iwi, the NZ Transport Agency and the Waikato District Health Board.

Working collaboratively on the Waikato Plan will allow our wider region to speak with one voice about key issues that impact significantly on our and other communities. Locally we have continued to work with iwi partners through the implications of Treaty settlements and future co-management arrangements.

The Waikato Plan is just one of the initiatives from the Waikato Mayoral Forum which aim to gain efficiencies for ratepayers through improved collaboration. Another example is our agreement, alongside Hamilton City Council, to consult on forming a non-asset owning shared waters management company to jointly manage our water and wastewater services. We are also awaiting the outcome of the official enquiry into the Havelock water contamination event as this may also impact upon the way all councils manage water in the future.

Water in fact has continued to be a strong focus for us. This year our Council signed a Memorandum of Understanding with the Department of Corrections to take wastewater from the expanded Waikeria facility and concentrate our waste treatment into a single high performing plant in Te Awamutu. This will make the existing plants at Waikeria and Tokanui redundant and will result in an improvement to our local waterways.

As we move towards the development of our draft 10-Year Plan 2018-2028 our focus on having an engaged and informed community will continue. Our Council will continue to put strong effort into communicating on a variety of issues and in a variety of ways. An engaged community is a stronger community and a stronger community makes for a better Council.

Finally, we would like to thank the people of the Waipa for the role they play in helping make our district stronger and more vibrant. We continue to encourage you to share your views and look forward to working with you over the coming year.



Jim Mylchreest JP
MAYOR



Garry Dyet JP
CHIEF EXECUTIVE



Financial Overview

Council ended the 2016/17 year with a pleasing financial result and 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:

- Our income from rates forming only 50 per cent of our total revenue (considerably within our upper limit of 65 per cent), demonstrating the diversity of our income sources and our determination to keep rates as low as possible;
- An average rates increase (after growth) of 2.1 per cent for the 2016/17 year (noting the benchmark allowed for 5.5 per cent);
- Debt of \$13.2 million at 30 June 2017 (noting the benchmark allowed for over \$37.9 million);
- Revenue at 111 per cent of operating expenses; and
- Network services capital spend at 163 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 \$1.2 million 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, resource management and development engineering activities – these are all reflections of a fast growing district, as was the level of rates income compared to budget. The largest of the contributing factors was interest revenue which was nearly \$850,000 higher than budgeted as a result of our greater than expected cash balances, and the arbitrage return that we achieved on various financial arrangements during the year. These arrangements taking good advantage of our low debt levels and low borrowing costs.

The cash surplus provides a potential contingency funding reserve for unexpected items in the 2017/18 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 assessment of other income sources such as subsidies and fees and charges.

An operating surplus of \$29.9 million was achieved against a budget of \$10.6 million and a prior year result of \$26.9 million. The key contributing factors were the items described

above; greater than expected levels of reserve and development contributions reflective of the current levels of growth in the district; together with strong results for non-cash items including vested assets (the pipes, roads and reserve land gifted to Council by developers) which continue to be in excess of \$15 million a year, again the result of growth and development, and the revaluation gains for Council's forestry and investment property assets (\$3.9 million this year).

This operating surplus, together with \$156.3 million of revaluation gain on land, buildings and infrastructure systems such as Council's roading and pipeline reticulation networks mean that Council's net assets are now worth in excess of \$1.5 billion.

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 \$11.5 million of borrowing this year was not required, so our borrowings levels remain as they have for a number of years, at \$13.2 million. Cash and term deposit balances are \$17 million.

The Waipa District Council is in very good shape financially as we develop the draft 10-Year Plan 2018-28.



Ken Morris
GROUP MANAGER BUSINESS SUPPORT / CHIEF FINANCIAL OFFICER

Disclosure Statement

Annual report disclosure statement for year ending 30 June 2017.

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

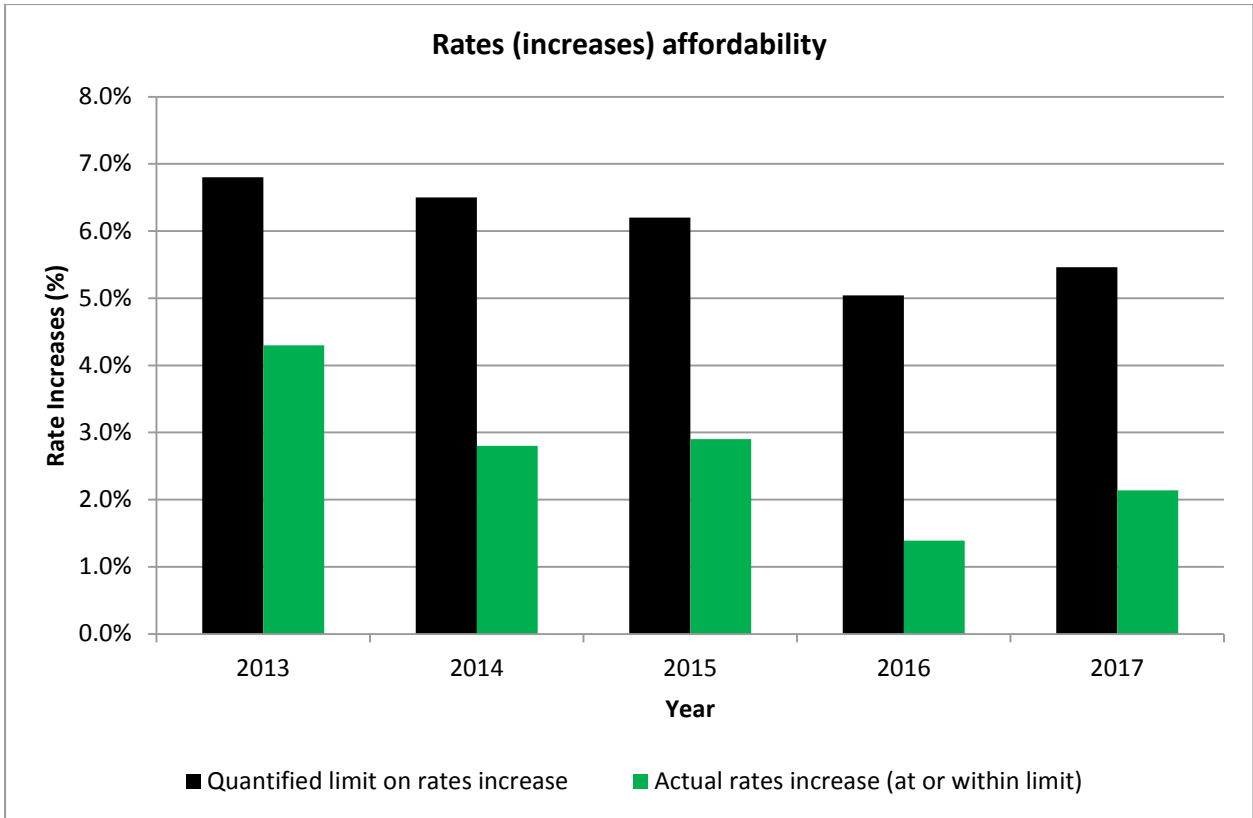
The Council meets the rates affordability benchmark if –

- 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.



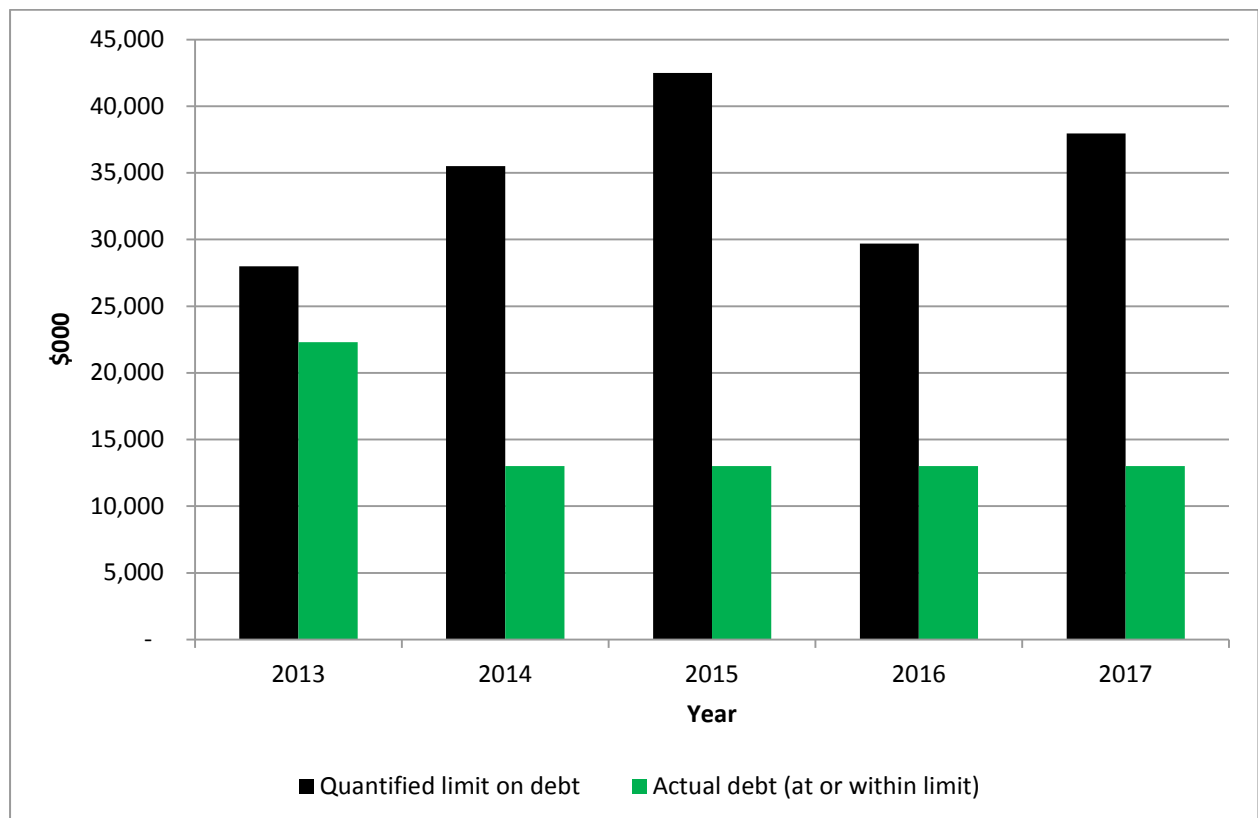
The following graph compares the council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s long term plan. The quantified limit is council will limit annual increases in the average rate requirement (after growth) to no more 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.

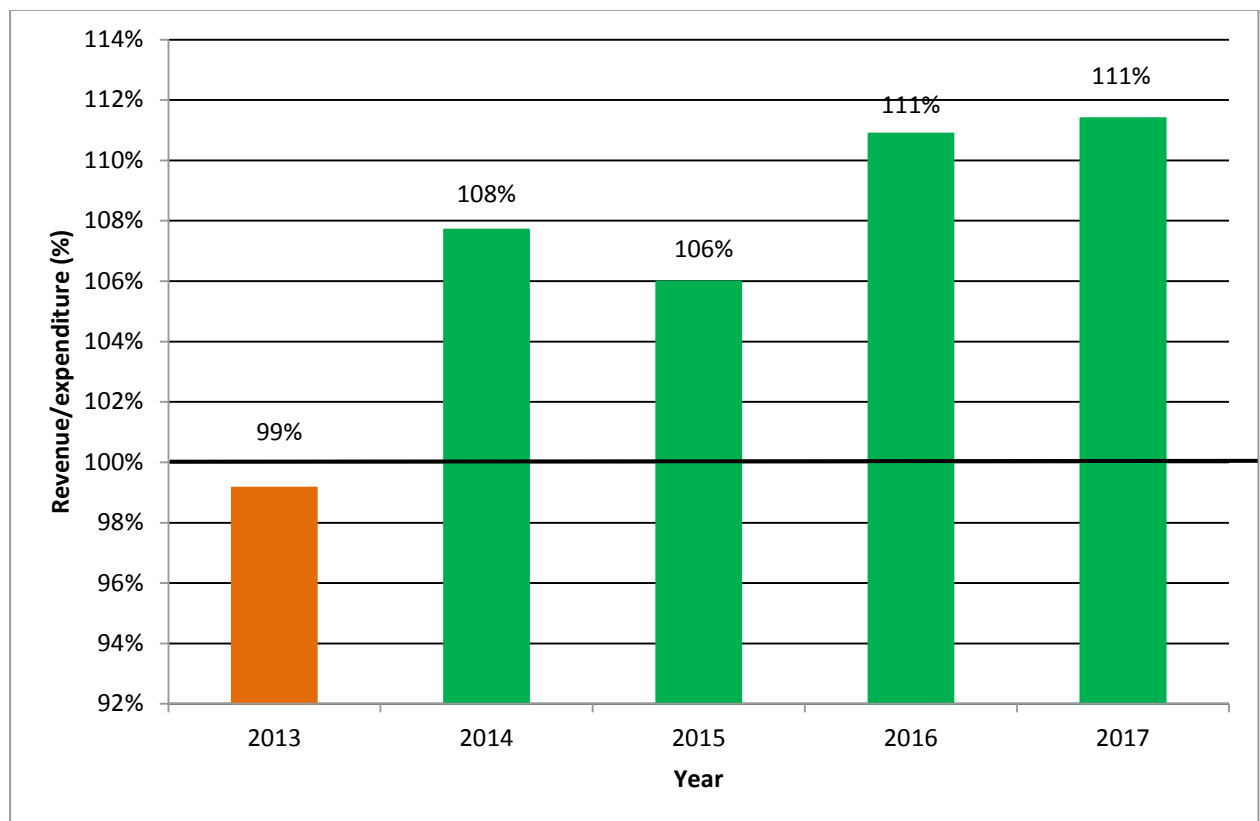
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is the debt profile in Council's 10-Year Plan.



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.



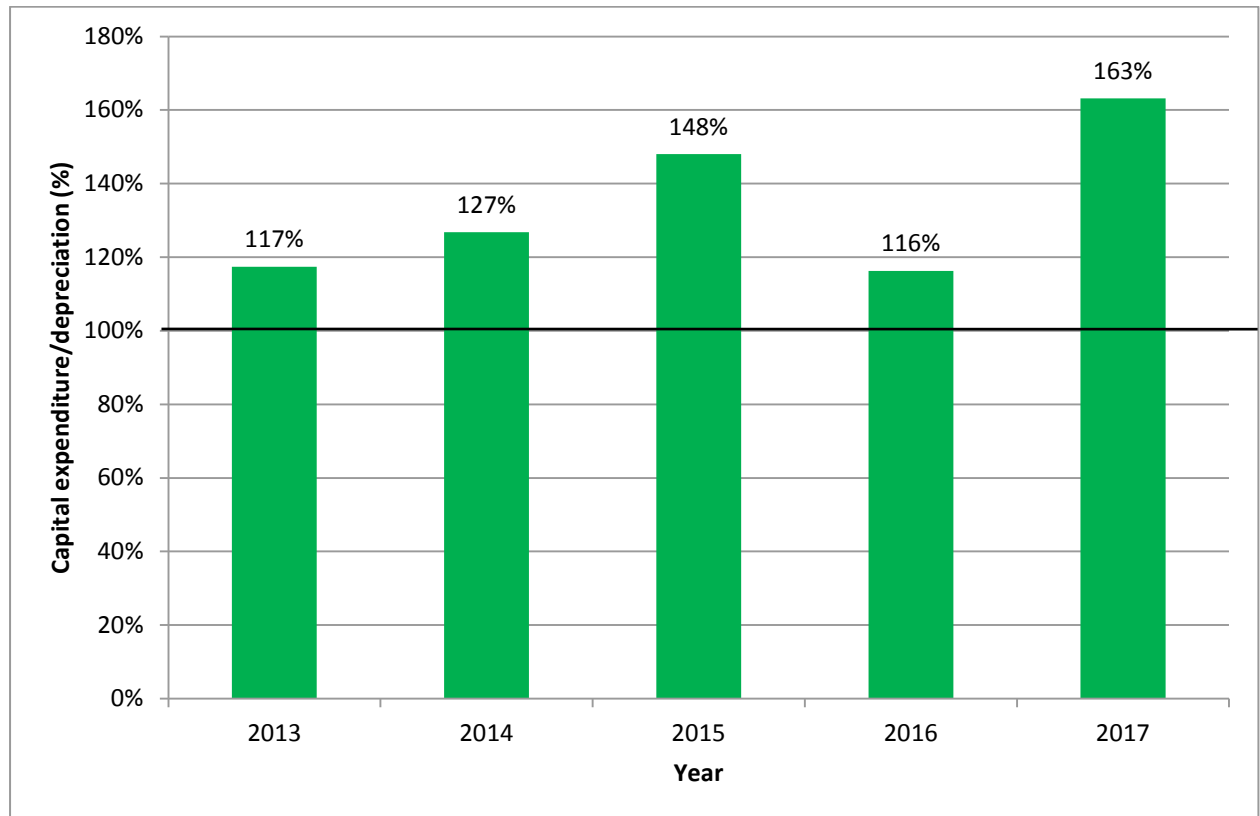
■ Benchmark met ■ Benchmark not met

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 break-even 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.

