

# ANNUAL REPORT 2018



## Contents Page

---

Our Vision, Purpose and Community Outcomes .....	5
We are financially sustainable. ....	5
Our services are acknowledged as excellent value for money. ....	5
Waipa’s growth is built on its strengths.....	5
We are recognised as an environmental and cultural leader.....	6
Waipa’s environmental and cultural heritage is a showcase for excellence.....	6
Our stakeholders are advocates/ambassadors for Waipa and Council.....	7
We engage with all parts of our community.....	7
We have collaborative and enduring partnerships.....	7
We give back to the community. ....	7
We are a workplace of choice.....	7
Waipa offers an excellent quality of life. ....	7
Mayor and Councillors .....	11
Council Information .....	12
Organisational Structure.....	14
Introduction from the Mayor and Chief Executive.....	20
Financial Overview.....	22
Disclosure Statement.....	24
Non-Financial Performance .....	33
Opportunities for Community Involvement in Decision Making.....	35
Māori Involvement in Decision-Making.....	37
Statement of Compliance .....	38
Statement of Comprehensive Revenue and Expense.....	39
Statement of Changes in Equity.....	40
Statement of Financial Position .....	41
Statement of Cash Flows .....	42
Statement of Cash Flows .....	43
Funding Impact Statement (whole of Council) .....	44
Reconciliation between the funding impact statement and statement of comprehensive revenue and expense.....	45
Notes to the Financial Statements .....	46
1. Statement of Accounting Policies for the Year Ended June 2018 .....	46

---

2.	Summary Cost of Service .....	50
3.	Revenue .....	51
4.	Gain on Revaluation.....	56
5.	Personnel costs .....	56
	Severance Payments .....	57
6.	Other Expenses .....	58
7.	Finance Costs .....	59
8.	Cash and Cash Equivalents.....	59
9.	Trade and other Receivables .....	59
10.	Other Financial Assets .....	61
11.	Assets Held for Sale .....	63
12.	Property, Plant and Equipment.....	64
13.	Intangible Assets .....	75
14.	Depreciation and Amortisation Expense by Group of Activity .....	77
15.	Insurance of Assets .....	77
16.	Forestry Assets .....	78
17.	Investment Property .....	79
18.	Trade and other Payables .....	80
19.	Provisions .....	80
20.	Employee Benefit Liabilities .....	82
21.	Borrowings .....	82
22.	Derivative Financial Instruments .....	83
23.	Equity.....	85
24.	Contingencies .....	90
25.	Related Party Transactions .....	92
26.	Events after Balance Date .....	93
27.	Financial Instruments .....	93
28.	Fair Value Hierarchy Disclosures .....	97
29.	Capital Management.....	98
30.	Explanation of Major Variances Against Budget.....	99
	Groups of Activities.....	101
	A 12-month Snapshot .....	102
	Governance.....	107

Planning and Regulatory .....	115
Community Services and Facilities.....	124
Roads and Footpaths .....	139
Stormwater .....	149
Wastewater Treatment and Disposal .....	157
Water Treatment and Supply .....	165
Support Services .....	178
Involvement in Council Controlled Organisations and Council Organisations .....	184
Abbreviations.....	201
Glossary.....	202
Auditor’s Report.....	205



## 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 2018-28). 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](http://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](http://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 <https://www.waipadc.govt.nz/our-council/Bylawsandpolicies/Policies>

*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.

## 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 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

1. Residents have maintained their high level of pride in the district (76%). Satisfaction with Council's overall performance (36%) has also been maintained.
2. Satisfaction with services, infrastructure and public facilities remains strong (46%). In particular;
  - The performance of regulatory services significantly increased since 2017 (49% up from 37%).
  - Satisfaction with footpaths and cycleways has seen gradual but consistent improvement over the past two years.
  - Satisfaction with public facilities has also consistently increased over the past two years (69%, up from 59% in 2016).
  - Relative to 2017, satisfaction with sports fields, public toilets, libraries and the Te Awamutu museum have all increased.