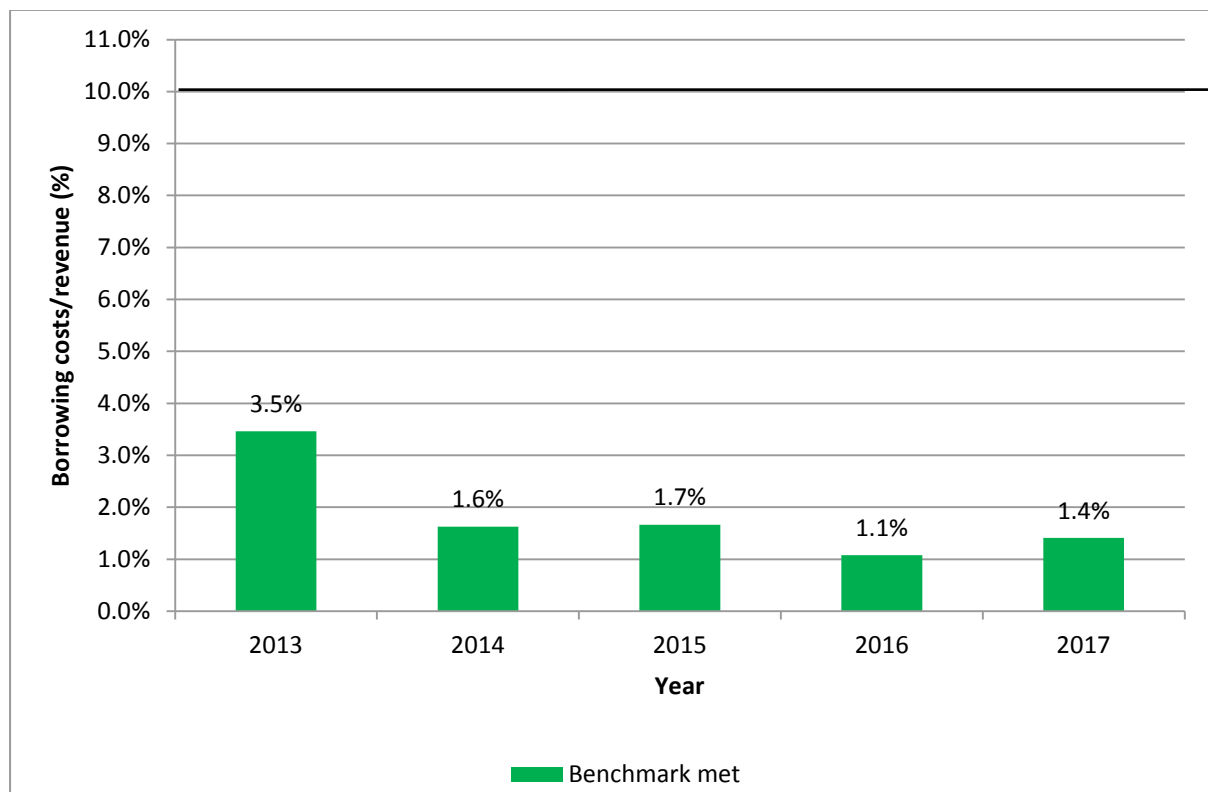


■ Benchmark met

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).

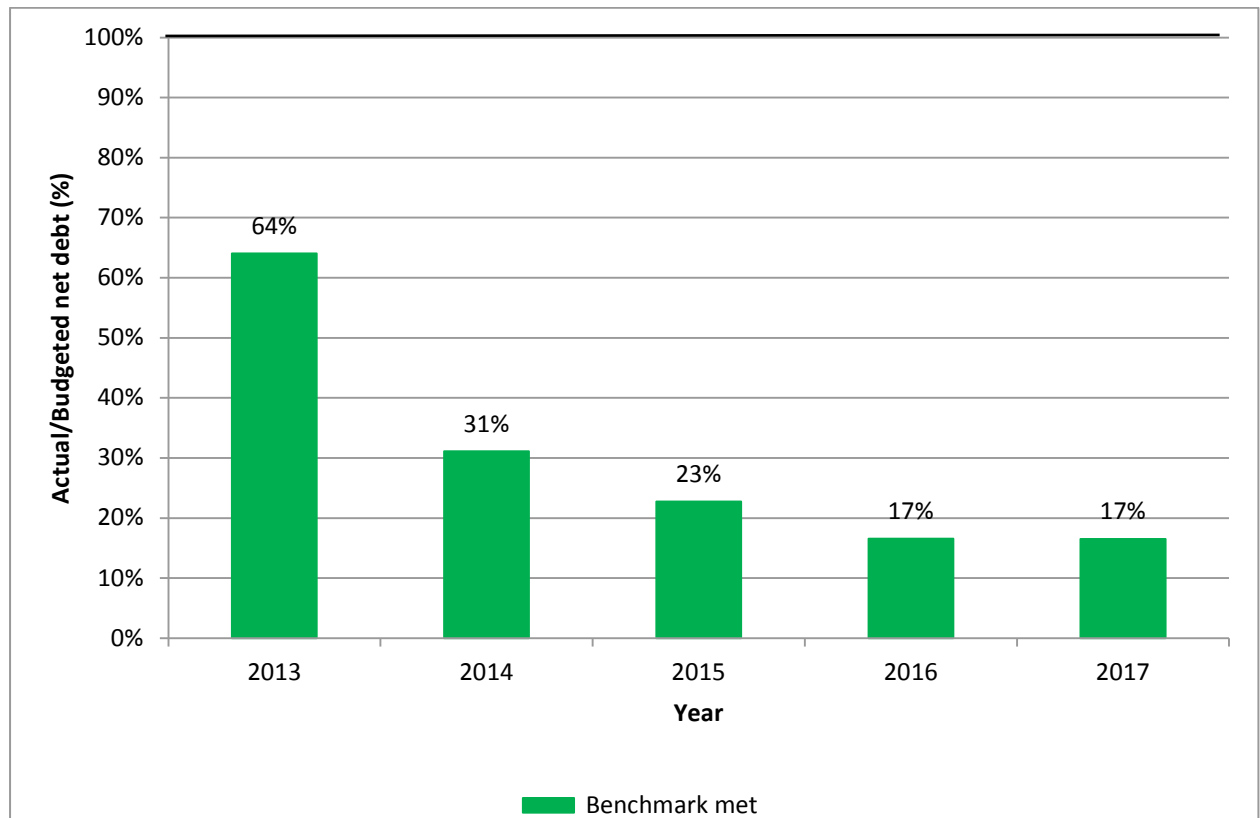
Because Statistics New Zealand projects the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



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).

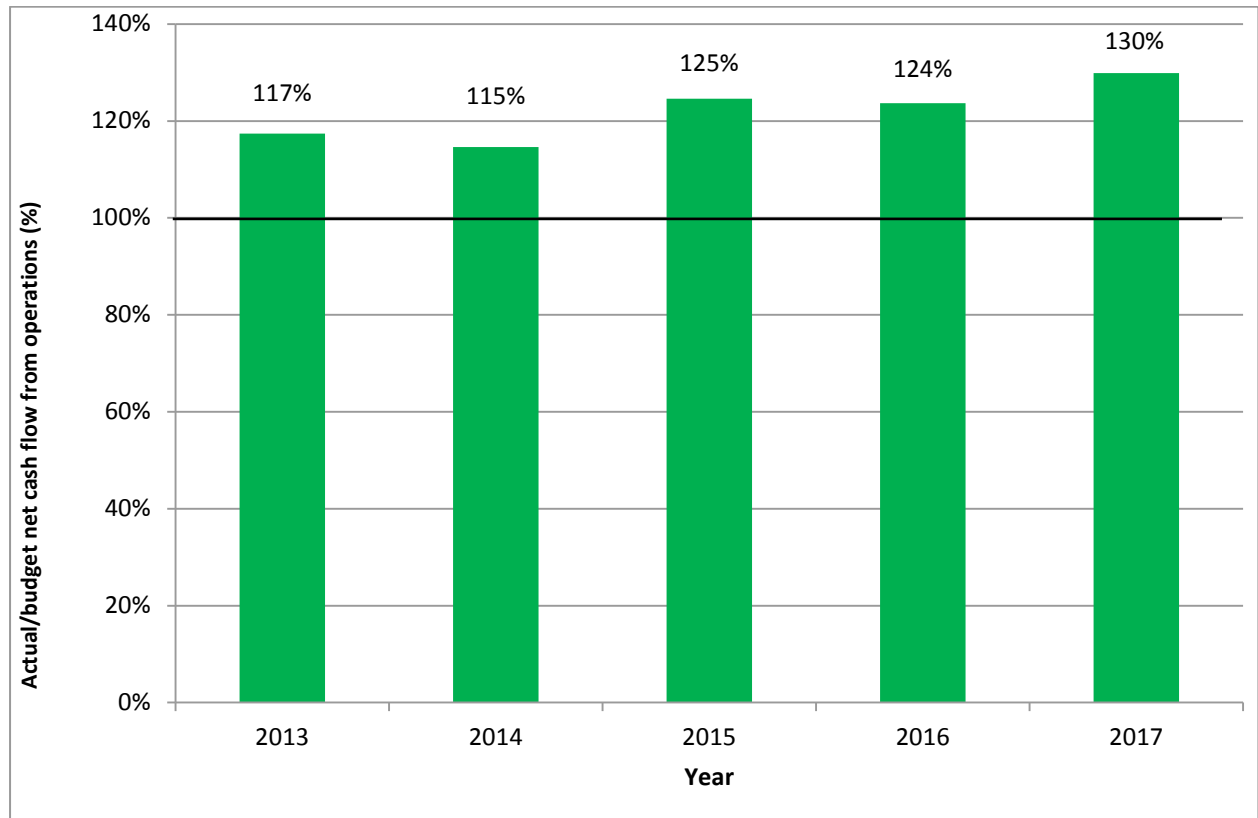
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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

The 2016/17 year was the second year of the implementation of Council's 10-Year Plan 2015-25. The triennial elections were held during the year with the new Councillors confirming the Committee structure and completing their induction. During this time Council maintained its excellent reputation in the Community with 73 per cent of residents indicating they are proud of the Waipa district.

As well as continuing progress on delivery of the capital works programme, focus was also on completing a number of significant planning activities. Both the 2017/18 Annual Plan and 10-Year Plan 2015-25 amendment were completed and adopted. In addition significant progress was made on Council's 10-Year Plan 2018-28 which will be consulted on early next year.

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 continues to use a range of digital media and innovative ways to increase the community's awareness of and engagement in Council's activities:
 - Facebook likes and website sessions continue to increase steadily;
 - Council's Instagram was launched in December 2016 with photos celebrating the Waipa community and showcasing the natural environment, facilities and hospitality. It has already reached approximately 400 followers;
 - Council's economic development website 'investwaipa.co.nz' was launched which showcases Waipa and provides tools and contacts for businesses looking to potentially start up in the area.;
- To support community decision making for the draft 10-Year Plan 2018-28, focus is on providing information and tools to the public to better understand Council's financial management and services. The first in the series "Making Cents of Council Dollars" was published in February. The online tool "Tikitour" continues to be used to raise awareness of Council's role within the community;
- Significant progress was made on reviewing the district's Growth Strategy and structure plans in an environment of rapid growth. Feedback received from the community is currently being reviewed;
- Council continues to focus on providing quality customer service. The Customer Support Team won the 2016 ALGIM Local Government Ultimate Customer Service Award illustrating their excellence and commitment to Waipa residents;
- Council hosted a 'Welcome Home Party' for Waipa's Rio Olympic Champions which received amazing feedback from the community;
- Significant progress was made on a number of key capital projects with highlights including:
 - The build of the new roundabout at the intersection of Victoria and Cambridge Roads and surrounding street-scaping;
 - The opening of the new Te Awamutu Library in October which attracted nearly 2,500 people to the event;

- The completion of the Victoria Road/Norfolk Drive junction in Cambridge North with Victoria Road now fully open to traffic;
- The suite of planned works for Cambridge North continues. Waipa's first ever Council owned traffic lights were installed at the intersection of Norfolk Drive and Victoria Road. The Bowen and Taylor Street works were completed with the upgrades designed to increase traffic safety in the area;
- The installation of water meters continues across the district as part of the wider Water Story to support continued growth in the area.;
- Council's strategic priorities were confirmed for the 2017/18 year with a number of improvement projects progressed over the year. These included implementation of a more efficient health and safety electronic management system, improving the performance development process and internal reviews of Council's business continuity, and procurement practices as part of Council's internal audit programme; and,
- Council continues to be a proactive member of the Mayoral Forum contributing to work on the four key areas of planning, water and wastewater, economic development and roading. Discussions around a potential Council controlled organisation for water services are ongoing.

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

Community engagement plays an incredibly important role in what we do and the decisions we make.

We always aim to work with our community on key issues early on in the process. This makes feedback all the more valuable and ensures decision-making is informed from the beginning.

We encourage both formal and informal engagement using a variety of channels to reach all target markets.

We communicate opportunities for involvement through traditional mediums like our local papers. However, it is our online engagement that continues to soar. Our website, social media and online feedback forms continue to be the preferred way for our community to engage with us.

From the 700 people who responded to the Cambridge pool consultation, more than half of the feedback came via a voting option on Council's Facebook page with a further 161 people completing an online submission form.

Facebook posts promoting the submission process reached nearly 36,700 people with more than 4,000 watching a Facebook video outlining both pool options.

This shows that social media, and particularly our Council Facebook page, is extremely valuable. 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 2016 - 30 June 2017, our Waipa District Council Facebook page followers increased from 3,144 to 4,327 and reached 1,335,330 people.

Over the same period, we formally consulted with our community nine times, from topics ranging from destination playgrounds, to accessibility of our towns and managing growth.

As always, we encourage feedback outside of community consultation. We are open to the community throughout the year if people want to discuss issues or have information to contribute. This can be through social media, via our call centre or directly to our elected members and staff.

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 the 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 JP
MAYOR

Garry Dyet JP
CHIEF EXECUTIVE

Waipa District Council

Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2017

	Note	Parent & Group 2017 Actual \$000	Parent 2017 Budget \$000	Parent & Group 2016 Actual \$000
REVENUE				
Rates	3	50,828	47,592	48,908
Fees and charges	3	14,519	14,690	13,537
Reserve contributions	3	550	282	439
Development contributions	3	5,798	3,874	3,342
Gain on revaluation	4	3,908	559	2,435
Vested assets	3	15,663	2,566	15,908
Discovered assets	3	320	-	1,685
Dividends	3	6	-	6
Finance revenue	3	1,102	256	587
Subsidies and grants	3	8,818	7,221	6,782
Other revenue	3	405	333	377
Total Revenue		101,917	77,373	94,006
OPERATING EXPENDITURE				
Employee benefit expenses	5	18,304	18,952	17,900
Depreciation & amortisation	12-14	21,139	20,810	20,158
Other expenses	6	31,446	26,076	28,229
Finance costs	7	1,119	903	807
Total Operating Expenditure	2	72,008	66,741	67,094
OPERATING SURPLUS		29,909	10,632	26,912
Other Comprehensive Revenue and Expense recognised directly in Equity				
Property Plant and Equipment Revaluation gains / (losses) taken to equity		156,330	27,836	8,562
Intangible gains / (losses) taken to equity		(11)	-	180
Investment gains / (losses) taken to equity		10,409	-	-
Cash flow hedges gains / (losses) taken to equity		444	114	(526)
Total Other Comprehensive Revenue and Expense for the Year		167,172	27,950	8,216
Total Comprehensive Revenue for the Year		197,081	38,582	35,128

Explanation of operating surplus and total comprehensive revenue:

Council achieved an operating surplus of \$29.9m this year against a budget of \$10.6m. Explanations of the major variations from budget are provided in note 30, pages 96 and 97. The operating surplus includes a number of items of income that are non-cash in nature including infrastructure vested by developers (\$15.7m) and the first time recognition of assets discovered (\$320,000). Council's total comprehensive income includes \$156.3 million of property, plant and equipment revaluation gains. Of the \$156.3m, \$106.1m relates to the movement in the land revaluation.

The accompanying notes form part of these financial statements, pages 44-97.

Waipa District Council
Statement of Changes in Equity
For the Year Ended 30 June 2017

	Note	Parent & Group 2017 Actual \$000	Parent 2017 Budget \$000	Parent & Group 2016 Actual \$000
Balance at 1 July		1,333,746	1,329,990	1,298,618
Total Comprehensive Revenue		197,081	38,582	35,128
Balance at 30 June		1,530,827	1,368,572	1,333,746
Equity represented by:				
Retained earnings	23	432,860	402,340	400,781
Other reserves	23	1,097,967	966,232	932,965
Total Equity		1,530,827	1,368,572	1,333,746

Explanations of the major variations from budget are provided in note 30, pages 96 and 97. The accompanying notes form part of these financial statements, pages 44-97.

Waipa District Council
Statement of Financial Position
As at 30 June 2017

	Note	Parent & Group 2017 Actual \$000	Parent 2017 Budget \$000	Parent & Group 2016 Actual \$000
ASSETS				
Current Assets				
Cash and cash equivalents	8	10,269	1,712	15,452
Other financial assets	10	6,800	208	2,700
Investments in CCOs ¹	10	112	-	-
Assets held for sale	11	2,365	-	-
Trade and other receivables	9	3,990	5,242	4,703
Total Current Assets		23,536	7,162	22,855
Non Current Assets				
Trade and other receivables	9	54	-	73
Property plant and equipment	12	1,499,617	1,386,429	1,318,941
Intangible assets	13	963	1,160	825
Forestry assets	16	1,836	1,116	1,623
Investment property	17	19,386	10,852	14,611
Investments in CCOs ¹	10	13,278	3,013	2,997
Total Non Current Assets		1,535,134	1,402,570	1,339,070
Total Assets		1,558,670	1,409,732	1,361,925
LIABILITIES				
Current Liabilities				
Trade and other payables	18	11,474	12,992	11,384
Provisions	19	23	236	29
Employee benefit liabilities	20	1,258	1,403	1,163
Borrowings	21	7,024	7,000	21
Total Current Liabilities		19,779	21,631	12,597
Non Current Liabilities				
Derivative financial instruments	22	1,196	1,262	1,640
Provisions	19	693	767	740
Borrowings	21	6,175	17,500	13,202
Total Non Current Liabilities		8,064	19,529	15,582
Total Liabilities		27,843	41,160	28,179
EQUITY				
Retained earnings	23	432,860	402,340	400,781
Other reserves	23	1,097,967	966,232	932,965
Total Equity		1,530,827	1,368,572	1,333,746

Explanations of the major variations from budget are provided in note 30, pages 96 and 97. The accompanying notes form part of these financial statements, pages 44-97.

Waipa District Council

Statement of Cash Flows

For the Year Ended 30 June 2017

	Parent & Group 2017 Actual Note	Parent 2017 Budget \$000	Parent & Group 2016 Actual \$000
Cash Flows from Operating Activities			
Receipts from rates revenue	51,321	47,592	45,899
Interest received	1,109	256	588
Dividends	6	-	6
Receipts from other revenue	29,703	26,400	28,225
Payments to suppliers and employees	(44,490)	(46,833)	(41,757)
Interest paid	(1,120)	(903)	(712)
Goods and service tax (net)	320	-	(165)
Net Cash Flow from Operating Activities	36,849	26,512	32,084
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment	353	-	2,711
Proceeds from sale of investment property	-	5,156	-
Purchase of intangible assets	(246)	(113)	-
Purchase of property, plant and equipment	(36,917)	(45,753)	(29,279)
Purchase & development of investment property	(1,098)	(1,109)	-
Acquisition of investments	(4,100)	-	(1,600)
Net Cash Flow from Investing Activities	(42,008)	(41,819)	(28,168)
Cash Flows from Financing Activities			
Proceeds from borrowings	-	11,500	-
Repayment of borrowings	(24)	-	(23)
Net Cash Flow from Financing Activities	(24)	11,500	(23)
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	(5,183)	(3,807)	3,893
Cash, cash equivalents and bank overdrafts at the beginning of the year	15,452	5,519	11,559
Cash, cash equivalents at the end of the year	8	1,712	15,452

Explanations of the major variations from budget are provided in note 30, pages 96 and 97. The accompanying notes form part of these financial statements, pages 44-97.

Waipa District Council
Statement of Cash Flows
For the Year Ended 30 June 2017 (continued)

	2017 Actual \$000	2016 Actual \$000
Surplus / (deficit) after tax	29,909	26,912
<i>Add (less) non cash items</i>		
Depreciation and amortisation	21,139	20,158
Asset write-downs	33	26
Vested / discovered assets	(15,983)	(17,593)
(Gains) / losses in fair value of investment property and forestry	(3,908)	(2,435)
Add / (less) items classified as investing or financing activities	(544)	669
(Gains) / losses on disposal of assets	4,084	4,745
Impairment (Gain) / Loss	1,255	(81)
<i>Add / (less) movements in working capital items</i>		
Trade and other receivables	732	302
Trade and other payables	90	(64)
Provisions	(53)	(340)
Employee Benefits	95	(215)
Net Cash Inflow / (Outflow) from Operating Activities	36,849	32,084

Waipa District Council
Funding Impact Statement (whole of Council)
For the Year Ended 30 June 2017

	2015/16 Annual Plan \$000	2015/16 Annual Report \$000	2016/17 LTP \$000	2016/17 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	21,148	21,343	24,445	24,690
Targeted rates	24,574	24,702	23,638	26,138
Subsidies and grants for operating purposes	2,819	2,817	2,869	3,160
Fees and charges	13,662	16,400	14,407	14,519
Interest and dividends from investments	250	593	256	1,108
Local authorities fuel tax, fines, infringement fees, and other receipts	325	377	333	405
Total sources of operating funding (A)	62,778	66,232	65,948	70,020
Applications of operating funding				
Payments to staff and suppliers	42,607	40,629	43,942	43,262
Finance costs	1,016	709	1,550	1,074
Other operating funding applications	1,056	1,029	1,062	1,064
Total applications of operating funding (B)	44,679	42,367	46,554	45,400
Surplus (deficit) of operating funding (A - B)	18,099	23,865	19,394	24,620
Sources of capital funding				
Subsidies and grants for capital expenditure	4,439	3,965	4,248	5,658
Development and financial contributions	3,555	3,781	4,156	6,348
Increase (decrease) in debt	14,000	(23)	7,500	(24)
Gross proceeds from sale of assets	2,569	2,711	1,604	353
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	24,563	10,434	17,508	12,335
Applications of capital funding				
Capital expenditure				
- to meet additional demand	12,750	6,157	9,441	8,803
- to improve the level of service	17,424	10,202	11,921	17,149
- to replace existing assets	12,691	11,366	16,262	11,679
Increase (decrease) in reserves	(203)	6,574	(722)	(676)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	42,662	34,299	36,902	36,955
Surplus (deficit) of capital funding (C - D)	(18,099)	(23,865)	(19,394)	(24,620)
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 Council 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 Council 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.

	2015/16 Annual Plan \$000	2015/16 Annual Report \$000	2016/17 LTP \$000	2016/17 Actual \$000
Total prospective revenue and expense wholly attributable to District Council	34,845	35,128	37,390	197,081
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	18,099	23,865	19,394	24,620
Difference	16,746	11,263	17,996	172,461
The difference is due to:				
Capital income	7,994	7,746	8,404	12,006
Vested assets	10,507	15,908	2,516	15,663
Discovered assets	-	1,685	-	320
Revaluation of assets	18,094	10,651	28,509	171,080
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	(202)	(4,569)	(468)	(5,469)
Depreciation and amortisation	(19,647)	(20,158)	(20,965)	(21,139)
Total explained difference	16,746	11,263	17,996	172,461

Waipa District Council

Notes to the Financial Statements

1. *Statement of accounting policies for the year ended June 2017*

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 2017, and were authorised for issue by Council on 26 September 2017.

Basis of preparation

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

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R,), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration and the severance payment disclosures in Note 5, and the related party transaction disclosures in Note 25. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar. The functional currency of Council is New Zealand dollars.

Changes in accounting policies

As a result of the increasing portion of Waikato Regional Airport Limited's balance sheet being carried at fair value, Council is now able to reliably measure its investment in Waikato Regional Airport Limited at fair value. Refer to Note 10.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

Interests in other entities

In January 2017, the External Report Board (XRB) issued new standards for interests in other entities (PBE IPSAS 34 -38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 -8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Council plans to apply the new standards in preparing the 30 June 2020 financial statements. Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IRFS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management risks.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and the group has not yet assessed the effects of the new standard.

Impairment of revalued assets

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

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

Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

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.

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 2016-17 Annual 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.

Critical accounting estimates and assumptions

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 12.
- Estimating the landfill aftercare provision – see Note 19.

- Estimating the carrying value of certain capital work in progress projects – see Note 12.

Income tax

The Council is tax exempt for income tax purposes.

2. Summary cost of service

Accounting policy

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.

There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities

	2017 Actual \$000	2017 Budget \$000	2016 Actual \$000
INCOME			
Governance	104	121	48
Planning and Regulatory	4,629	3,844	4,430
Community Services and Facilities	5,286	3,368	4,855
Roads and Footpaths	7,119	7,636	6,591
Wastewater Treatment and Disposal	541	587	483
Water Treatment and Supply	6,251	6,161	6,462
Support Services	9,758	10,467	9,191
GROSS REVENUE	33,688	32,184	32,060
Less Internal Charges	(9,692)	(10,428)	(9,146)
Total Income	23,996	21,756	22,914
EXPENDITURE			
Governance	6,920	7,296	6,779
Planning and Regulatory	5,692	5,615	5,066
Community Services and Facilities	20,247	14,734	16,553
Roads and Footpaths	20,758	20,417	21,909
Stormwater	2,834	2,872	2,646
Wastewater Treatment and Disposal	6,132	6,502	5,760
Water Treatment and Supply	9,872	10,073	9,369
Support Services	10,117	10,791	8,997
GROSS EXPENDITURE	82,572	78,300	77,079
Less Internal Charges	(9,692)	(10,428)	(9,146)
Less rates charged to Council properties	(872)	(1,127)	(839)
NET EXPENDITURE	72,008	66,745	67,094

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. Revenue

Accounting policy

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

Development contributions

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

New Zealand Transport Agency roading subsidies

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

Other grants received

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

Direct charges

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

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

Building and resource consent revenue

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

Entrance fees

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

Infringement fees and fines

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

Vested or donated physical assets

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

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

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

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

i) Breakdown of rates and further information

	2017 Actual \$000	2016 Actual \$000
Rates consist of:		
General rates	18,036	16,636
Uniform annual general charge	7,974	5,895
Targeted ward rates	9,150	10,840
Other targeted rates:		
Water, including water supply rates	6,776	6,763
Sewerage	6,113	5,951
Stormwater	2,630	2,596
Recycling	906	901
Other	486	513
Add Penalties	160	160
Less Remissions	(531)	(508)
	51,700	49,747
Less rates charged to Council properties	(872)	(839)
Total Rates	50,828	48,908

ii) Rate remissions

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

	2017 Actual \$000	2016 Actual \$000
Sport / community organisations	114	114
Maori land	12	12
Open space covenanted land	29	24
School waste water	53	55
Uniform annual general charge	323	303
	531	508

	2017 Actual	2016 Actual
Number of rating units at start of year	21,242	20,821

	2017 Actual \$000	2016 Actual \$000
Total capital value of rating units at start of year	13,455,583	13,210,497
Total land value of rating units at start of year	7,385,177	7,325,888

iii) Breakdown of subsidies and grants

	2017 Actual \$000	2016 Actual \$000
New Zealand Transport Agency roading subsidies	6,388	6,433
Grants	270	60
External funding	2,160	289
Total subsidies and grants	8,818	6,782

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2016 nil).

iv) Breakdown of fees and charges

	2017 Actual \$000	2016 Actual \$000
Rendering of services	1,155	1,049
User Charges	7,076	6,975
Regulatory revenue	4,601	4,407
Rental income from investment properties	611	586
Other Significant Activity revenue	1,076	520
Total fees, charges, and targeted rates for water supply	14,519	13,537

v) Breakdown of other revenue

	2017 Actual \$000	2016 Actual \$000
Infringements and fines	27	23
Petrol tax	378	354
Total other revenue	405	377

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:

	2017 Actual \$000	2016 Actual \$000
Parent		
Not later than one year	92	143
Later than one year and not later than five years	95	89
Later than five years	6	19
Total Non-cancellable Operating Leases	193	251

No contingent rents have been recognised during the year.

4. *Gain on revaluation*

	2017 Actual \$000	2016 Actual \$000
Gain on changes in fair value of investment property	3,678	1,902
Gain on changes in fair value of forestry assets	230	533
	3,908	2,435

5. *Personnel costs*

Accounting policy

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

Breakdown of personnel costs and further information

	2017 Actual \$000	2016 Actual \$000
Salaries and wages	17,893	17,815
Defined contribution plan employer contributions	316	300
Increase / (decrease) in employee benefit liabilities	95	(215)
Total employee benefit expenses	18,304	17,900

Chief Executive remuneration

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$287,538 (2016 \$274,062) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	2017 Actual \$	2016 Actual \$
Salary	287,538	274,062
Defined contribution plan employer contributions (KiwiSaver)	11,039	8,222
Vehicle	16,041	15,916
Total Chief Executive remuneration	314,618	298,200

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2017 Actual \$	2016 Actual \$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	116,133	113,300
Grahame Webber, Deputy Mayor	51,612	43,540
Elwyn Andree-Wiltens	22,770	-
Judy Bannon	31,878	31,100
Hazel Barnes JP	31,878	31,100
John Bishop	11,385	38,875
Andrew Brown	38,864	38,875
Marcus Gower	31,878	31,100
Lawrence Hoverd	9,108	31,100
Sue Milner	31,878	31,100
Susan O'Regan	22,770	-
Clare St Pierre	38,864	31,100
Liz Stolwyk	36,587	31,100
Bruce Thomas JP	38,864	38,875
Vern Wilson	31,878	31,100

Council employees remuneration by band

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

	2017 Actual	2016 Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	131	128
\$60,000 - \$79,999	57	69
\$80,000 - \$99,999	33	24
\$100,000 - \$119,999	12	10
\$120,000 - 139,999	11	10
\$140,000 - \$320,000	10	8
Total Employees	254	249

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 197 (2016 195) full-time employees, with the balance of staff representing 44 (2016 27.15) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour week.

Severance payments

For the year ended 30 June 2017 there were two severance payments to employees totalling \$6,957 (2016 \$26,390).

The value of each of the severance payments was \$4,205 and \$2,752.

6. Other expenses

Accounting policy

Grant expenditure

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

Operating leases

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

Breakdown of other expenses and further information

	2017 Actual \$000	2016 Actual \$000
<i>Fees to the principal auditor:</i>		
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	153	133
Fees to Audit New Zealand for audit of the 2015 Long-term Plan Amendment	18	-
Fees to Audit New Zealand for audit of the Debenture Trust Deed	5	4
Total Audit Fees	176	137
Community grants	1,059	1,024
Loss on disposal property, plant and equipment	4,084	4,745
Impairment of property, plant and equipment	1,003	-
Impairment of assets held for sale	297	-
Direct expenses from investment property	166	268
Direct Expenses from investment property not primarily generating income	384	395
Lease payments under operating leases	190	187
Other operating expenditure	24,087	21,473
Total Other Expenses	31,446	28,229

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 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:

	2017 Actual \$000	2016 Actual \$000
Not later than one year	81	72
Later than one year and not later than five years	12	7
Later than five years	-	-
Total Non-cancellable Operating Leases	93	79

7. Finance costs

Accounting policy

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

	2017 Actual \$000	2016 Actual \$000
Interest on borrowings	1,074	709
Discount unwind on provisions (note 19)	45	98
	1,119	807

8. Cash and cash equivalents

Accounting policy

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.

Breakdown of cash and cash equivalents and further information

	2017 Actual \$000	2016 Actual \$000
Cash at bank and in hand	2,070	1,152
Term deposits with maturities less than 3 months	8,199	14,300
Total	10,269	15,452

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

9. Trade and other receivables

Accounting policy

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.

Breakdown of receivables and further information

	2017 Actual \$000	2016 Actual \$000
Rates receivables	397	340
Community loans	18	19
Sundry debtors	3,574	4,345
Loans to Other Entities	55	72
	4,044	4,776
<i>Less non current portion</i>		
Community loans	16	17
Loans to Other Entities	38	56
Total Non-current Portion	54	73
Current Portion	3,990	4,703
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	4,044	4,776
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	-	-

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 is detailed below:

	2017 Actual \$000	2016 Actual \$000
Not past due	3,491	4,223
Past due 1 - 60 days	418	392
Past due 61 - 120 days	63	55
Past due > 120 days	18	33
Total	3,990	4,703

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

10. Other financial assets

Accounting policy

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.

Breakdown of other financial assets and further information

Current portion

	2017 Actual \$000	2016 Actual \$000
Term deposits with maturities of 4 - 12 Months	6,800	2,700
LGFA - borrower notes	112	-
Total current portion	6,912	2,700

Non-current portion

Investments in CCOs

	Number of Shares	% Holding	Balance Date	2017 Actual \$000	2016 Actual \$000
Waikato Regional Airport Limited	777,110	15.63	30 June	12,813	2,404
Civic Financial Services Limited*	149,082	1.35	31 Dec	141	141
Waikato Local Authority Shared Services Limited - called	1	7.69	30 June	1	1
Waikato SVDS** - called	78,748	4.9	30 June	15	31
Waikato Regional Transport Model** - called	11,250	5	30 June	112	112
LGFA - unlisted shares	200,000	0.4	30 June	100	100
LGFA - borrower notes			30 June	96	208
Total non current portion of shares and investments in other organisations				13,278	2,997

*Previously New Zealand Local Government Insurance Corporation Limited.

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

As a result of the increasing portion of Waikato Regional Airport Limited's balance sheet being carried at fair value, Council is now able to reliably measure its investment in Waikato Regional Airport Limited at fair value (previously recognised at cost). This has resulted in an increase of investment in Waikato Regional Airport Limited of \$10.409 million in the current year.

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.

11. Assets held for sale

Accounting policy

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.

Breakdown on assets held for sale and further information

	2017 Actual \$000	2016 Actual \$000
Assets held for sale - Land	820	-
Assets held for sale - Buildings	1,545	-
Total assets held for sale	2,365	-

Council is proposing to sell the Palmer Street Pensioner Housing complex to Habitat for Humanity (Central North Island). Council is also proposing to sell approximately 263m² of land being part of the Karapiro Hall site at Karapiro Road to Karapiro Motors (1975) Limited subject to conditions.

12. Property, plant and equipment

Accounting policy

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

	Components	Years
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 2017.

Infrastructural assets

At fair value determined on a Depreciated Replacement Cost (DRC) basis by an independent valuer. The valuation of the utility assets was performed by AECOM New Zealand Limited (AECOM) and the valuation is effective as at 30 June 2017. The valuation of the roading assets was performed by Beca Valuations Limited (Beca) and is effective as at 30 June 2017.

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. On transition to New Zealand equivalents to International Financial Reporting Standards on 1 July 2006, the Council elected to use the fair value of land under roads as at 1 July 2006 at deemed cost. Land under roads is no longer revalued.

Impairment of property, plant and equipment and intangible assets

Assets that have a finite useful life are reviewed for indicators of and are tested annually for impairment at each balance date. When there is an indicator of impairment the asset's

recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

Value in use for non-cash-generating assets

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

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

Value in use for cash-generating assets

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

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

Critical accounting estimates and assumptions

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.

The total fair value of infrastructure assets is determined on a DRC basis at 30 June 2017.

Operational land and buildings

There are a number of assumptions and estimates used when performing market valuations over operational land and buildings assets. These include:

Land (operational)

- Land is valued as vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.
- Assumption of an open market "willing buyer willing seller" scenario. This is effectively the price an informed purchaser would have to pay to acquire a similar property.
- Where there is a designation held against the land, adjustments have been made to reflect that designation.

Buildings (operational)

- All buildings have been valued on either a fair market basis or depreciated replacement cost approach.
- Where the fair value of an asset can be determined by reference to the price in an active market for the same asset or a similar asset, the fair value of the asset is determined using this information. Where fair value of the asset is not able to be reliably determined using market-based evidence, depreciated replacement cost is considered to be the most appropriate basis for determination of the fair value.
- The highest and best use of the property is considered when formulating which approach to undertake the building valuation. Where market-based evidence exists, structures have been valued on a market basis in relation to market-based net rates per square metre.

Experienced independent valuers perform the Council's Operational Land and Buildings asset revaluations.

Other

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.

Treatment of bore drilling costs

The outcome for projects such as bore drilling are largely unknown until the project is substantially complete. It is only then that the future economic benefits or service potential of such assets can be determined. Council assesses each borehole in the light of the future economic benefits or service potential to Council. Costs associated with bores that show no evidence of yielding future economic benefits or service potential are treated as impairment losses. Currently there is a level of uncertainty that means Council believes it appropriate for these costs to sit in work in progress until completion of the drilling programme and further assessment for capitalisation/impairment at that point.

It is also likely that the 2018-28 10 Year Plan determination of the water supply source decision for Te Awamutu will have impact on whether bores with service potential are used as part of the water supply system.