### Overall performance summary

	Poor ( 1-4)	Indifferent ( 5-7)	Satisfied ( 8-10)	2017	2016	Satisfaction by ward ( 8-10)		
						Cambridge	Te Awamutu	Don't know
Pride in the Waipa District	22%	76%		73%	71%	81%	70%	2%
Satisfaction with community boards	10%	53%	37%	32%	29%	37%	37%	28%
Overall reputation	8%	49%	43%	39%	44%	44%	43%	3%
- Leadership	10%	48%	42%	41%	39%	39%	45%	9%
- Trust	15%	50%	35%	35%	32%	32%	38%	3%
- Financial management	15%	57%	28%	28%	25%	29%	27%	16%
- Service quality	6%	47%	46%	42%	45%	45%	47%	3%
Overall value for money	17%	52%	31%	28%	29%	31%	31%	6%
Service, infrastructure and public facilities	6%	47%	46%	42%	45%	45%	47%	3%
- Overall water management	6%	48%	46%	46%	43%	47%	44%	14%
- Overall roads and footpaths	7%	45%	48%	45%	41%	49%	47%	0%
- Overall public facilities	29%	69%		65% ▲	59% ▼	66%	73%	6%
- Regulatory services	8%	44%	49%	37% ▼	43%	48%	49%	20%

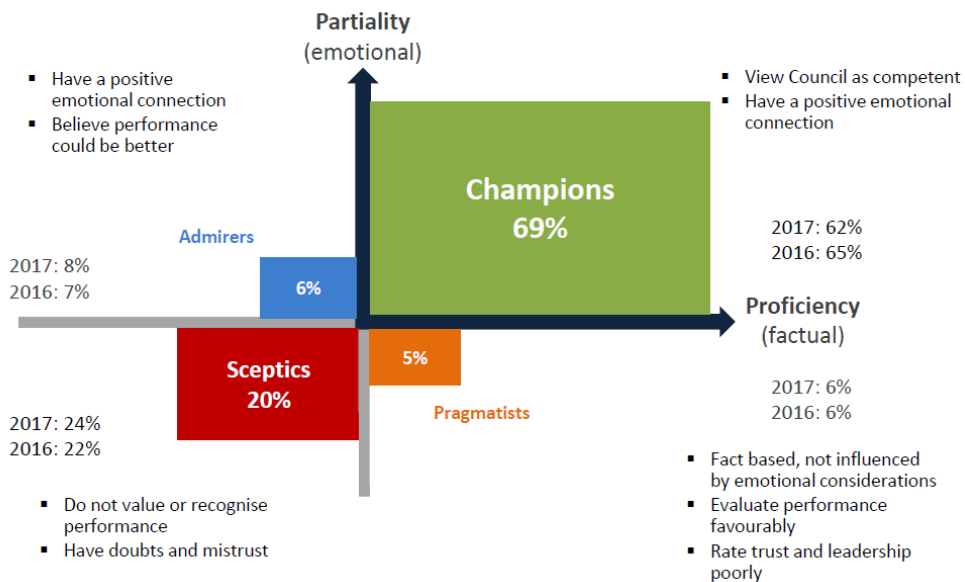
NOTES:  
 1. Sample: 2016 n=414, 2017 n=401; 2018 n=409  
 2. Excludes 'Don't know' responses

▲ Significantly higher  
 ▼ Significantly lower

Source: Waipa District Council Annual Residents Survey Report. Key Research June 2018

3. We have also maintained our strong reputation with the majority of residents classified as 'Champions' (69%), trusting and supporting our vision and leadership. Our reputation is still considered 'Excellent'.