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.

2017	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 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)
Opening carrying amount	117,876	49,991	-	1,016	1,870	9,608	180,361
Year Ended 30 June 2017							
Transfers	(915)	(1,747)	-	-	-	-	(2,662)
Additions	1,447	5,236	-	310	427	1,914	9,334
Additions (vested to Council)	544	3,679	-	-	-	-	4,223
Disposals	(232)	(850)	-	(192)	(389)	(111)	(1,774)
Accumulated depreciation prior to revaluation	-	(2,853)	-	-	-	-	(2,853)
Current year depreciation	-	(1,067)	-	(242)	(501)	(766)	(2,576)
Accumulated depreciation write off on disposal/revaluation	-	2,875	-	192	337	111	3,515
Revaluation Surplus / (deficit)	106,102	4,827	-	-	-	-	110,929
Impairment		(1,003)					(1,003)
Work in progress	(1,417)	(860)	-	-	36	(445)	(2,686)
Total movement	105,529	8,237	-	68	(90)	703	114,447
Balance 30 June 2017							
Cost	223,405	58,325	418	2,403	5,664	18,482	308,697
Accumulated depreciation	-	(97)	(418)	(1,319)	(3,884)	(8,171)	(13,889)
Closing Carrying Amount	223,405	58,228	-	1,084	1,780	10,311	294,808

Impairment losses of \$1,003,000 (2016 \$0) have been recognised for prior year capital costs. This relates to the Cambridge Pool Development project due to the change in project scope, \$861,000; and Renewal of Pensioner Housing Palmer Street, \$142,000. As per the 2015-25 LTP Amendment this property will now be sold. The impairment loss has been recognised in the statement of comprehensive revenue and expense in the line item 'Other expenses'.

The total amount of property, plant and equipment as at 30 June 2017 is \$1,499,617,000. This is made up of total operational and infrastructure assets valued at \$294,808,000 and \$1,204,809,000 respectively.

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							
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	-	(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	Sewerage system reticulation	Water system treatment	Water system reticulation	Drainage network	Roading network	Land under roads	Total infrastructural assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$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	-	-	-	-	-	-	-	-
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

During 2015/16 a revaluation of the Roothing 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.

Core infrastructure asset disclosure

The table below shows the most recent replacement cost estimate for Council's revalued infrastructure assets.

	2017 Actual \$000	2016 Actual \$000
Sewerage system - treatment	30,955	29,129
Sewerage system - reticulation	124,047	116,450
Water system - treatment	41,011	39,302
Water system - reticulation	157,417	149,156
Drainage network	98,995	84,232
Roading network	875,329	873,572
Total	1,327,754	1,291,841

Work in progress

Property, plant and equipment in the course of construction by class of asset is detailed below:

	2017 Actual \$000	2016 Actual \$000
Land and Buildings	2,206	6,602
Plant	55	20
Furniture and Equipment	1,724	1,057
Wastewater treatment and disposal	5,318	3,822
Water treatment and supply	11,364	4,213
Drainage network	1,819	6,397
Roading network	12,852	8,344
Total work in progress	35,338	30,455

Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	2017 Actual \$000	2016 Actual \$000
<i>Capital Commitments</i>		
Roading network	7,173	3,773
Wastewater treatment and disposal	1,647	167
Water treatment and supply	1,786	6,060
Parks and reserves - pathways and structures	9	1,483
Total capital commitments	10,615	11,483

13. Intangible assets

Accounting policy

Software acquisition and development

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

Amortisation

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

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite life are reviewed for indicators of impairment and tested annually for impairments each balance date.

For further details, refer to the policy for impairment of property, plant and equipment in Note 12. The same approach applies to the impairment of intangible assets.

Emissions trading scheme

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the New Zealand Units (NZU). Gains and losses on disposals are reported in the surplus or deficit. If at the end of any financial year there has been some deforestation (such as harvesting) that is yet to be replanted, a contingent liability will be disclosed until such time as replanting has occurred. After initial recognition, Emission Trading Scheme credits are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. NZUs are not amortised and have an indefinite life.

Financial risk management strategies

Compensation has been provided to forestry owners, via the allocation of compensation units, known as 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 2017 is \$280,704 (2016 \$291,312).

Breakdown of intangible assets and further information

Movements in the carrying value for each class of intangible asset are as follows:

	Computer Software \$000	NZ Units \$000	Total \$000
2017			
Balance at 1 July 2016			
Cost	2,756	291	3,047
Accumulated amortisation and impairment	(2,222)	-	(2,222)
Opening carrying amount	534	291	825
Year ended 30 June 2017			
Additions	246	-	246
Transfers	-	-	-
Intangible gains / (losses)	-	(11)	(11)
Disposals	-	-	-
Amortisation charge	(97)	-	(97)
Closing carrying amount	683	280	963
Balance at 30 June 17			
Cost	3,002	280	3,282
Accumulated amortisation and impairment	(2,319)	-	(2,319)
Closing carrying amount	683	280	963

	Computer Software \$000	NZ Units \$000	Total \$000
2016			
Balance at 1 July 2015			
Cost	2,776	111	2,887
Accumulated amortisation and impairment	(2,128)	-	(2,128)
Opening carrying amount	648	111	759
Year ended 30 June 2016			
Additions	-	-	-
Transfers	(20)	-	(20)
Intangible gains / (losses)	-	180	180
Disposals	-	-	-
Amortisation charge	(94)	-	(94)
Closing carrying amount	534	291	825
Balance at 30 June 16			
Cost	2,756	291	3,047
Accumulated amortisation and impairment	(2,222)	-	(2,222)
Closing carrying amount	534	291	825

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

14. Depreciation and amortisation expense by group of activity

	2017 Actual \$000	2016 Actual \$000
Directly attributable depreciation and amortisation expense by group of activity		
Governance	5	5
Planning and Regulatory	4	4
Community Services and Facilities	1,626	1,502
Roads and Footpaths	10,552	10,076
Stormwater	1,134	1,076
Water Treatment and Supply	4,033	3,882
Wastewater Treatment and Disposal	2,795	2,735
Support Services	990	878
Total depreciation and amortisation expense	21,139	20,158

15. Insurance of assets

The total value of all assets of Council that are covered by insurance contracts is \$638,766,460 (2016 \$600,129,591) and the maximum amount to which they are insured is \$233,065,536 (2016 \$193,452,476).

Insurance Class	Total Declared Value \$	Policy Limit \$
Infrastructure	397,113,047	80,000,000 per loss
Material Damage	238,587,877	\$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	3,065,536	3,065,536
Total	638,766,460	233,065,536

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.

Council maintains insurance reserves to cover the cost of excesses for both material damage and infrastructure claims. The reserve will also be used to minimise fluctuations in premium costs due to external markets.

16. Forestry assets

Accounting policy

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.

Breakdown of forestry assets and further information

	2017 Actual \$000	2016 Actual \$000
Balance at 1 July	1,623	1,116
Decrease due to harvest and thinnings	(17)	(26)
Gains / (losses) arising from changes in fair value less estimated point of sale costs	230	533
Increase due to planting	-	-
Balance 30 June	1,836	1,623

Council owns 284 hectares of forest land with 236 hectares of mainly pinus radiata and 4.8 hectares of mixed species. The pinus are at varying stages of maturity ranging from 6 years to 36 years.

There has been no harvesting in the 2017 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2017. 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. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A pre-tax discount rate of 6.5% has been used in discounting the present value of expected cash flows.
- Log prices are based on a three year historical rolling average.

A peer review of the P F Olsen Limited's valuation was completed by Interpine Forestry Limited.

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

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.

17. Investment property

Accounting policy

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.

Breakdown of investment property and further information

	2017 Actual \$000	2016 Actual \$000
Balance at 1 July	14,611	12,964
Additions	1,098	-
Disposals	-	(255)
Fair value gains / (losses) on valuation	3,677	1,902
Balance 30 June	19,386	14,611

Investment properties are valued annually at fair value effective 30 June.

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.

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.

Information about the revenue and expenses in relation to investment property is detailed below:

	2017 Actual \$000	2016 Actual \$000
Rental income	611	586
Expenses from investment property generating income	166	268
Expenses from investment property not primarily generating income	384	395

18. Trade and other payables

Accounting policy

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

Breakdown of payables and other information

	2017 Actual \$000	2016 Actual \$000
<i>Trade and other payables under exchange transactions</i>		
Trade payables	4,442	5,676
Deposits and bonds	198	195
Accrued expenses	4,313	3,076
Income in advance	2,075	1,875
Total	11,028	10,822
<i>Trade and other payables under non-exchange transactions</i>		
Taxes payable (e.g. GST and FBT)	446	562
Total	446	562
Total Trade and other payables	11,474	11,384

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.

19. Provisions

Accounting policy

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The

increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs” (see note 7).

Breakdown of provisions and further information

	2017 Actual \$000	2016 Actual \$000
<i>Current provisions are represented by:</i>		
Landfill aftercare provision and finance leases	23	29
Total Current Provisions	23	29
<i>Non current provisions are represented by:</i>		
Landfill aftercare provisions and finance leases	693	740
Total Non-current Provisions	693	740

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.

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 4.91% (2016 5.10%).

	2017 Actual \$000	2016 Actual \$000
Opening balance	769	1,109
Amounts used	(51)	(216)
Additional provision	-	-
Unused amounts reversed	(47)	(222)
Discounting changes	45	98
Closing Balance	716	769
<i>Represented by:</i>		
Current portion	23	29
Term portion	693	740
	716	769

20. Employee benefit liabilities

Accounting policy

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.

	2017 Actual \$000	2016 Actual \$000
Accrued pay	46	-
Annual leave	1,159	1,105
Sick leave	53	58
Total Employee Benefit Liabilities	1,258	1,163
<i>Comprising:</i>		
Current	1,258	1,163
Total Employee Benefit Liabilities	1,258	1,163

21. Borrowings

Accounting policy

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

Internal borrowings

Information about internal borrowings is provided on pages 103 to 177 of Council's annual report. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

Breakdown of borrowings

	2017 Actual \$000	2016 Actual \$000
<i>Current</i>		
Secured loans	7,024	21
Total Current Borrowings	7,024	21
<i>Non-Current</i>		
Secured loans	6,175	13,202
Total Non-current Borrowings	6,175	13,202
Total Borrowings	13,199	13,223

\$24,000 is repayable throughout the 2017/18 year, \$7 million is repayable in full on 15 December 2017, \$6 million is repayable on 15 March 2019 and \$175,000 is repayable by 30 March 2024.

Fixed rate debt

Council currently has no secured debt issued at fixed rates of interest (2016 \$0). Council utilises interest rate swap arrangements to provide fixed rate cover on debt. Note 22 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, (2016, \$7.5m)

There was no drawdown of this facility at balance date (2016 no draw down of this facility at balance date).

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.

	2017 Actual \$000	2016 Actual \$000
Less than one year	7,024	21
<i>weighted average effective interest rate</i>	<i>6.79%</i>	<i>5.55%</i>
Later than one year but not more than five years	6,175	13,202
<i>weighted average effective interest rate</i>	<i>2.78%</i>	<i>5.11%</i>
	13,199	13,223

22. Derivative financial instruments

Accounting policy

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

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

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

Hedging

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

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

Fair value hedge

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

Cash flow hedge

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

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

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

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

Derivatives that do not qualify for hedge accounting

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

Breakdown of derivative financial instruments and further information

	2017 Actual \$000	2016 Actual \$000
Non current liability portion	-	-
Interest rate swaps - cash flow hedges	1,196	1,640
Total Derivative Financial Instrument Liabilities	1,196	1,640

Interest rate swaps

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2016 \$7,000,000). As at 30 June 2017 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2016 6.01%).

Council deems the hedges held to be effective. Gains and losses are recognised in the hedging reserve in equity (note 23) and will be released to the Statement of Comprehensive Revenue and Expense as interest is paid on the underlying debt.

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.

23. Equity

Accounting policy

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

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

Council created reserves

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

Revaluation reserves

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

Cash flow hedge reserves

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

Breakdown of equity and further information

	2017 Actual \$000	2016 Actual \$000
<i>Retained earnings</i>		
As at 1 July	400,781	373,649
Transfers to:		
Reserves and special funds	(12,640)	(12,952)
Transfers from:		
Asset Revaluation reserve on disposal of property, plant and equipment	4,318	5,969
Reserves and special funds	10,492	7,203
Surplus / (deficit) for the year	29,909	26,912
Total retained earnings as at 30 June	432,860	400,781
<i>Council created reserves</i>		
As at 1 July	34,223	28,474
Transfers to:		
Retained earnings	(10,492)	(7,203)
Transfers from:		
Retained earnings	12,640	12,952
As at 30 June	36,371	34,223
Asset Revaluation Reserves		
As at 1 July	900,382	897,609
Revaluation gain / (losses)	166,728	8,742
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(4,318)	(5,969)
As at 30 June	1,062,792	900,382
<i>Asset revaluation reserves consist of:</i>		
Operational assets		
Land	199,439	93,841
Buildings	23,042	19,001
Intangible Assets	281	291
Investments	10,409	-
Infrastructural Assets		
Sewerage System	52,941	46,820
Water System	59,673	55,414
Drainage network	38,027	35,111
Roading network	678,980	649,904
Total Asset Revaluation Reserves	1,062,792	900,382
<i>Cash Flow Hedge Reserves</i>		
Opening balance 1 July	(1,640)	(1,114)
Fair value gains / (losses) in the year	444	(526)
Total Cash Flow Hedge Reserve	(1,196)	(1,640)
Total other reserves as at 30 June	1,097,967	932,965

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

	Opening Balance \$000	2016/17 Transfer to Reserve \$000	2016/17 Transfer From Reserve \$000	2016/17 Closing Balance \$000
<i>Council created reserves consist of:</i>				
Property Reserves				
Asset Sales Cambridge	1,535	479	(436)	1,578
Asset Sales Te Awamutu	215	6	-	221
Asset Sales General	426	13	(12)	427
Endowment Land Cambridge	2,154	65	(74)	2,145
Endowment Land Pirongia	17	1	-	18
Endowment Land Te Awamutu	94	17	-	111
Endowment Land Waipa District	12	-	-	12
Forestry Reserve	35	-	(35)	-
Residential Housing Reserve	186	1,155	(1,022)	319
Reserve Contributions & Development Contributions				
Cambridge North	945	2,052	(1,405)	1,592
District Wide Stormwater	226	10	-	236
District Wide Waste Water	1,392	1,781	(491)	2,682
District Wide Water Treatment and Supply	1,097	921	(1,458)	560
District Wide Roding	1,555	1,148	(2,118)	585
District Wide Reserve Developments	465	25	(1)	489
District Wide Land Purchase	1,419	381	(601)	1,199
Te Awamutu Library/Museum	194	29	(182)	41
Special Funds				
Cemetery Paterangi	4	-	-	4
Project Funding Reserve	4,966	2,028	(1,280)	5,714
General Insurance Reserve	197	53	-	250
Infrastructure Insurance Reserve	374	94	-	468
Te Awamutu 100kv Compensation Reserve	313	-	-	313
Pavement Levies	17	8	-	25
Road Asset Technical Accord (RATA)	-	193	-	193
Separate Balances				
Roding Reserve	1,582	30,408	(30,017)	1,973
Stormwater Reserve	241	5,940	(5,141)	1,040
Water Supply Reserve	6,849	14,932	(17,007)	4,774
Waste Water Reserve	5,116	10,904	(9,214)	6,806
Depreciation Reserve - Long Term Assets	830	1,182	(1,689)	323
Depreciation Reserve - Medium Term Assets	1,767	993	(487)	2,273
Total Council Created Reserves	34,223	74,818	(72,670)	36,371

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 and 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 and supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply
District wide roading	Proceeds from development contributions to fund growth related	Roads & Footpaths

Reserve	Purpose	Activity
	expenditure	
District wide reserve developments	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
District wide land purchase	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
Te Awamutu library/museum	Proceeds from development contributions to fund growth related expenditure for Te Awamutu Library / Museum	District Libraries / Museums
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
Road Asset Technical Accord (RATA)	Funds held in reserve for future works	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

Reserve	Purpose	Activity
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

24. Contingencies

Contingent liabilities

	2017 Actual \$000	2016 Actual \$000
a) Guarantees	405	478
b) Waipa Community Trust	20	20
c) Waipa Community Facilities Trust	199	223
d) Outstanding legal matters	-	60
	624	781

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.

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 project is not yet complete, 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 commitment to complete the pool project in 2019 and

the detailed design work currently in progress. At 30 June 2017 the Trust holds approximately \$18,000 of funds on behalf of the pool project.

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 14 local authority guarantors of the NZLGFA. In that regard, the LGFA has total uncalled capital of \$20 million of which Council's portion is \$100,000. When aggregated with the uncalled capital of other shareholders, \$20 million is 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 2017, NZ LGFA had borrowings totalling \$7,946m (2016 \$6,501m). This figure is made up of the face value of LGFA's bonds on issue of \$7,505m, accrued interest on bonds on issue of \$66m, the face value of bills on issue of \$350m and bonds LGFA lent to counterparties under bond repurchase transactions of \$25m.

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

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Waipa district Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 21 schools of which are located within Waipa district comprising 49 buildings. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

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.

25. *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, for the Trust 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.

Senior management and councillors' compensation

	2017 Actual \$000	2016 Actual \$000
<i>Councillors</i>		
Remuneration	546	522
Full-time equivalent members*	13	13
<i>Executive Team, including Chief Executive</i>		
Remuneration	994	952
Full-time equivalent members	4	4
Total key management personnel remuneration	1,540	1,474
Total number of members	17	17

*Due to difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

26. *Events after balance date*

There were no significant events after balance date.

27. *Financial instruments*

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

	2017 Actual \$000	2016 Actual \$000
Financial Assets		
Loans and receivables		
Cash and cash equivalents excluding term deposits	2,070	615
Trade and other receivables	3,971	3,163
Other financial assets:		
- term deposits	14,999	17,537
- community loans	18	19
- loans to other entities	55	72
Total loans and receivables	21,113	21,406
Fair value through other comprehensive revenue and expense		
- Borrower notes	208	208
Total fair value through other comprehensive revenue and expense	208	208
Financial Liabilities		
Derivatives that are hedge accounted		
Derivative financial instrument liabilities	1,196	1,640
Financial liabilities at amortised cost		
Trade and other payables	8,953	8,947
Borrowings:		
- secured loans	13,199	13,223
Total financial liabilities at amortised cost	22,152	22,170

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 21.

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 22. 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 24.

Maximum exposure to credit risk

Council’s maximum credit risk exposure for each class of financial instrument is as follows:

	2017 Actual \$000	2016 Actual \$000
Cash at bank and term deposits	17,069	18,152
Receivables	3,971	4,685
Community and related party loans	73	91
Financial guarantees	405	478
Total	21,518	23,406

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.

	2017 Actual \$000	2016 Actual \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA-	17,069	18,152
Total cash at bank and term deposits	17,069	18,152
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Community and related party loans		
Existing counterparty with no defaults in the past	73	91
Total community and related party loans	73	91

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 2017.

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 24.

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.

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
Council 2017					
Creditors and other payables	8,953	8,953	8,953	-	-
Secured loans	13,199	14,273	7,024	6,024	151
Financial guarantees	-	-	-	-	-
Total	22,152	23,226	15,977	6,024	151

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$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

Council has derivative financial instruments in the form of one (2016 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.

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2017						
Cash at bank and term deposits	17,069	17,069	17,069	-	-	-
Debtors and other receivables	3,971	3,971	3,971	-	-	-
Community loans	18	18	2	2	6	8
Loans to other entities	55	55	17	18	20	-
Total	21,113	21,113	21,059	20	26	8

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
	\$000	\$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	9
Loans to other entities	72	72	16	18	38	-
Total	22,928	22,928	22,855	20	44	9

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	2017 Actual \$000				2016 Actual \$000			
		-100 bps Other		+100 bps Other		-100 bps Other		+100 bps Other	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Interest rate risk									
<i>Financial assets</i>									
Cash and cash equivalents	1	(165)	-	165	-	(175)	-	175	-
<i>Financial liabilities</i>									
Derivatives-hedge accounted	2	-	(432)	-	405	-	(524)	-	487
Total sensitivity on interest rates		(165)	(432)	165	405	(175)	(524)	175	487

Explanation of sensitivity analysis:

- 1 Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$16,459,971 (2016 \$17,537,042) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$164,599 (2016 \$175,370).
- 2 Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$1,196,037 (2016 \$1,640,016). A movement in interest rates plus 100 bps has an effect of \$405,082 (2016 \$486,621) and minus 100 bps has an effect of \$432,325 (2016 \$523,899).

28. 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.

	Valuation technique			
	Total \$000	Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
<i>30 June 2017</i>				
Financial assets				
Shares	13,182	-	-	13,182
Financial liabilities				
Derivatives	1,196	-	1,196	-
<i>30 June 2016</i>				
Financial assets				
Shares	2,789	-	-	2,789
Financial liabilities				
Derivatives	1,640	-	1,640	-

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:

	2017 Actual \$000	2016 Actual \$000
Balance at 1 July	2,789	2,805
Impairment - recognised in other comprehensive revenue and expense	10,393	(16)
Balance 30 June	13,182	2,789

29. 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;
- 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.

30. Explanation of major variances against budget

Explanations for major variances from the 2016/17 budgeted figures are as follows:

Statement of comprehensive revenue and expense

- Rates revenue is \$3.2 million higher than budget. This relates to the re-allocation of targeted water supply rates from fees and charges.
- Fees and charges revenue received is \$171,000 less than budget. Additional revenue has been received \$787,000 of this is from greater than anticipated consent applications. \$1,185,000 is district pools, this relates to recovery of expenses from the Waipa Community Facilities Trust, \$293,000 and revenue from the Community Facilities Trust on consolidation, \$1.2 million. The additional fees and charges revenue has been offset by the re-allocation of targeted water supply rates to rates.
- Gain on revaluation of Forestry and Investment Properties was \$3.3 million higher than budget due to current market conditions.
- The value of infrastructure assets gifted from developers was \$13 million greater than budget, this relates to the timing of receiving assets from developers and includes gifting from Te Awa River Ride Charitable Trust of the Te Awa River Ride of several kilometres of trail within Waipa district between Lake Karapiro and the Avantidrome, \$3.7 million.
- Increase in finance income due to greater than anticipated levels of cash and short term arbitrage arrangements.
- Subsidies and grants are \$1.6 million greater than budget due to NZTA funding towards the new roundabout at the intersection of Victoria and Cambridge Roads.
- Other expenses are \$4.5 million higher than budget. This is made up of:
 - Loss on disposal of infrastructure assets being \$2 million higher than budget.

- The 2016/17 budget included a gain on sale from property developments in Cambridge. Due to various geotechnical and title issues the sale of these developments have been delayed - \$2.4 million.
- In October 2015, the Finance and Corporate Committee resolved for Council to sell the Albert Park Grandstand facility to the Grandstand Community Trust for \$1.00. This resulted in a loss on disposal of \$834,000 and the loss has been expensed in the current year.
- Transfer and impairment of prior year capital costs to operating costs for capital projects that are no longer proceeding or the scope has significantly changed. These include Cambridge Pool Development, \$861,000 and Renewal of Pensioner Housing Palmer Street, \$142,000.
- Transfer of Structure Plan budgets from a capital expense to operating expense, this cost will be loan funded over a ten year period, \$360,000.
- 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, \$128 million greater than budget. \$111 million relates to the gain on land and buildings, the previous land and building revaluation was completed in 2014. Since that time Council's portfolio has increased in value and the revaluation has taken into account the market movement, as well as zone changes and the new Waipa District Plan.

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 additional cash received from interest revenue and reserve and development contributions. This is also due to the timing of capital work, particularly development related projects.
- Other comprehensive income includes investments in CCOs' being \$10.4 million greater than budget due to the revaluation of Council's investment in Waikato Regional Airport Limited to fair value.
- Borrowings at year end are \$11.5 million lower than budget. This is due to the higher than anticipated cash balance at the end of the 2015/16 financial year, additional revenue received and timing of capital works.

Groups of Activities

How we group activities

Our services in this Annual Report 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 Annual Report as it contains a significant number 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

JULY 2016

Water meters contract let

In July, we awarded the contract to roll out water meters across those parts of the district that don't already have them.

Around 9,800 residential properties in Cambridge, Te Awamutu and Kihikihi saw meters installed between August 2016 and June 2017.

Although meters are installed, water bills will not be sent out until 2018, and not before everyone receives two mock invoices to show how much water has been used – and what it would have cost.

Council resolved to install water meters in 2012 to help defer the capital cost of water infrastructure.

AUGUST 2016

Waipa 'tiki tour' released

We created a new web-based tool to help people better understand what our Council actually does.

www.tikitour.co.nz was created to help people better understand the role of a council and a councillor. The interactive online tool takes visitors on an animated tour of a typical New Zealand town, taking them through the range of activities councils are involved in.

The tool was launched ahead of the local government elections to shine the spotlight on, and help people better understand the role of Council and of elected members.

SEPTEMBER 2016

Playground plans revealed

Plans for an expansive new playground at Te Awamutu were revealed for community feedback.

Council set aside \$395,000 to expand the current playground by the Trust Waikato Te Awamutu Events Centre and build a new play space in Pioneer Park by the Mangaohoi Stream.

The playground expansion and upgrade is part of the wider Te Awamutu hub project which will be anchored by the new library and potentially a discovery centre.

OCTOBER 2016

New Te Awamutu library opened

Nearly 2,500 people poured through the doors of Te Awamutu's new library on opening day.

Mayor Jim Mylchreest officially opened the building during an on-site ceremony, followed by an opening celebration with live music, face painting, competitions and outdoor games.

In between answering queries and assisting with new memberships, library staff issued 2,351 items on opening day.

Work on the 1,400 square metre facility began in December 2015 and was completed on time and on budget for a total cost of \$4.4 million.

NOVEMBER 2016

New website launched

www.investwaipa.co.nz was launched to help deal with a growing number of enquiries from people looking to invest in Waipa district.

Council recognises that setting up a business is hard enough and it's our job to make it easier, not harder. The website helps potential investors and business owners save time and money by providing clear information, early, on Council processes.

www.investwaipa.co.nz provides entry level information for new businesses as well as more complex data. It has a large section on how to get a business started including a step-by-step approach to local rules and regulations.

DECEMBER 2016

First traffic lights turned on

Waipa's first ever Council-owned traffic lights were turned on this year. The lights control the intersection of Norfolk Drive and Victoria Road in Cambridge and were part of a wider Cambridge North project.

The project, which included the extension of Norfolk Drive, connects Cambridge North to the rest of the town and also allows for forecast growth. Other work included widening Victoria Road, installing wastewater and storm water infrastructure, building a shared footpath/cycleway and installing new pedestrian crossings, kerbing and planting.

JANUARY 2017

Dambusters arrived in Te Awamutu

Te Awamutu museum hosted the popular exhibition '*Dambusters: Boffins, Bravery and Bouncing Bombs*' from the Air Force Museum of New Zealand.

The exhibition explored the extraordinary story of the Dambusters' raids on the Ruhr Valley dams in 1943. It detailed the planning that went into the raids, the science behind the 'bouncing bombs' and the aftermath for the men involved as well as the Ruhr Valley community.

The exhibition proved to be one of the most popular the museum has hosted with more than 3,500 people visiting it in the five months it was on show.

FEBRUARY 2017

Council confirmed land purchase

Council purchased a block of land in Te Awamutu which may unlock land for affordable housing.

The 3.7 hectares was purchased for \$695,000 and is targeted for affordable housing, including allowing first-time buyers and young families into Te Awamutu's housing market.

Council will also consider using the site for pensioner housing.

The land is just a short distance from a major shopping centre and a range of services.

The land is currently zoned rural, meaning any development would require a District Plan change and the associated public consultation.

MARCH 2017

Cambridge roundabout opened for traffic

Work began in January to build a new roundabout at the intersection of Victoria and Cambridge Roads.

The \$3.1 million project included a suite of work to improve the entrance to Cambridge - a landscaped median strip between Victoria Road and Queen Street, the closure of part of Lake Street bordering Lake Te Ko Utu, two-laning Whittaker Street, new pathways and cycleways, improved footpaths and street lighting, pedestrian crossings on Queen Street, Victoria Street and Hamilton Road and more parking by Lake Te Ko Utu.

The project also included restoring and moving the historic Lake Te Ko Utu gates which marked the entrance to the lake.

The roundabout is used by around 21,000 cars every day.

APRIL 2017

World Masters Games in Waipa

Waipa was proud to host two key sports, rowing and track cycling, as New Zealand became the destination for 25,000 people from 100 countries, participating in the World Masters Games 2017.

Around 1,300 athletes competed at Mighty River Domain on Lake Karāpiro and the Avantidrome. Waipa also hosted their supporters, family and friends over a bustling period.

During the Games, Council delivered community events to showcase Waipa to the world. The week of racing offered free fitness activities across the district. To farewell the athletes and supporters we celebrated with a street party for the whole family to enjoy involving food stalls, street entertainers, musicians, face painting, glow dancers, fire hoop displays, free ice cream (thanks to Fonterra)... and more.

MAY 2017

Huge growth predicted

Forecasts suggested a further 25,000 people will live in Waipa by 2050, bringing our population to nearly 75,000. The increase will mean a further 14,000 people for Cambridge, 5,400 in Te Awamutu and Kihikihi and more than 6,000 additional residents spread around the rest of the district.

Council shared a draft strategy with the community detailing new plans to cater for this projected growth.

For Cambridge, the plans included two new growth cells allowing for more than 3,500 new houses as well as two new neighbourhood shopping centres. In Te Awamutu, eight residential growth cells and two industrial growth cells are signalled for development before 2035.

JUNE 2017

Cambridge Pool gets the green light

In June Council asked the community whether or not it should increase the budget for the Cambridge pool to \$16.5 million and add a range of new features.

More than 700 people responded, with 80 per cent favouring the additional expense. With clear community support, Council gave the green light.

The agreed plans mean the Cambridge Pool complex will include an upgrade of the existing outdoor pool, a new 10-lane indoor pool and learners' pool, a hydrotherapy pool, spa and sauna and a children's splash pad. There will be increased seating and a community room as well as car-parking and landscaping.

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 Waipa District Plan is now partly operative 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	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	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.	94.62%	100%	95.24%	Not Achieved. Four LGOIMA requests did not meet the required timeframe. 84 LGOIMA requests were received over the year. The four late were due to resource constraints. Ongoing training is provided to staff on Council's LGOIMA process and legislative requirements.
		The number of complaints about Council withholding information upheld by the Ombudsman.	0	0	0	Achieved
	Council makes robust and effective decisions	The number of Council decisions successfully challenged by Judicial review.	0	0	0	Achieved

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	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.	100%	100%	100%	Achieved.
		The number of community members we engage with through our website ¹ .	185,337	115,685	236,720	Achieved. The Council website remains a key channel for engaging with and providing relevant information to the Community. This focus 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

	2015/16 Long-term Plan Notes \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
REVENUE			
Elections	-	82	58
Community Grants	39	39	46
TOTAL REVENUE	39	121	104
OPERATING EXPENDITURE			
Council & Committees	2,324	2,399	2,335
Cambridge Community Board	172	176	178
Te Awamutu Community Board	170	174	176
Elections	30	175	192
Community Grants	379	379	411
Strategic Planning	1 2,104	2,142	1,965
Community Relationships	1 1,735	1,767	1,663
TOTAL EXPENDITURE	6,914	7,212	6,920
OPERATING NET COST OF SERVICE	(6,875)	(7,091)	(6,816)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	-	30	69
Debt Repayment (Internal)	510	552	552
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	510	582	621

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. Strategic Planning -Transfer of the District Plan and urban design budget from Strategic Planning to Resource Management. Movement of salary costs between Strategic Planning and Community Relationships due to restructure.

Capital expenditure table

	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
To Improve Level of Service			
Flag Tracking System	-	30	60
Community Relationships - minor equipment	-	-	9
TOTAL CAPITAL EXPENDITURE	-	30	69

Waipa District Council funding impact statement for year ended 30 June 2017 for governance

	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	4,464	5,144	5,553
Targeted rates	2,510	2,236	1,953
Subsidies and grants for operating purposes	39	39	46
Fees and charges	-	82	58
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	7,013	7,501	7,610
Applications of operating funding			
Payments to staff and suppliers	3,686	3,788	3,562
Finance costs	63	78	40
Internal charges and overheads applied	2,433	2,615	2,551
Other operating funding applications	721	722	763
Total applications of operating funding (B)	6,903	7,203	6,916
Surplus (deficit) of operating funding (A - B)	110	298	694
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	-	30	69
- to replace existing assets	-	-	-
Increase (decrease) in reserves	110	268	625
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	110	298	694
Surplus (deficit) of capital funding (C - D)	(110)	(298)	(694)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2016 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2017 \$000	Interest \$000
Activity Loans	3,244	(552)	420	3,112	40

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	Actual for 2015/2016	Target for 2016/17	Actual for 2016/17	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	97.73%	95%	92.1%	Not Achieved. 35 out of 38 requests for the year were attended to within one hour. One incident initially lacked an address therefore was delayed. A second call was not dispatched immediately for unknown reasons. One further incident was attended to within 70 minutes.
Building control	We process all building consent applications	The percentage of buildings consents	98.96%	100%	95.02%	Not Achieved. 1264 building consents were processed

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

Activity	The service we provide	How we measure success	Actual for 2015/2016	Target for 2016/17	Actual for 2016/17	Comment
	within agreed timeframes.	processed within 20 working days. ³				<p>over the year, of which 1201 were processed within statutory timeframes. This compares to 1256 building consent applications processed for the 2015/16 year.</p> <p>Of those consents that did not meet timeframes approximately 87% were processed within 21 to 24 days.</p> <p>Challenges in meeting the volumes of applications and balancing inspection demands with limited resources has been ongoing. To address the challenges a redesign of the Building Compliance team has taken place with the creation of new positions. These have now been filled and as a result performance is improving.</p>
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. ⁴	100%	100%	100%	Achieved.
		The percentage of eligible food premises who have food control plans. ⁵	23.24%	50%	68.21%	Achieved.

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

⁴ 12 month rolling average.

⁵ 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	Actual for 2015/2016	Target for 2016/17	Actual for 2016/17	Comment
	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.	94.12%	95%	93.00%	Not Achieved. Performance declined during the middle of the year, partly due to an increase in volumes. This was addressed with the Contractor. Performance has since increased with all complaints for May and June 2017 responded to within the one hour timeframe. 827 noise complaints were received over the year with 769 investigated within one hour.
		The percentage of smoke complaints investigated within 1 hour.	97.01%	95%	98.97%	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.	100%	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.

Activity	The service we provide	How we measure success	Actual for 2015/2016	Target for 2016/17	Actual for 2016/17	Comment
Development engineering	We are responsive to enquiries and requests for information.	Enquiries are responded to within 4 working days.	100%	95%	95.84%	Achieved.

Statement of cost of service

		2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Resource Management	1	1,180	1,209	1,367
Building Control	2	1,711	1,931	2,125
Environmental Health		356	395	403
Animal Control		439	450	487
Development Engineering	3	350	369	247
TOTAL REVENUE		4,036	4,354	4,629
OPERATING EXPENDITURE				
Resource Management	1	1,690	1,726	2,065
Building Control	2	1,732	1,996	1,635
Environmental Health	4	829	889	755
Animal Control		682	696	651
Development Engineering	3	802	824	586
TOTAL EXPENDITURE		5,735	6,131	5,692
OPERATING NET COST OF SERVICE		(1,699)	(1,777)	(1,063)
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. Increase in Resource Management revenue due to high level of growth in the district, this has been partially offset by additional costs. Transfer of the District Plan and urban design budget from Strategic Planning.
2. 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, \$341,000 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, \$426,000.
3. Development Engineering revenue lower than budget which has been offset by a reduction in expenditure.
4. Environmental Health expenditure lower than budget due to timing of filling positions 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 2017 for planning and regulatory

	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,237	1,400	1,437
Targeted rates	462	377	368
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,036	4,354	4,603
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	26
Total sources of operating funding (A)	5,735	6,131	6,434
Applications of operating funding			
Payments to staff and suppliers	4,398	4,733	4,418
Finance costs	-	-	-
Internal charges and overheads applied	1,332	1,393	1,270
Other operating funding applications	-	-	-
Total applications of operating funding (B)	5,730	6,126	5,688
Surplus (deficit) of operating funding (A - B)	5	5	746
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	5	746
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5	5	746
Surplus (deficit) of capital funding (C - D)	(5)	(5)	(746)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2016 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2017 \$000	Interest \$000
Activity Loans	-	-	262	262	-

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	<ul style="list-style-type: none">▪ Our services are acknowledged as excellent value for money.▪ Waipa's growth is built on its strengths.
 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.
 Connected with	<ul style="list-style-type: none">▪ We engage with all parts of our community.