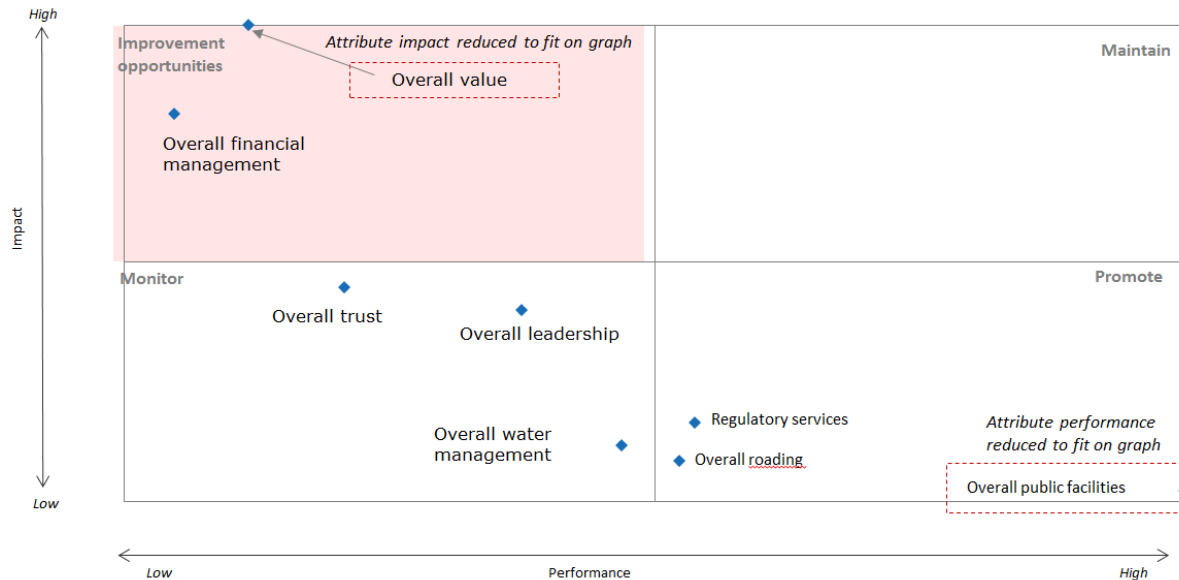
### Reputation profile



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2018

- 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 remain areas on which we need to focus.

**Overall level performance: Improvement opportunities**



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2018

- The proportion of residents who believe they know a great deal about Council also increased significantly (25%, up from 16% in 2017). A quarter still however have little knowledge which remains a key challenge.

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

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

We are a shareholder in three 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.
- Local Authority Shared Services Limited.

Further detail on each of these organisations can be found in our 10-Year Plan 2018-28.

### 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 13 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, Tegan McIntyre, John Gower, and 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 (Ngāti Koroki Kahukura – Pohara Marae and landowner representative)
- Tu Clarke (Ngāti Koroki Kahukura – Maungatautari Marae)
- Poto Davies (Ngāti Koroki Kahukura – MEIT and Pohara Marae)
- Fred Haimoana (Ngāti 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, John Wood (Pirongia Community Association), Alan Rawlings (Te Pahu Residents' and Ratepayers Association) M Fox (Ngahinapouri Community), G Orchard (Kaipaki Community), Haupai Puke (Purekireki Marae) and Janet Williams (Koromatua), C Gatenby (Ohaupo Community), plus a representative from Te Whakakitenga o Waikato.

*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 certain Council powers under the Resource Management Act 1991 in relation to the District Plan, plan changes and variations.

## **District Promotion Fund sub-Committee**

*Chairperson:* Mayor JB Mylchreest

*Membership:* Mayor Jim Mylchreest, Councillor Clare St Pierre, Councillor Susan O'Regan, Councillor Sue Milner and Councillor Liz Stolwyk, and community representatives Mervyn Gyde and Kevin Burgess.

*Purpose:* To make allocation decisions in respect of Council's District Promotions Fund and carry out any other duties allocated to the sub-Committee by the Strategic Policy and Planning Committee.

### **Waipa Discovery Centre Governance Committee**

*Chairperson:* To be confirmed

*Membership:*

- Mayor Jim Mylchreest, Councillors Andrew Brown, Susan O'Regan, and Liz Stolwyk.
- Paraone Gloyne (National Tikanga Māori and Te Reo Māori Advisor Te Wananga Aotearoa)
- Lee-Ann Muntz (Director Aotearoa Experience, Chair Tainui WakaTourism)
- Glenda Taituha (Manager of Awards and Scholarships WaikatoTainui)
- Puawai Cairns (Head of Mātauranga Maori, Te Papa)
- Up to two other members appointed by the Governance Committee.

*Purpose:* To provide a governance and strategic overview for the establishment of Te Awamutu Hub and Discovery Centre.

### **Waipa Iwi Consultative Committee**

*Chairperson:*

- Mayor Jim Mylchreest

*Membership:*

- 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 – Rangiuia Riki
- Maungatautari – Josephine Taute
- Proxy for Josephine Taute – Poto Davies
- Ngati Ngawaero – George Searancke
- Ngati Hikairo – Hano Ormsby
- Proxy for Hano Ormsby – Jane Anderson
- Barney Manaia (Ngāti Apakura)
- Proxy for Barney Manaia – Jenny Charman

*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. 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. The community boards work in partnership with Council to promote and enhance community wellbeing.

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.

#### ***Cambridge Growth Strategy Committee***

The purpose of this Committee is promoting a growth strategy for Cambridge and its surrounds, developing a Cambridge Charter and to consult and communicate with the community while referring feedback to Council and other relevant stakeholders.

## **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: Iwi Consultative Committee and Nga Iwi Toopu 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

---

In reporting back on the 2017/18 financial year, it is clear our community is more engaged and interested in the business of Council than ever before. We consider that positive and something we should all value most about the Waipā district.