Goal	Community outcomes
our community	<ul style="list-style-type: none"> ▪ We have collaborative and enduring partnerships.
 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 our swimming pool 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	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	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.	1.67 hours	4 hours	1.07 hours	Achieved.

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		The median response time (days) for the resolution of non-urgent service requests relating to land and buildings.	1.02 days	5 days	0.91 days	Achieved.
Museums	The Community is satisfied with the services provided by the Te Awamutu museum	The percentage of visitors surveyed who were satisfied with their museum visit. ⁶	90%	90%	82%	Not Achieved. The Annual Aotearoa Museum Visitor Survey was held from Tuesday 14 Feb to Monday 20 Feb 2017. 45 responses were gathered over this time. The results showed 82% satisfied (score of 7 or greater) and 18% neutral. No responses received rated in the dissatisfied range, with the average brought down by 7 responses from the neutral range (4-6). The national percentage of visitor satisfaction from the same survey was 97%, which includes museums ranging in size throughout the country. Alternative methods of understanding satisfaction against a benchmark are being explored as it is difficult to know how representative this sample over a short period of time is of visitors and their satisfaction with Council's offering.
		The number of school student visitors per annum.	3,578	4,400 ⁷	4,607	Achieved.

⁶ As per the annual Museum Aotearoa Survey questionnaire.

⁷ Learning Experience Outside the Classroom (LEOTC) contractual requirement.

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		The number of 'other' ⁸ visitors per annum.	11,150	10,100 ⁹	8,168	Not Achieved. The Te Awamutu Library moved location on Oct 2016, and the foot traffic to the museum has decreased as a result. Some increase in foot traffic was seen due to the popularity of the Dambusters exhibition. The improvement to the frontage is increasing the profile of the Museum.
Parks and reserves	Parks and reserves meet public requirements	The number of complaints received regarding the appearance of parks and reserves.	182	<190	173	Achieved.
		The percentage of annual playground renewal programme completed ¹⁰ .	100%	100%	113%	Achieved. All prioritised renewal work for the year was completed. However the end of year result is based on dollar spend against budget. As this is project type work the discrepancy is a result of projects being completed slightly over or under the estimated cost of the project. It is difficult to expend the exact budget.
		The percentage of annual parks and reserves renewal	100%	100%	93%	Not Achieved. All prioritised renewal work for the year was completed. However the end of year result is

⁸ 'Other' - visitors other than school students.

⁹ The 10,100 is the target as per the 10-Year Plan 2015-25. Since the target was set the Cambridge museum is no longer a Council operation. The target is currently being reviewed as a result.

¹⁰ This performance measure tracks the actual percentage of the playground renewal programme completed as a proportion of the planned playground renewal programme for the year. The percentage complete is based on the % of the planned financial spend (\$) actually spent.

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		programme completed ¹¹ .				based on dollar spend against budget. As this is project type work the discrepancy is a result of projects being completed slightly over or under the estimated cost of the project. It is difficult to expend the exact budget.
Pensioner housing	Property Services respond in a timely manner to customer service requests.	The median response time (hours) for the resolution of urgent ¹² service requests relating to pensioner housing.	0.46 hours	2 hours	1.75 hours	Achieved.
		The median response time (days) for the resolution of non-urgent ¹³ service requests relating to pensioner housing.	0.06 days	5 days	0.11 days	Achieved.
Public library	Our library services and facilities meet the needs of the community.	% of population who are active ¹⁴ library users.	65.95%	65%	68.22%	Achieved.
		The number of walk-in library visitors per annum.	192,730	205,000	219,569	Achieved.

¹¹ This performance measure tracks the actual percentage of the parks and reserves renewal programme completed as a proportion of the planned parks and reserves renewal programme for the year. The percentage complete is based on the % of the planned financial spend (\$) actually spent.

¹² Urgent service requests are defined as a health & safety or public safety issue.

¹³ Non-urgent service requests are defined as any other service request other than a health & safety or public safety issue.

¹⁴ Active – library card used in past 2 years

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
	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).	94.24%	90%	91.49%	Achieved.
		Library collection meets the LIANZA ¹⁵ standard of 3 items per resident.	2.83	Meet standard	2.93	Not Achieved. A physical stock take was carried out in March 2016. As a result the library database was cleansed. The stock take figure more accurately reflected the number of items held in the libraries, which pushed the measure slightly under target. The ratio has increased from 2.81 to 2.93 since July 2016. With the new library now open the ratio is expected to continue to increase up to the standard over time.
Public toilets	Public Toilets are well maintained	The number of service requests regarding public toilets.	85	<90	70	Achieved.

¹⁵ LIANZA – Library and Information Association of New Zealand Aotearoa

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment	
Swimming pools	The community is satisfied with the service provided.	The percentage of users satisfied with swimming pool services (via survey mechanism).	Te Awamutu	78%	75%	83%	Achieved.
		Cambridge	81%	70%	74%	Achieved.	
	Public swimming pools are accessible.	The number of admissions per annum ¹⁶ .	157,657	135,000	159,655	Achieved. The target for 2016/17 was forecast based on anticipated closure of the Cambridge Pool for upgrade. Therefore as the Cambridge Pool remained open the actual result is significantly higher than the target.	
	Pools are safe and clean.	The percentage of compliance with water quality standards. (no. of	Te Awamutu	99%	85%	98%	Achieved.
Cambridge			100%	85%	100%	Achieved.	

¹⁶ Annual admissions for Cambridge and Te Awamutu combined

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		tests compliant).				
Waste management and minimisation	Recycling services are convenient.	Number of justified ¹⁷ complaints about recycling collection services.	99	<144	52	Achieved.

¹⁷ '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

		2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Parks and Reserves		-	-	2
Mighty River Domain	1	605	620	849
District Museums		108	110	109
District Libraries		210	225	190
District Pools	2	-	-	1,493
Cemeteries		175	179	214
Public Toilets		30	30	5
Properties	3	768	780	959
Pensioner Housing & Own your Own Housing		1,113	1,155	1,157
Rural Fire/Civil Defence		92	95	102
Waste Management		151	155	206
TOTAL REVENUE		3,252	3,349	5,286
OPERATING EXPENDITURE				
Parks and Reserves	4	4,463	4,496	4,727
Mighty River Domain	1	1,079	1,106	1,223
District Museums		965	1,026	1,016
District Libraries		1,790	1,844	1,805
District Pools	2	1,878	1,923	3,861
Heritage	5	452	498	615
Cemeteries		302	311	254
Public Toilets		501	521	438
Properties	3	1,631	1,681	3,329
Pensioner Housing & Own your Own Housing	6	876	925	1,094
Forestry		87	62	78
Rural Fire/Civil Defence		272	318	257
Waste Management		1,570	1,539	1,499
National Cycle Centre of Excellence		60	57	51
TOTAL EXPENDITURE		15,926	16,307	20,247
OPERATING NET COST OF SERVICE		(12,674)	(12,958)	(14,961)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		9,237	6,258	5,655
Vested Assets	7	-	-	4,228
Debt Repayment (Internal)		1,170	1,336	1,270
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		10,407	7,594	11,153

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. Hireage of the Mighty River Domain facilities is higher than anticipated. This is partially offset by additional expenditure.
2. 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.
3. Property – Increase in rental revenue due to the purchase of 90 Mahoe Street. Revenue received from the Crown in relation to the local purpose (quarry) reserve at Goldsmith Street. Year 2 of the 2015-25 LTP included a gain on sale from property developments in Cambridge. Due to various geotechnical and title issues these developments have been delayed, \$669,000. In October 2015 the Finance and Corporate Committee resolved for Council to sell the Albert Park Grandstand facility to the Grandstand Community Trust for \$1.00, this resulted in a loss on disposal of \$834,200.
4. Parks and Reserves increase in operating costs due to additional management support and increase in maintenance costs.
5. Increase in consultancy costs for procurement of services to develop further the concept of the new Museum, Destination and I-site at Te Awamutu Hub.
6. Transfer of prior year capital costs to operating in relation to Renewal Pensioner Housing Palmer Street, \$142,000. As per the 2015-25 10-Year Plan Amendment this property will now be sold.
7. Vested assets includes gifting from Te Awa River Ride Charitable Trust of the Te Awa River Ride of several kilometres of trail within Waipa district between Lake Karapiro and the Avantidrome, \$3.7 million. The balance is gifting of reserves from developers.

Capital expenditure table

	Notes	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
To Meet Additional Demand				
Buffer Reserve Land Purchase	1	292	795	497
Reserve Purchases - Developments		49	50	18
Playground Reserve Land Cambridge North	2	-	410	-
Total Capital Expenditure to Meet Additional Demand		341	1,255	515
To Improve Level of Service				
Cambridge Town Pool Development	3	250	2,048	(421)
Cambridge Town Hall Repairs & Maintenance		350	51	40
Reserve Developments		43	176	141
Development & Restoration of Lake Ngaroto		20	217	271
Maungatautari Project		-	-	40
Castleton Park - Sports Fields	4	53	179	32
Discretionary Community Facility Projects		193	51	85
Cambridge Motor Park - Upgrade Work		45	-	-
Taylor/Vogel Street Development - Property		728	-	-
Addison Street Development - Property		-	-	34
Karapiro Minor Assets (Don Rowlands Centre)		10	20	3
Upgrade Site Managers House - Mighty River Domain		80	-	63
Public Conveniences - New Toilet Blocks		85	92	109
Purchase of Own Your Own Units	5	200	-	195
Renew Pensioner Housing - Palmer Street	6	596	666	(142)
Pensioner Housing - Renewals and Upgrades	7	300	307	125
Purchase of land for Te Awamutu Western Arterial	8	300	410	-
Cambridge Water Tower - Upgrade		-	51	-
New Te Awamutu Library & Fitout	9	4,259	-	1,816
Design and Build Te Awamutu Museum		30	31	113
Te Awamutu Community Hub Precinct		83	123	62
Waipuke Reserve Development		417	-	37
Lake Mangakaware Enhancement of Heritage Values		156	-	26
Matakitaki Access & Restoration		32	40	5
Rata-Tu Reserve Implementation of Management Plan		88	50	-
ECT IT Hardware Procurement		36	-	35
Property Purchases	10	-	-	1,818
Total Capital Expenditure to Improve Level of Service		8,354	4,512	4,487
To Replace Existing Assets				
Karapiro / Arapuni Lakes Programme		25	41	100
Playground Equipment & Safety Surfaces Renewal		45	46	41
Parks Structure Renewals		69	71	44
Plant Replacement - Mighty River Domain		20	11	2
Pensioner Housing Carpark Renewal		87	4	-
Library Books Te Awamutu		148	159	154
Library Books Cambridge		148	159	156
Event Centre Minor Assets		-	-	114
Other Minor Asset Renewals		-	-	42
Total Capital Expenditure to Replace Existing Assets		542	491	653
TOTAL CAPITAL EXPENDITURE		9,237	6,258	5,655

Explanation capital expenditure variances between LTP and Actual

1. Timing change in contribution towards reserves vesting in Council from St Kilda subdivision this was brought forward into the 2015/16 year.
2. Playground Reserve Land Cambridge North – this project will be re-budgeted in the 2018-28 LTP.
3. Cambridge Pool Development – the pool was consulted on as part of the 2015-25 LTP and a total budget of \$9.9 million was included. Further consultation was undertaken in May 2017 on an option to expand the scope. Council resolved at a Special Meeting of Council on 13 June 2017 to proceed with the enhanced scope. Timing of this project was delayed while Council confirmed the scope. The change in scope has also resulted in \$860,000 of prior year capital costs being transferred to operating costs. This has resulted in a negative balance against this capital project at year end.
4. Development at Castleton Park has been delayed while a study is undertaken to determine what future sports development will occur at the park and therefore what Councils priorities will be for these funds. The balance of this budget has been included in the 2017/18 Annual Plan.
5. Purchase of Own Your Own Unit – no budget was allocated in the current year, but a settlement has taken place due to the unit becoming vacant, Council resolution IC3/14/08.
6. Transfer of prior year capital costs to operating costs in relation to Renewal Pensioner Housing Palmer Street, \$142,000. As per the 10-Year Plan 2015-25 Amendment this property will now be sold.
7. Pensioner Housing – Renewals and Upgrades – this work is on-going and will be carried forward to the 2017/18 year.
8. Western Arterial Purchase of Properties – there have been no purchases this year.
9. New Te Awamutu Library and Fitout – the 2015/16 budget was carried forward for completion of this project.
10. Property purchases – this includes:
 - Property purchase for Te Awamutu Hub Development – resolution for acquisition of property at Mahoe Street was approved by Council on 27 September 2016, \$675,000.
 - Purchase of 258 Beechey Street – resolution for acquisition of property was approved by Council on 27 September 2016, this purchase was made for possible future sale to Ministry of Education for the extension of Pirongia Primary School, \$443,000.
 - Purchase of property 1262 Cambridge Road – this purchase was made for strategic purposes, including developing the land for pensioner and affordable housing, \$696,000.

Waipa District Council funding impact statement for year ended 30 June 2017 for community services and facilities

	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,796	8,578	8,699
Targeted rates	6,095	5,488	5,432
Subsidies and grants for operating purposes	59	56	415
Fees and charges	3,193	3,293	5,063
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	17,143	17,415	19,609
Applications of operating funding			
Payments to staff and suppliers	12,319	12,193	13,565
Finance costs	381	471	278
Internal charges and overheads applied	2,285	2,321	2,123
Other operating funding applications	330	335	296
Total applications of operating funding (B)	15,315	15,320	16,262
Surplus (deficit) of operating funding (A - B)	1,828	2,095	3,347
Sources of capital funding			
Subsidies and grants for capital expenditure	76	72	167
Development and financial contributions	418	282	550
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	494	354	717
Applications of capital funding			
Capital expenditure			
- to meet additional demand	341	1,255	515
- to improve the level of service	8,354	4,512	4,487
- to replace existing assets	542	491	653
Increase (decrease) in reserves	(6,915)	(3,809)	(1,591)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,322	2,449	4,064
Surplus (deficit) of capital funding (C - D)	(1,828)	(2,095)	(3,347)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2016 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2017 \$000	Interest \$000
Activity Loans	12,724 *	(1,270)	2,666	14,120	267
Total	12,724	(1,270)	2,666	14,120	267

*The balance varies from the 2015/16 closing balance due to movement of the internal loan for the Te Awamutu library previously disclosed under Community Facilities now disclosed in Support Services as it is a Council occupied building.

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 Roothing 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 to 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 2015/16	Target for 2016/17	Actual for 2016/17	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	3 less	Achieved.
		Number of fatal and serious crash numbers on Waipa local roads per annum (five year average).	20.8	19.6	18.2	Achieved.
		The average quality of ride on sealed local roads. ¹⁸	96%	95%	-	Uncertain. Reporting on this measure is dependent upon an externally supplied and managed system. An issue with that system has resulted with two results being reported; one being 96% and the other being 90%. The external party is unable to rectify the issue within the timeframes

¹⁸ 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 2015/16	Target for 2016/17	Actual for 2016/17	Comment
						required for this document.
	The existing network is well maintained.	The percentage completed of the sealed local road network that is planned for resurfacing ¹⁹	88.73%	100%	94.6%	Not Achieved. The annual quantity of road to be sealed is based on the programmed length and an average road width. Final sealing areas are taken from confirmed contractor sealing records. The final seal area reflects some variation in road width and extra areas in intersections and parking bays. It is common that during the year some sealing sites may be added to or removed from the programme for reasons of delay to suit other works or a change in treatment required. In this way it is common that the final achieved area will not exactly match the area planned at the beginning of the financial year.
		The percentage of footpaths whose condition meets the desired minimum standard for condition. ²⁰	98.63%	>80%	98.56%	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	93.28%	90%	94.78%	Achieved.

¹⁹ As compared to the target area set in the Asset Management Plan (602,792m² per year)

²⁰ 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).

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		specified time frame. ²¹				
	Alternative transport options are available and promoted.	% (by length) of urban roads ²² which have a footpath on at least one side.	85.13%	80%	85.48%	Achieved.

²¹ 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.

²² Urban roads defined as those with a speed limit of 70 kilometers or less.

Statement of cost of service

		2015/16 Long-term Plan Notes \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
REVENUE				
Fees, charges and NZTA subsidy	1	7,106	6,973	7,119
TOTAL REVENUE		7,106	6,973	7,119
OPERATING EXPENDITURE				
Depreciation and Amortisation	2	8,901	9,357	10,552
Activity Expenses	3	7,337	7,723	8,468
Internal charges and Overheads		1,388	1,477	1,460
Finance Costs		371	524	278
TOTAL EXPENDITURE		17,997	19,081	20,758
OPERATING NET COST OF SERVICE		(10,891)	(12,108)	(13,639)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		15,044	12,314	15,722
Vested Assets	4	9,413	1,432	4,921
Debt Repayment (Internal)		1,399	1,950	1,603
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		25,856	15,696	22,246

Explanation of significant costs of service variances between LTP and Actual

1. Increase in revenue due to Council now running the Waikato Road Asset Technical Accord (RATA) as a stand-alone business unit within the Service Delivery group. RATA staff are employees of Council and Council provides the RATA services to the Waikato Local Authority Shared Services (Waikato LASS) who manages the relationship with participating Councils, \$622,500. This is offset by actual NZTA subsidy being less than budget. Due to optimising the life of assets work was deferred to future years. Also due to weather delays some work will be carried forward to 2017/18 to complete existing contracts.
2. Depreciation greater than budget due to impact of 2015/16 revaluation.
3. Activity expenses greater than budget due to inclusion of RATA.
4. The amount of roading infrastructure assets gifted from developers was \$3.5 million greater than budget. This largely relates to timing of development in Cambridge.

Capital expenditure table

		2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Capital Projects	1	4,519	811	3,463
Urban Upgrades - Development Related		50	51	-
Total Capital Expenditure to Meet Additional Demand		4,569	862	3,463
To Improve Level of Service				
Seal Extensions		500	507	410
New Footpaths		39	39	76
Car Park Improvements		80	81	
Town Concept Plans Implementation	2	500	507	1,044
Passenger Transport Infrastructure		10	10	
Street Light Improvements	3	438	441	816
Cycling Projects District Wide	4	350	1,598	317
Associated & Minor Improvements		1,160	939	879
Cambridge Bypass Roading Improvements	5	100	-	2,750
CBD Accessibility Improvements		100	101	12
Cambridge Gateways Project		100	100	-
Total Capital Expenditure to Improve Level of Service		3,377	4,323	6,304
To Replace Existing Assets				
Footpath Renewals		320	325	271
Amenity Lighting Renewals		2	2	
Car Park Renewals		74	75	73
Drainage Renewals		370	370	644
Sealed Road Resurfacing	6	2,850	2,860	2,513
Unsealed Road Metalling		100	100	-
Pavement Rehabilitation	7	3,000	3,000	2,427
Structures Component Renewal	8	300	314	-
Traffic Services Renewals		25	25	20
Guardrail Renewals		50	50	-
Bus Shelter Renewals		7	8	7
Total Capital Expenditure to Replace Existing Assets		7,098	7,129	5,955
TOTAL CAPITAL EXPENDITURE		15,044	12,314	15,722

Explanation of significant capital variances between LTP and Actual

- Norfolk Drive Extension and Norfolk / Victoria intersection started construction in 2015/16 and were completed in the current financial year, the budget was carried forward from 2015/16.
- Town Concept Plans - \$518,000 was brought forward from 2017/18 to complete streetscape work at Selwyn Lane and Gorst Street. This aligned with completion of the new Te Awamutu Library construction.
- An increase in the LED replacement programme was implemented to take advantage of an 85% NZTA subsidy which was announced at the beginning of 2017.

4. 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, \$300,000. The budget also allowed for western side of district pathways, construction has started on the Te Awamutu to Kihikihi section, the balance of the budget will be carried forward to 2017/18.
5. Cambridge Bypass Roading Improvements – the Hamilton/Victoria Road intersection and streetscape upgrade were brought forward due to NZTA funding becoming available for the roundabout as part of the State Highway revocation.
6. Sealed Road Resurfacing – condition assessment on the assets was completed and the assets were found to be in good condition therefore the work was deferred to future years.
7. Pavement Rehabilitation – work on Thornton Road was delayed during March and April due to weather conditions and will be completed in 2017/18.
8. Structures component renewal – external resources were not available to carry out the bridge inspection work, this is now planned for early 2017/18 and then capital work will be programmed.

Waipa District Council funding impact statement for year ended 30 June 2017 for roads and footpaths

	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,912	9,344	9,453
Targeted rates	2,328	2,102	2,663
Subsidies and grants for operating purposes	2,721	2,774	2,699
Fees and charges	22	23	731
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	12,983	14,243	15,546
Applications of operating funding			
Payments to staff and suppliers	6,428	6,804	6,473
Finance costs	371	524	278
Internal charges and overheads applied	1,388	1,477	1,460
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,187	8,805	8,211
Surplus (deficit) of operating funding (A - B)	4,796	5,438	7,335
Sources of capital funding			
Subsidies and grants for capital expenditure	4,363	4,176	5,491
Development and financial contributions	561	641	1,312
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,924	4,817	6,803
Applications of capital funding			
Capital expenditure			
- to meet additional demand	4,569	862	3,463
- to improve the level of service	3,377	4,323	6,304
- to replace existing assets	7,098	7,129	5,955
Increase (decrease) in reserves	(5,324)	(2,059)	(1,584)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	9,720	10,255	14,138
Surplus (deficit) of capital funding (C - D)	(4,796)	(5,438)	(7,335)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2016 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2017 \$000	Interest \$000
Activity Loans	20,354	(1,603)	2,331	21,082	278
Total	20,354	(1,603)	2,331	21,082	278

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 service 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 are 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 over the last 12 months. Council continues to focus on ways to improve the management of our stormwater systems including during severe weather events which were experienced over the last year when water tables were high for prolonged periods. Forward planning is also underway to ensure Council maintains its comprehensive stormwater discharge consent.

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 2015/16	Target for 2016/17	Actual for 2016/17	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. ²³	5.7	<10	8	Achieved.	
		Compliance with the resource consents for discharge from the stormwater system. ²⁴	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.

²³ 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.

²⁴ 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 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		The number of flooding events in the district. ²⁵	0	<5	0	Achieved.
		For each flooding event , the number of habitable floors affected. ²⁶	0	<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. ²⁷	No flooding events	2	No flooding events.	No flooding events.

²⁵ Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

²⁶ 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).

²⁷ 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

		2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
	Notes			
OPERATING EXPENDITURE				
Depreciation and Amortisation	1	1,087	1,235	1,134
Activity Expenses		1,370	1,348	1,385
Internal charges and Overheads		366	380	315
Finance Costs		10	23	-
TOTAL EXPENDITURE		2,833	2,986	2,834
OPERATING NET COST OF SERVICE		(2,833)	(2,986)	(2,834)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		4,859	1,814	678
Vested Assets	2	540	561	2,596
Debt Repayment (Internal)	3	26	952	311
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		5,425	3,327	3,585

Explanation of significant costs of service variances between LTP and Actual

1. Depreciation less than budget due to impact of 2015/16 revaluation and timing of infrastructure works.
2. Increase in vested assets due to the timing of recognition of assets largely in Cambridge.
3. Stormwater loans lower than budgeted, the repayment was for the balance of the loan.

Capital expenditure table

		2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge Deferred Residential Stormwater Works	1	3,994	1,606	516
Total Capital Expenditure to Meet Additional Demand		3,994	1,606	516
To Improve Level of Service				
Cambridge Deferred Residential - Western Catchment Remedial Works		665	-	-
Total Capital Expenditure to Improve Level of Service		665	-	-
To Replace Existing Assets				
Renewals		200	208	162
		-	-	-
Total Capital Expenditure to Replace Existing Assets		200	208	162
TOTAL CAPITAL EXPENDITURE		4,859	1,814	678

Explanation of significant capital expenditure variances between LTP and Actual

1. Deferral of construction of the north east swale to 2018/19 due to timing of land purchase (2017/18).

Waipa District Council funding impact statement for year ended 30 June 2017 for stormwater

	2015/16 Long-term Plan \$000	2016/17 Long-term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	151	173	168
Targeted rates	2,632	2,761	2,674
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)	2,783	2,934	2,842
Applications of operating funding			
Payments to staff and suppliers	1,310	1,285	1,184
Finance costs	10	23	-
Internal charges and overheads applied	366	380	315
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,686	1,688	1,499
Surplus (deficit) of operating funding (A - B)	1,097	1,246	1,343
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,130	1,434	747
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,130	1,434	747
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,994	1,606	516
- to improve the level of service	665	-	-
- to replace existing assets	200	208	162
Increase (decrease) in reserves	(2,632)	866	1,412
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,227	2,680	2,090
Surplus (deficit) of capital funding (C - D)	(1,097)	(1,246)	(1,343)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2016 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2017 \$000	Interest \$000
Activity Loans	311	(311)	-	-	-
Total	311	(311)	-	-	-

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 be partially non-compliant 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 through the National Institute of Water and Atmospheric Research (NIWA) Enhanced Pond System performance results and peer reviewing future options. Te Awamutu WWTP has been generally compliant over the past 12 months. Upgrade works for increased capacity at the Plant have started . The plant experienced high flows during recent weather bombs and overflow discharge was activated. Historical odour issues in parts of Cambridge will be reduced with current infrastructure upgrades.

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 2015/16	Target for 2016/17	Actual for 2016/17	Comment	
Wastewater	Wastewater is managed to minimise environmental impact in a way that is most cost-effective	The number of dry weather sewerage overflows. ²⁸	0.33	<5	0.06	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.
		The median response time for	The time (hours) from notification	0.43 hours	2 hours	0.14 hours	Achieved.

²⁸ 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.

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 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		call-outs in response to a sewerage overflow. ³⁰	for service personnel to reach the site.				
			The time (hours) from notification to resolution of a blockage or other fault.	2.2 hours	6 hours	0.65 hours	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		3.7	<15	5.1	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.

Statement of cost of service

		2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
	Notes			
REVENUE				
Fees and Charges		469	487	541
TOTAL REVENUE		469	487	541
OPERATING EXPENDITURE				
Depreciation and Amortisation	1	3,100	3,310	2,795
Activity Expenses	2	2,696	2,837	2,531
Internal charges and Overheads		855	870	806
Finance Costs		6	-	-
TOTAL EXPENDITURE		6,657	7,017	6,132
OPERATING NET COST OF SERVICE		(6,188)	(6,530)	(5,591)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		3,426	7,653	3,601
Vested Assets	3	257	215	2,481
Debt Repayment (Internal)		327	-	-
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		4,010	7,868	6,082

Explanation of significant costs of service variances between LTP and Actual

1. Depreciation less than budget due to impact of 2015/16 revaluation and timing of infrastructure works.
2. Salary costs and condition assessment costs lower than budget largely due to the restructure of the Water Services area in 2015/16.
3. Increase in vested assets due to the timing of recognition of assets mainly in Cambridge.

Capital expenditure table

		2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Deferred Residential	1	352	-	734
Cambridge Wastewater Pipe Upgrades		910	511	503
Te Awamutu Wastewater Pipe Upgrades		564	-	73
Te Awamutu Wastewater Treatment Plant Upgrade	2	-	1,774	518
Total Capital Expenditure to Meet Additional Demand		1,826	2,285	1,828
To Improve Level of Service				
Cambridge Wastewater Treatment Plant Upgrade Stage 1		-	225	165
Total Capital Expenditure to Improve Level of Service		-	225	165
To Replace Existing Assets				
Renewals	3	650	727	956
Cambridge Pipe Bridge	4	507	4,126	391
Cambridge WWTP Perimeter Fencing		250	-	-
Plant and Pumps		193	290	261
Total Capital Expenditure to Replace Existing Assets		1,600	5,143	1,608
TOTAL CAPITAL EXPENDITURE		3,426	7,653	3,601

Explanation of significant capital expenditure variances between LTP and Actual

1. This variance arose due to a timing change for the construction of the wastewater pump station required for Norfolk Drive extension, the 2015-25 LTP allowed for construction in 2019/20.
2. The main contract for work on the Te Awamutu Wastewater Treatment Plant Upgrade has been awarded and work started on site late in the financial year. The dewatering equipment will also be on site early in the next financial year. \$1.77 million was deferred from 2016/17 in the 2017/18 Annual Plan.
3. Renewals higher than budget due to carry over of contracts from 2015/16.
4. Cambridge Upgrade Pipe Bridge – investigation and design of the pipe bridge upgrade was completed during the financial year. The physical works contract for the bridge and pipe upgrade will occur in the 2017/18 year so that the contractor can complete the critical works over the summer period.

Waipa District Council funding impact statement for year ended 30 June 2017 for wastewater treatment and disposal

	2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	463	528	490
Targeted rates	6,023	6,166	6,232
Subsidies and grants for operating purposes	-	-	-
Fees and charges	469	487	541
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	6,955	7,181	7,263
Applications of operating funding			
Payments to staff and suppliers	2,603	2,740	2,269
Finance costs	6	-	-
Internal charges and overheads applied	855	870	806
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,464	3,610	3,075
Surplus (deficit) of operating funding (A - B)	3,491	3,571	4,188
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	831	997	2,103
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	831	997	2,103
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,826	2,285	1,828
- to improve the level of service	-	225	165
- to replace existing assets	1,600	5,143	1,608
Increase (decrease) in reserves	896	(3,085)	2,690
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	4,322	4,568	6,291
Surplus (deficit) of capital funding (C - D)	(3,491)	(3,571)	(4,188)
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.

31. *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 restrictions were put in place for all district water supplies during the 2016/17 summer in response to the increase in demand. A change in climatic conditions brought considerably wetter weather to the Waipa district throughout summer reducing the need for higher water restrictions. As a result Waipa stayed on Alert Level One for the entire

summer. Water Restrictions were lifted on 20th March, the earliest in six years that restrictions have been fully lifted. Water quality was constantly monitored during this time and 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				Actual for 2015/16	Target for 2016/17	Actual for 2016/17	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. ³²	Compliant with bacterial compliance criteria ³³³⁴ .	Cambridge & Karāpiro.	Treatment plant.	NC	NC	NC	A technical non-compliance due to a turbidity sample issue occurred on one filter at Karapiro during September. Council have received no leniency from the DHB so therefore were non-compliant for September even though it was a technical non-compliance. A high turbidity event occurred during April for the Hicks Road supply. This occurred due to excessive rain events affecting the turbidity of spring two. There was no

³² 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).

³³ The result will be either 'C' compliant or 'NC' not compliant.

³⁴ The reported results are before a provisional or final report is available from the DWA and therefore reported results are based on WINZ data.

Activity	The service we provide	How we measure success				Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
								risk to the public during this incident.	
					Network zones.	C	C	NC	<p>Not Achieved.</p> <p>There was no risk to the public during these incidences.</p> <p>A positive E-coli test was detected at the end of the Cambridge reticulation during September. There was adequate chlorine residual, the turbidity was low which suggests that it was a false positive. Council received no leniency from the DHB on the one failed test even though there was no other issues with the reticulation. Therefore this is a non compliant result for September.</p> <p>A positive E-coli test in one sample from Karapiro Village was detected in the reticulation zone in November. No other positive tests were found in the other Cambridge Zones. There were no issues with the treatment plant and both Chlorine residuals and turbidity of the failed sample were normal. It is suspected a contaminated sample during sample taking gave a false</p>

Activity	The service we provide	How we measure success		Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment	
							positive.	
			Te Awamutu & Pirongia.	Treatment plant.	C	C	NC	Not Achieved. There was no risk to the public during this incident. In July there was a turbidity instrument failure that showed a total outlet turbidity of 2 NTU which caused the plant to be non-compliant. It was not a true turbidity event but Council is unable to prove it so the plant failed for the bacterial requirements of the drinking water standards for the month of July.
				Network zones.	C	C	C	Achieved.
			Kihikihi.	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
			Ohaupo & Pukerimu.	Treatment plant.	NC	C	C	Achieved.
				Network zones.	NC	C	C	Achieved.
		Compliant with protozoal compliance	Cambridge & Karāpiro.	Treatment plant.	NC	NC	NC	Not Achieved. Hicks Road network is non-compliant to the Protozoa parameters and will remain

Activity	The service we provide	How we measure success			Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment	
			criteria.					<p>non-compliant until the treatment plant is upgraded. This is reflected in the target of NC.</p> <p>This is not a public health risk (all residents on the supply from Hicks Rd are on a permanent boil water notice).</p>	
				Network zones.	NC	C	NC	<p>Not Achieved.</p> <p>Council is unable to meet the Protozoa compliance for Hicks Road treatment plant therefore by default Council is unable to claim compliance for the reticulation zones.</p>	
				Te Awamutu & Pirongia.	Treatment plant.	NC	C	NC	<p>Not Achieved.</p> <p>There was no risk to the public during these incidences.</p> <p>There was a turbidity instrument failure in July that showed a total outlet turbidity of 2 NTU which caused the plant to be non-compliant. It was not a true turbidity event however Council is unable to prove it therefore the plant failed for the Protozoa requirements of the drinking water standards for the month of July.</p> <p>In December there was a short term UV failure (less than 6</p>

Activity	The service we provide	How we measure success		Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment	
							minutes) that caused Te Tahī Treatment Plant to be technically non compliant, Frontier Rd bore Treatment Plant was fully compliant.	
				NC	C	NC	Not Achieved. Council was unable to meet the Protozoa compliance for the Treatment Plant therefore by default Council is unable to claim compliance for the reticulation zone.	
			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.
		Median response time for call-outs in response to a fault or unplanned interruption to the	Attendance for urgent call-out from the time of notification. (hours) ³⁷	0.25 hours	2 hours	0.37 hours	Achieved.	
			Resolution of urgent call-outs		6 hours	2.27 hours	Achieved.	

³⁷ 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.

Activity	The service we provide	How we measure success	Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
		network. ³⁵³⁶	from the time of notification (hours). ³⁸	1.85 hours		
	Attendance for non-urgent call-outs from the time of notification (days). ³⁹		0.93 days	2 days	0.81 days	Achieved.
	Resolution of non-urgent call-outs from the time of notification (days). ⁴⁰		1.02 days	10 days	1.01 days	Achieved.
Water treatment and supply	The community is provided with safe and pleasant drinking water through a reliable piped water system (within specified	The total number of complaints ⁴¹ 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. ⁴²	12.6	<30	8.5	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 The reported results are before a provisional or final report is available from the DWA and therefore reported results are based on WINZ data.

³⁸ 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.

³⁹ 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.

⁴⁰ 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.

⁴¹ Complaints do not include customer contact for pre-planned and pre-notified water shutdowns associated with planned maintenance to the system.

⁴² 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.

Activity	The service we provide	How we measure success		Actual for 2015/16	Target for 2016/17	Actual for 2016/17	Comment
	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. ⁴³	Cambridge & Karāpiro.	14%	<15%	11%	Achieved
Te Awamutu & Pirongia.			12%	<15%	5%	Achieved	
Kihikihi.			18%	<25%	6%	Achieved	
Ohaupo & Pukerimu.			21%	<20%	13%	Achieved	
		The average consumption of drinking water per day per resident. ⁴⁴	Cambridge & Karāpiro.	221	250	218	Achieved
Te Awamutu & Pirongia.			206	250	227	Achieved	
Kihikihi.			238	250	237	Achieved	
Ohaupo & Pukerimu.			179	185	169	Achieved	

⁴³ Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system.