An engaged community is a healthy community; one that cares about its people and its facilities. While we have different communities of interest, it is clear to us that people in Waipā, despite leading different lives, have common interests and aspirations for a shared future.

This year, our past and its relationship to our future was front and centre of many of the activities at Council. We began on a mammoth community engagement process more than 12 months ago which culminated in June of this year in the unanimous adoption of our 10-Year Plan.

The adoption of that Plan to deliver \$1.26 billion of capital works and services was informed by formal submissions from more than 800 people and informal feedback from hundreds more. In addition to the 10-Year Plan, we ran 13 formal community engagement programmes during the year, reaching more people and hearing more diverse points of view. We estimate that over the last financial year, our organisation reached around 1.6 million people just on Facebook alone and engaged thousands more in a variety of forums.

Partly because of those efforts, our community continues to hold us stridently to account – as it should. Last year, we took more than 60,000 calls and received ongoing feedback – good and bad. We hope that interest in our activities continues.

Once again, we have ended the year in a strong financial position and with a number of milestones achieved, including making operative our District Plan. Our financial position remains robust with relatively low levels of debt compared to many other local authorities. Financial results and measurements are outlined clearly in this report and we encourage you to read them.

During the year we continued to invest in core infrastructure – water, wastewater and roads. More than 90 per cent of our budget is spent on infrastructure with a far smaller portion going on community facilities. We completed approximately 80 per cent of our planned capital works programme, excluding vested assets, investing \$42.8 million across the district. We were unable to meet the whole programme mainly because the specialist skills were not always available, at the time we needed them.

Included in this figure was \$16.4 million in renewals, to protect and extend the life of our existing assets.

As part of that investment we began some major projects, including an upgrade of the Parallel Road water treatment plant to service Te Awamutu, an upgrade of the Karapiro water treatment plant and a major wastewater upgrade for Cambridge. All three of these projects have been driven, to an extent, by growth. With good planning, our district continues to meet the ongoing growth challenge while maintaining the values and characteristics that make Waipā such an attractive place to live.

We also completed the installation of water meters during the year and began physical works on the long-awaited Cambridge pool project. Community facilities continue to be important and we are proud that our Council continues to choose to invest in them.

We are lucky to have remarkable community partners like Davies Foods who, in an extraordinarily generous act, funded the new Pop 'n' Good bike skills park at Te Awamutu which now links to the refurbished playground. We also saw generosity from Cambridge where fundraising efforts continued to help finance the new pool complex. It is this kind of commitment to our district's future which give us confidence and a sense of certainty that Waipā and the Council are heading in the right direction.

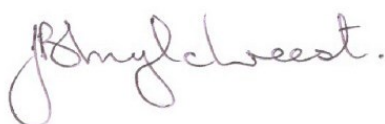
While the focus at Council continued to be on our future, this year we also reflected on Waipā's past. We were determined to drive an important conversation about Waipā's heritage, including the role of our district in the New Zealand Land Wars. This conversation was one picked up nationally, led in part by Waipā.

As a result, in June this year, our Council made a substantial commitment to heritage in our district. Over the next 10 years, we have budgeted for a new Waipā Discovery Centre in Te Awamutu. This will be a space where our community and visitors can discover Waipā's diverse and largely unknown social, cultural and natural history.

A Governance Committee has been set up to guide the planning and sign off key decisions for this project. The Committee will be supported by a technical group covering the many work streams involved.

Along with a new Waipā Discovery Centre, we also committed funds for a new museum in Cambridge. We did so with the support of many, many people in our community and we thank you sharing our vision.

We are now entering the first year of our new 2018-28 10-Year Plan. As we move into the next decade, we are thankful to live in Waipā and remain committed to working on behalf of our community. We would like to thank you all for the important contribution you each make to the wider district as we continue to plan with confidence for the future.



Jim Mylchreest JP  
**MAYOR**



Garry Dyet JP  
**CHIEF EXECUTIVE**



## Financial Overview

---

On the basis of the financial results and position reported in this Annual Report document Council is able to confidently move forward with the plans set out in the new 2018-28, 10-Year Plan.

The disclosure statement presented over the next few pages of this Annual Report shows a Council that is comfortably meeting all the various benchmark targets and limits required by the Local Government (Financial Reporting and Prudence) Regulations 2014, and which has been comfortably meeting these targets for the six years that these disclosures have been made.

In regard to rates affordability our income from rates forms around 50 per cent of our total revenue (considerably within our upper limit of 65 per cent), reflecting the diversity of our income sources and our determination to keep rates as low as possible. Our annual increase in average rate requirement is consistently and significantly below what was provided for in the relevant year of the 10-Year Plan.

We have held our debt levels at around \$13 million across the past five balance dates, an incredible result given the investment that has gone into our district infrastructure over this time. As a result we are well below the limits related to debt affordability, debt servicing and the debt control benchmark. The graphs associated with these three measures provide a perfect pictorial indication of the untapped latent capacity we have to take on new debt in a prudent and affordable manner – a crucially important consideration given the size of the capital spend ahead of us over the next 10 years.

The remaining graphs set out in the disclosure statement confirm:

- the continued strong level of investment into core infrastructure with network services capital spend at 191 per cent of the depreciation expense on those assets;
- the comfortable achievement of the balanced budget requirement; and
- a healthy level of operational cash flow.

Council ended the year with a general funds cash surplus of \$423,000 after making provision for a small number of carry forward and other approved items. This cash surplus figure remains an important reference point with its inherent 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'.

An operating surplus of \$27.7 million was achieved against a budget of \$12.0 million and a prior year result of \$29.9 million. Similar to other recent years, this year's result was strongly growth driven with greater than expected levels of reserve and development contributions and vested assets (the pipes, roads and reserve land gifted to Council by developers) which continue to be in excess of \$15 million a year.

Council's net assets are now worth nearly \$1.6 billion and with \$12 million of cash and only \$13 million of debt on the Balance Sheet, Council can confidently look to the future. The new 10-Year Plan is very much a growth story. We have budgeted nearly \$600 million of capital spend with debt peaking at around \$180 million as our population continues to grow faster than ever before from a current level of 50,000, to an anticipated 75,000 by 2050. It is a challenging situation, but one that we are well prepared for with our current financial position, some well contemplated policy changes, and a focus on affordability which sees forecast average rate rises of only 2.2 per cent over the next 10 years.



**Ken Morris**  
**GROUP MANAGER BUSINESS SUPPORT / CHIEF FINANCIAL OFFICER**



## Disclosure Statement

---

### Annual report disclosure statement for year ending 30 June 2018.

#### What is the purpose of this statement?

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

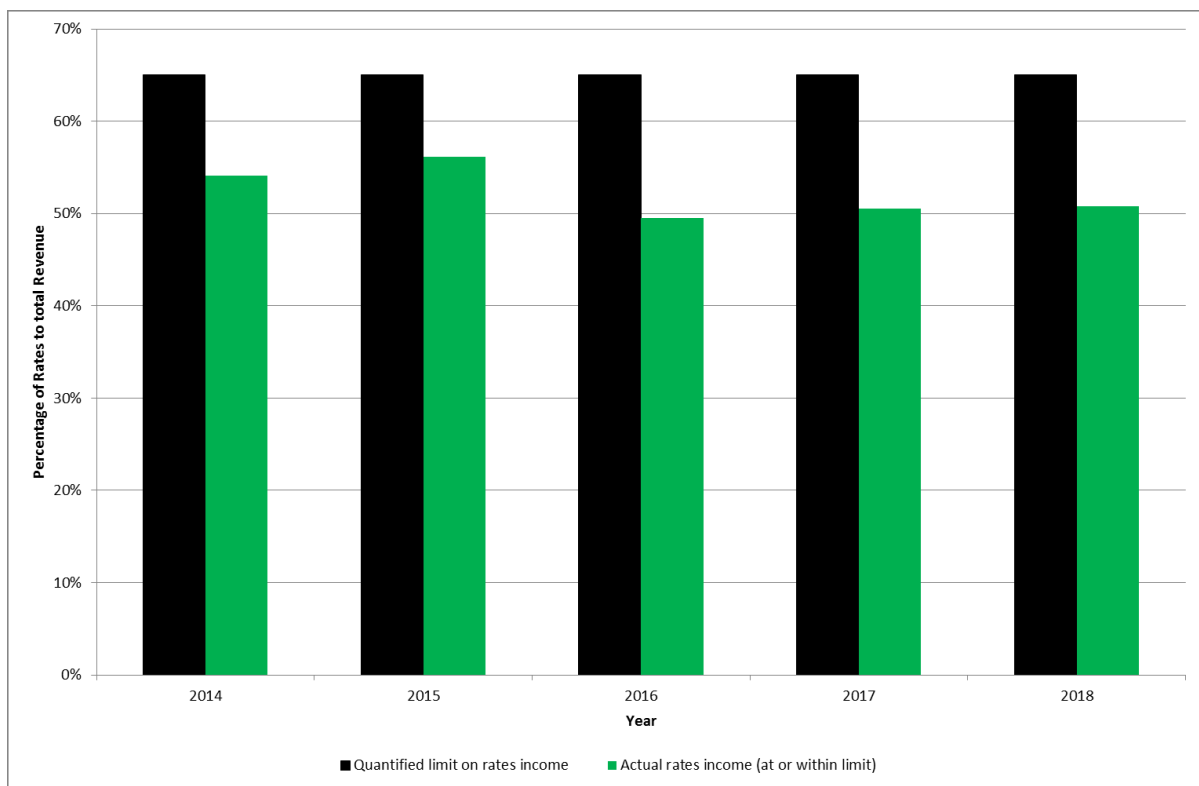
## Rates affordability benchmark

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 increases.

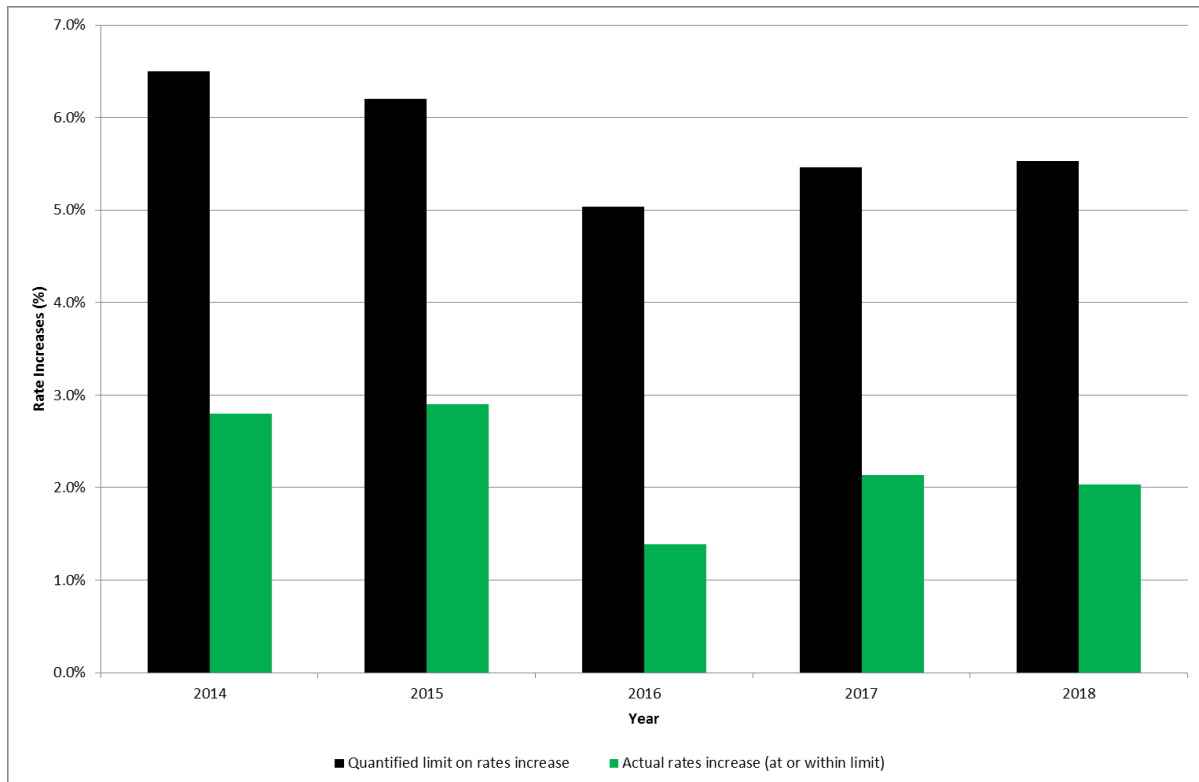
## Rates (income) affordability

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.



## Rates (increases) affordability

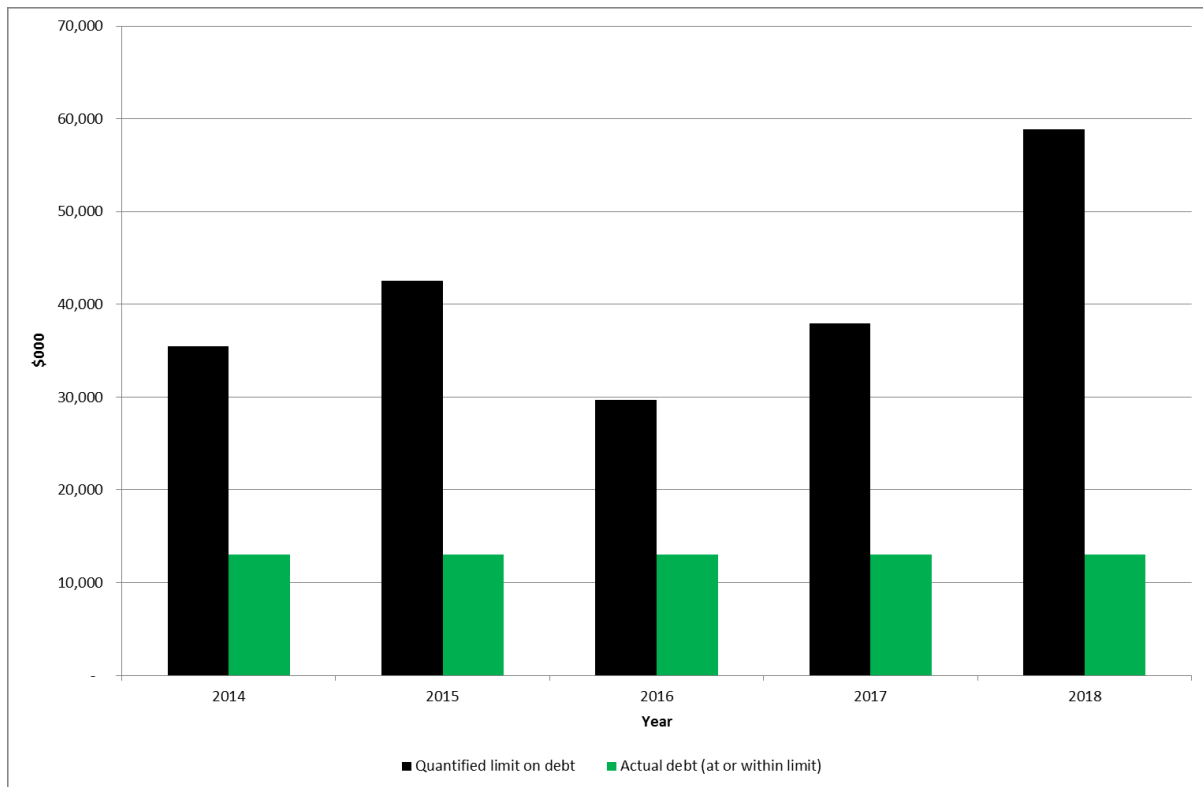
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long term plan. The quantified limit is council will limit annual increases in the average rate requirement (after growth) to no more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

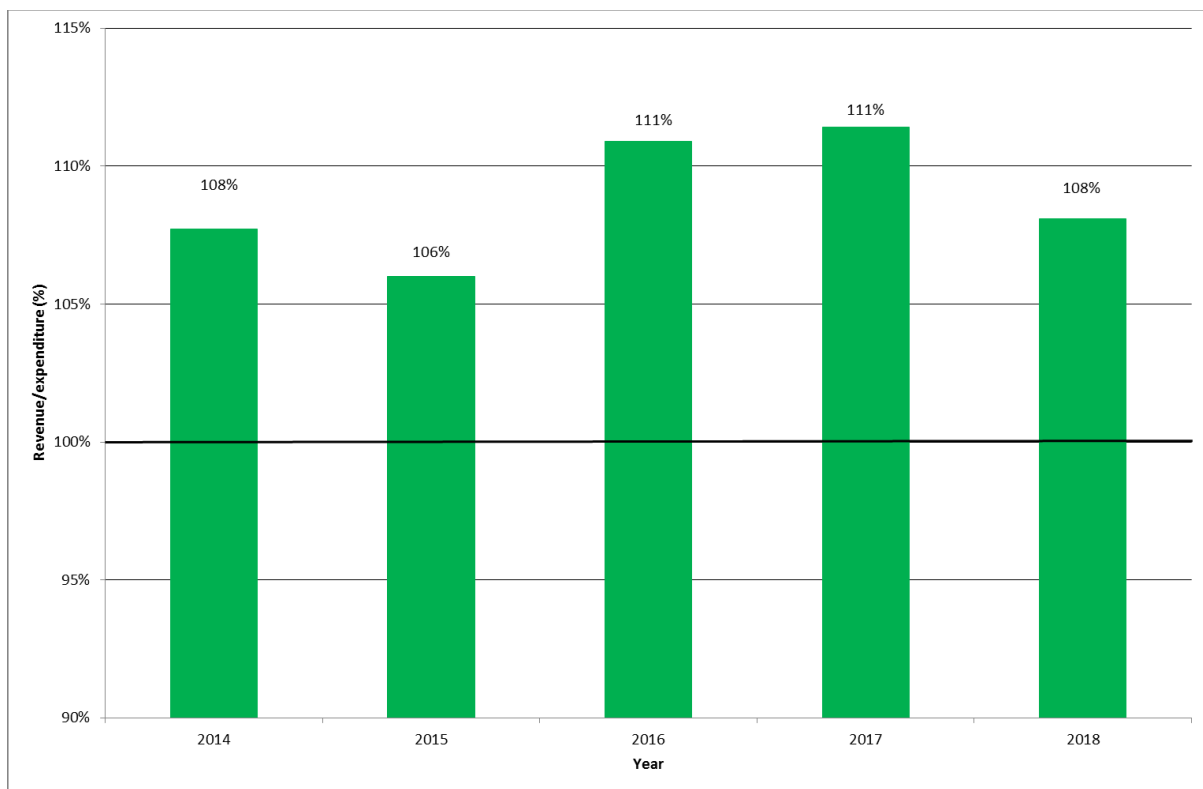
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The quantified limit is the debt profile in Council's 10-Year Plan.



## 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.



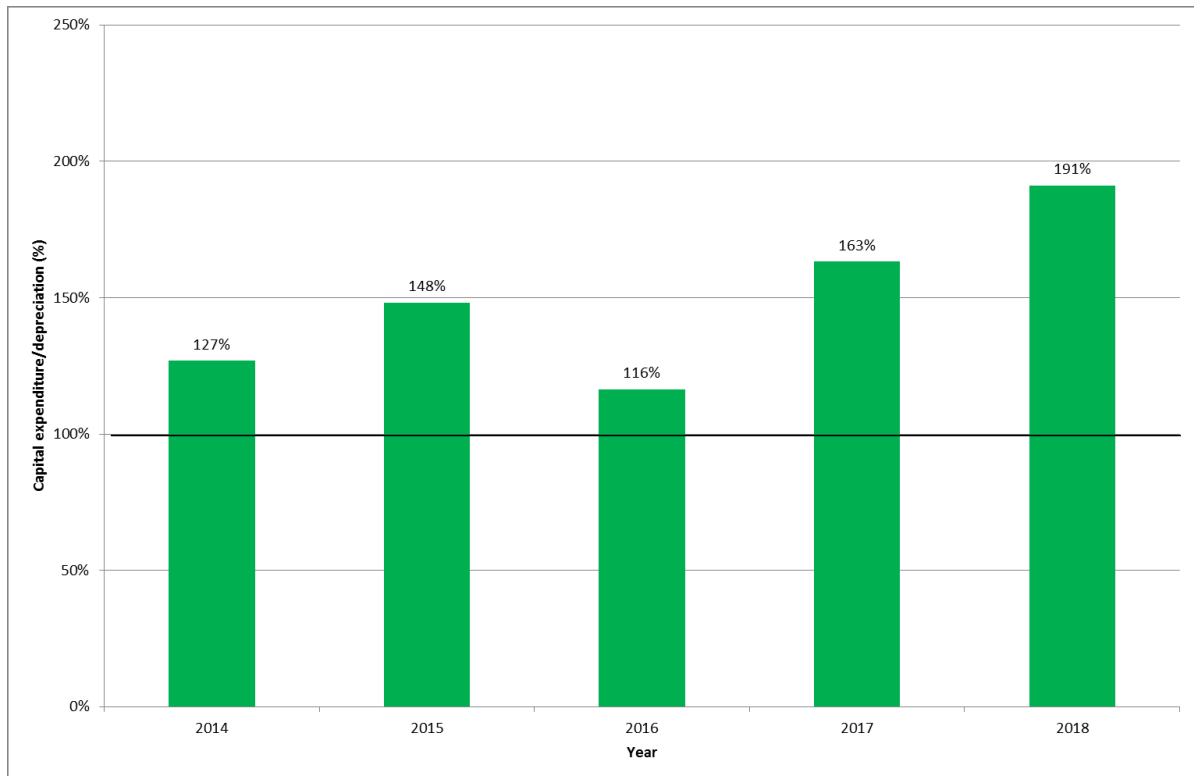
■ Benchmark met ■ Benchmark not met



## 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.