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

		2015/16 Long-term Plan Notes \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
REVENUE				
Fees, charges and targeted rates for water supply		5,935	6,161	6,251
TOTAL REVENUE		5,935	6,161	6,251
OPERATING EXPENDITURE				
Depreciation and Amortisation	1	3,945	4,254	4,033
Activity Expenses	2	5,275	5,531	5,387
Internal charges and Overheads		341	409	453
Finance Costs		-	-	-
TOTAL EXPENDITURE		9,561	10,194	9,873
OPERATING NET COST OF SERVICE		(3,626)	(4,033)	(3,622)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		8,104	8,155	10,134
Vested Assets	3	297	308	1,443
Debt Repayment (Internal)		28	-	-
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		8,429	8,463	11,577

Explanation of significant costs of service variances between LTP and Actual

1. Depreciation less than budget due to impact of 2015/16 revaluation and timing of infrastructure works.
2. An operating budget of \$207,000 was allowed for district wide water consent applications, only costs for the current year were for the ecological survey and report for the Te Tahi consent, \$33,000.
3. Increase in vested assets due to the timing of recognition of assets mainly in Cambridge.

Capital expenditure table

		2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
	Notes			
To Meet Additional Demand				
Karapiro Rising Main	1	1,452	-	466
Cambridge North Water Provision	2	98	278	73
Dedicated Cambridge North Water Main	3	250	326	-
Karapiro Water Treatment Plant Upgrade	4	150	2,829	1,942
Cambridge Water Reticulation Active Control		70	-	-
Total Capital Expenditure to Meet Additional Demand		2,020	3,433	2,481
To Improve Level of Service				
CB Hicks Rd WTP Upgrade		2,303	-	-
Karapiro Village Solution Construction		175	-	-
Parallel Rd to Taylors Hill Pipeline	5	-	208	-
Standby Generators for Treatment Plants		108	-	70
Te Tahi Consent Compliance - Installation of New Plant		67	-	-
Pukerimu Water Supply - Upgrade Supply to Airport		151	-	3
Frontier Road Production Bore and Treatment Plant		-	-	18
Drinking Water Compliance	6	5	228	37
Investigation of New Water Sources Te Awamutu	7	600	-	371
Water Meters - New and Replacement	8	766	2,160	5,363
Total Capital Expenditure to Improve Level of Service		4,175	2,596	5,862
To Replace Existing Assets				
Renewals		178	329	393
District Wide Main Replacement Criticality 1	9	1,600	1,661	1,036
District Wide Rider Main Installation		131	136	149
DW Reservoirs Condition Assessment and Rectification	10	-	-	213
Total Capital Expenditure to Replace Existing Assets		1,909	2,126	1,791
TOTAL CAPITAL EXPENDITURE		8,104	8,155	10,134

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 was delayed from 2015/16. Work commenced late in the current financial year and will continue into 2017/18.
2. Cambridge North Water Provision – the water main required for Norfolk Drive extension was constructed in 2015/16, the 2016/17 LTP budget was brought forward for this work.
3. 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.

4. Karapiro Water Treatment Plant Upgrade – construction has started and will be completed in the 2017/18 financial year.
5. Parallel Road to Taylors Hill Pipeline – design is to be completed in the 2017/18 year.
6. Drinking Water Compliance – work required was undertaken, the balance of the budget is a saving.
7. Investigations started in 2015/16 on new water sources for Te Awamutu. Over two years four bore sites have been investigated and tested, Frontier Road, Te Tahī, Taylors and Picquet Hill. The Frontier Road bore was successful and a production bore and treatment plant were developed for a municipal water supply in 2015/16.
8. Water Meters – new and replacement – staged funding was approved in the 2015-25 LTP for the project over a three year period covering years 2016/17, 2017/18 and 2018/19. Investigations and planning for the project indicated that there were savings and efficiencies for Council if the project contract was undertaken in one financial year. A resolution from Council in June 2016 approved for a change in timing of installation of water meters. \$4.5 million was brought forward into 2016/17.
9. The balance of this will be carried forward to 2017/18 for completion of current contracts.
10. Condition assessments of reservoirs has resulted in capital works being required.

	2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	590	683	673
Targeted rates	4,159	4,276	6,952
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,935	6,161	3,457
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	10,684	11,120	11,082
Applications of operating funding			
Payments to staff and suppliers	5,155	5,406	4,674
Finance costs	-	-	-
Internal charges and overheads applied	341	409	453
Other operating funding applications	5	5	5
Total applications of operating funding (B)	5,501	5,820	5,132
Surplus (deficit) of operating funding (A - B)	5,183	5,300	5,950
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	615	802	1,636
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	615	802	1,636
Applications of capital funding			
Capital expenditure			
- to meet additional demand	2,020	3,433	2,481
- to improve the level of service	4,175	2,596	5,862
- to replace existing assets	1,909	2,126	1,791
Increase (decrease) in reserves	(2,306)	(2,053)	(2,548)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5,798	6,102	7,586
Surplus (deficit) of capital funding (C - D)	(5,183)	(5,300)	(5,950)
Funding balance ((A - B) + (C - D))	-	-	-

Waipa District Council funding impact statement for year ended 30 June 2017 for water treatment and supply 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	Actual for 2015/2016	Target for 2016/17	Actual for 2016/17	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.	71.04%	80%	79.63%	Not Achieved. Performance increased significantly over the 15/16 year with the target being raised by 5 percent (from 75 to 80 percent) since 1st July 2016. Focus has continued on quality call handling; training and call recording to evaluate areas on which to continually improve over the 16/17 year. As a consequence resolution has been over the 80 percent target for the months of April, May and June.
		Percentage of walk in queries received by Customer Support resolved at the time.	98.05%	80%	98.92%	Achieved.

Statement of cost of service

		2015/16 Long-term Plan Notes \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
REVENUE				
Fees and Charges		7	7	66
TOTAL REVENUE		7	7	66
OPERATING EXPENDITURE				
Employee Related Expenses	1	6,150	6,325	6,090
Depreciation and Amortisation	2	1,060	1,119	990
Activity Expenses	3	3,037	3,116	2,559
Finance Costs		185	454	478
TOTAL EXPENDITURE		10,432	11,014	10,117
OPERATING NET COST OF SERVICE		(10,425)	(11,007)	(10,051)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		2,195	1,400	1,772
Debt Repayment		298	450	407
TOTAL CAPITAL EXPENDITURE		2,493	1,850	2,179

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.
- There were savings across all activities within Support Services, the biggest savings were for costs budgeted for Council occupied buildings and legal and consultancy fees. These were significantly lower than anticipated.

Capital expenditure table

		2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
	Notes			
To Improve Level of Service				
Buildings	1	803	235	95
Aerial Photography		-	-	6
Computer Hardware Upgrades		50	-	-
Computer Software Upgrades	2	-	-	161
Total to Improve Level of Service		853	235	262
To Replace Existing Assets				
Plant	3	549	467	242
Buildings	4	-	-	1,085
Computer Hardware Renewals	5	433	585	111
Computer Software Renewals	5	360	113	72
Total to Replace Existing Assets		1,342	1,165	1,510
TOTAL CAPITAL EXPENDITURE		2,195	1,400	1,772

Explanation of significant capital expenditure variances between LTP and Actual

1. The proposed new Animal Control Pound was deferred from 2015/16 to 2016/17, this project is still in the planning stages.
2. Computer software upgrades not budgeted for were completed during the financial year.
3. Replacement of vehicles lower than budget.
4. The budget to fit out the old Te Awamutu library into office space was brought forward due to the requirement to vacate 14 Wilson Street by 30 April 2017.
5. There were savings in software 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 2017 for support services

	2015/16 Long-term Plan \$000	2016/17 Long- term Plan \$000	2016/17 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	293	295	288
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	7	7	66
Internal charges and overheads recovered	10,385	10,787	9,692
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	10,685	11,089	10,046
Applications of operating funding			
Payments to staff and suppliers	9,187	9,442	8,705
Finance costs	185	454	478
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,372	9,896	9,183
Surplus (deficit) of operating funding (A - B)	1,313	1,193	863
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	853	235	262
- to replace existing assets	1,342	1,165	1,510
Increase (decrease) in reserves	(882)	(207)	(909)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,313	1,193	863
Surplus (deficit) of capital funding (C - D)	(1,313)	(1,193)	(863)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2016 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2017 \$000	Interest \$000
Activity Loans	3,288 *	(407)	2,022	4,903	103
Development Contribution Loans	8,086	(1,878)	2,982	9,190	109
Total	11,374	(2,285)	5,004	14,093	212

*The balance varies from the 2015/16 closing balance due to movement of the internal loan for the Te Awamutu library previously disclosed under Community Facilities now disclosed in Support Services as it is a Council occupied building.

Involvement in Council Controlled Organisations and Council Organisations

The Local Government Act 2002 requires Council to include in the Annual Report information on Council controlled organisations and Council organisations in which it is a stakeholder. In particular, 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; and,
- 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;
- Civic Financial Services Limited; and,
- Waikato 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 2016/17 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.
- To allow the main runway to be extended when supported by an appropriate business case.
- Position and protect 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 sale and lease all available surplus airport-owned land.

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

- Knowledgeable 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 2017: \$1,493k; 2018: \$1,155k; 2019: \$670k.

Strategic activities

Key activities for the 2016/17 year are:

- Optimise domestic passenger services;
- Maximise property lease income;
- Develop a comprehensive business plan for the future direction of land development; and,
- Debt repayment.

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 two years and that the dividend payment decisions for subsequent years are determined at the annual general meeting each year.

Performance targets as per 2016/17 statement of intent

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

	Year ended 30 June		
	2017	2018	2019
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	\$2.279m	\$2.374m	\$2.413m
Net Deficit after Tax	-\$366k	-\$350k	-\$336k
Net profit after tax to average shareholders' funds	-1%	-1%	-1%
Net profit after tax to total assets	0%	0%	0%
Net cash flow (operating and investing)			
Net operating cash flow	\$1.594k	\$1.725k	\$1.768k
Net investing cash flow	-\$1.540k	-\$1.202k	-\$ 717k
Funding Titanium Park Limited	<u>-\$ 505k</u>	<u>-\$ 513k</u>	<u>-\$ 613k</u>
Total net cash flow (operating and investing)	-\$ 451k	\$ 10k	\$ 438k

	Year ended 30 June		
	2017	2018	2019
Net debt	\$8.287k	\$8.179k	\$7.643k
Total Liabilities/Shareholder Funds: (Debt/Equity Ratio).	26:74	26:74	25:75

Applicable to Parent company (Airport) operations only

	Year ended 30 June		
	2017	2018	2019
Percentage of non-landing charges revenue	76%	76%	74%
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>	6.56x	6.65x	6.92x

Performance results as per 2016/17 Annual Report

This information was not available at the time of publication of Waipa District Council's 2016/17 Annual Report. The 2016/17 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisation's website in October 2017.

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 on a relative basis to other sources of financing;
- 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 2016/17 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 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 (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 2016/17 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 2017 will be less than 0.50% higher
 - 30 June 2018 will be less than 0.50% higher
 - 30 June 2019 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 2017 will be no more than 0.10%
 - 30 June 2018 will be no more than 0.10%
 - 30 June 2019 will be no more than 0.10%

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

- New Zealand Local Government Funding Agency Limited's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2017 will be less than \$4.80 million
 - 30 June 2018 will be less than \$4.94 million
 - 30 June 2019 will be less than \$5.06 million
- Total lending to Participating Local Authorities at:
 - 30 June 2017 will be at least \$7,341 million

- 30 June 2018 will be at least \$7,762 million
- 30 June 2019 will be at least \$7,850 million
- Savings on borrowing cost for council borrowers:
 - New Zealand Local Government Funding Agency Limited will demonstrate the savings to council borrowers on a relative basis to other sources of financing achieved in the relevant financial year and compared to previous financial years.

Performance results as per 2016/17 Annual Report

This information was not available at the time of publication of Waipa District Council's 2016/17 Annual Report. The 2016/17 Annual Report of Local Government Funding Agency is expected to be published on that organisation's website in October.

Civic Financial Services Limited⁴⁵

Civic Financial Services Limited 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 Civic Financial Services Limited are:

- To operate as a sound and successful business.
- To be active in the provision of insurance to the local government sector.
- To be the primary supplier of 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 and as such other markets that it believes could prove beneficial to its shareholders and the local government sector.
- To regain and retain 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 Civic Financial Services Limited.

Profits, dividend policy and projections

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

Profits from providing insurance

These will take a while to build 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 local government insurance market from 30 June 2016.⁴⁶

Profits from providing administration and accounting services

The fee income generated contributes significantly to Civic's overheads.

⁴⁵ Formerly known as New Zealand Local Government Insurance Corporation.

⁴⁶ Civic Financial Services Limited withdrew from the property insurance market towards the latter part of the financial year and no longer holds an insurance license.

Profits from investment income

Civic's investment income is mainly from its rental income from Civic Assurance House, a nine-storey Wellington CBD office building.

Until such time that Civic has re-established itself as a provider of insurances to the local government sector, it is not meaningful to provide financial projections. The Company achieved profitable results for 2014, 2015 and 2016.

Nature and scope of activities as per 2016 Statement of Intent

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

- For traditional insurance, the Company has always offered and intends to offer in the future⁴⁷:
 - 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 LAPP⁴⁸.
- 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 sector⁴⁹.
- 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 2016 Annual Report

Performance Target as per 2016 Statement of Intent	Result
Annual claims paying ability rating by AM Best of 'A- (Excellent)'.	Not achieved – result 'B+ (Good)'. 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.

⁴⁷ Civic Financial Services Limited withdrew from the property insurance market towards the latter part of the financial year and no longer holds an insurance license.

⁴⁸ As above.

⁴⁹ As above.

Waikato 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 sets 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 2016/17 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; and,
- 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 2016/17 Annual Report

The following performance measures were incorporated into the Statement of Intent for the 2016/17 financial year.

TARGET	METHOD	MEASURE
<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>New suppliers are awarded contracts through a competitive tender process.</p>
<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>	<p>The focus is on shared services which will benefit all councils.</p>	<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>Existing LASS Contracts</p> <p>Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The LASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p>

TARGET	METHOD	MEASURE
<p>Cashflow The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly. The LASS Board reviews the financial statements quarterly.</p>	<p>Monthly financial statements show a positive cashflow position.</p>
<p>Cost Control Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly. The LASS Board reviews financial statements quarterly.</p>	<p>Administration expenditure shall not exceed budget by more than 5%, unless prior approval is obtained from the Board.</p>
<p>Reporting Six monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the LASS Board every meeting. One 6-monthly and one Annual Report are prepared for shareholders.</p>	<p>The Board shall provide a written report on the business operations and financial position of the LASS to the Shareholders every six months. Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the LASS are being adhered to.</p>

TARGET	METHOD	MEASURE
<p>Waikato Mayoral Forum</p> <p>The company shall provide administrative support and updates on Mayoral Forum workstreams to the Mayoral Forum.</p>	<p>Updates on Mayoral Forum projects shall be co-ordinated by the LASS Chief Executive.</p> <p>Mayoral Forum projects shall be managed financially through the LASS.</p> <p>Note: The current approved workstreams are:</p> <ul style="list-style-type: none"> • Regulatory Bylaws and Policies • Waikato 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>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. The Contract Manager monitors performance of the 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>Insurance</p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual LASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual LASS Shareholders' survey by the participating councils.</p>

TARGET	METHOD	MEASURE
<p>RATA</p> <p>All stakeholders are kept informed about RATA's projects and achievements.</p> <p>Sub-regional data collection contracts deliver good quality data on roading assets.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p> <p>Annual Forward Works Programme tours are completed, to provide opportunities for councils' roading staff to share their knowledge and experience.</p> <p>Data collection contracts (minimum of two across the region) are managed in accordance with best practice.</p> <p>Data supplied by contractors is of good quality and meets all councils' requirements.</p>	<p>Reports presented to LASS Board as at 30 December and 30 June, and circulated to stakeholders.</p> <p>Reports include a summary of savings achieved.</p> <p>All RATA councils participate in the tour.</p> <p>Report on tour outcomes prepared by 31 December each year, and circulated to stakeholders.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or tendered through a competitive process.</p> <p>Any data issues are identified and resolved, with any incidents reported to stakeholders.</p>

TARGET	METHOD	MEASURE
<p>Waikato Regional Transport Model (WRTM)</p> <p>The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of LASS, and monitors the performance of the model supplier (currently Traffic Design Group).</p> <p>RATA 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 from RATA 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>Waikato Building Consent Group</p> <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Develop and maintain a quality assurance system for building consents, that meets statutory compliance and supports excellence and consistency in customer service and business practice.</p>	<p>Internal audits completed annually for each Group member.</p> <p>Provide Group members with a joint quality assurance system that meets statutory compliance.</p> <p>Report at least six monthly to the LASS Board on the Group's activities.</p>

TARGET	METHOD	MEASURE
<p>Future Proof All stakeholders are kept informed about Future Proof's projects and achievements.</p>	<p>Six monthly and annual reports are provided to all stakeholders.</p>	<p>Reports presented to LASS Boards as at 30 December and 30 June, and circulated to stakeholders.</p>
<p>Shareholder Survey 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>Review of Benefits Shareholders are informed of the benefits being provided to shareholding councils by LASS.</p>	<p>The benefits of LASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.</p>	<p>Information on the financial and non-financial benefits being achieved by LASS are included in the 6-monthly and Annual Report to shareholders.</p>

Performance results as per 2016/17 Annual Report

This information was not available at the time of publication of Waipa District Council's 2016/17 Annual Report. The 2016/17 Annual Report of Local Authority Shared Services Limited is expected to be published in October.

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.

Term	Definition
Hapū	A cluster of related whanau (extended family), descended from a single ancestor that has collective decision-making rights over its territory.
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 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 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.
Tāngata 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's annual report for the year ended 30 June 2017

The Auditor-General is the auditor of Waipa District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 September 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 37 to 41 and pages 44 to 96:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2017; and
 - the results of the 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 Standards;
- the funding impact statement on page 42 to 43, 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 102 to 176:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, 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 106 to 174, 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 107 to 175, 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.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 23 to 31, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

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 enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Groups of Activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or

conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 22, 32 to 36, 97 to 101 and 177 to 197, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of audit amendments to the long-term plan and assignment in the area of the debenture trust deed, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand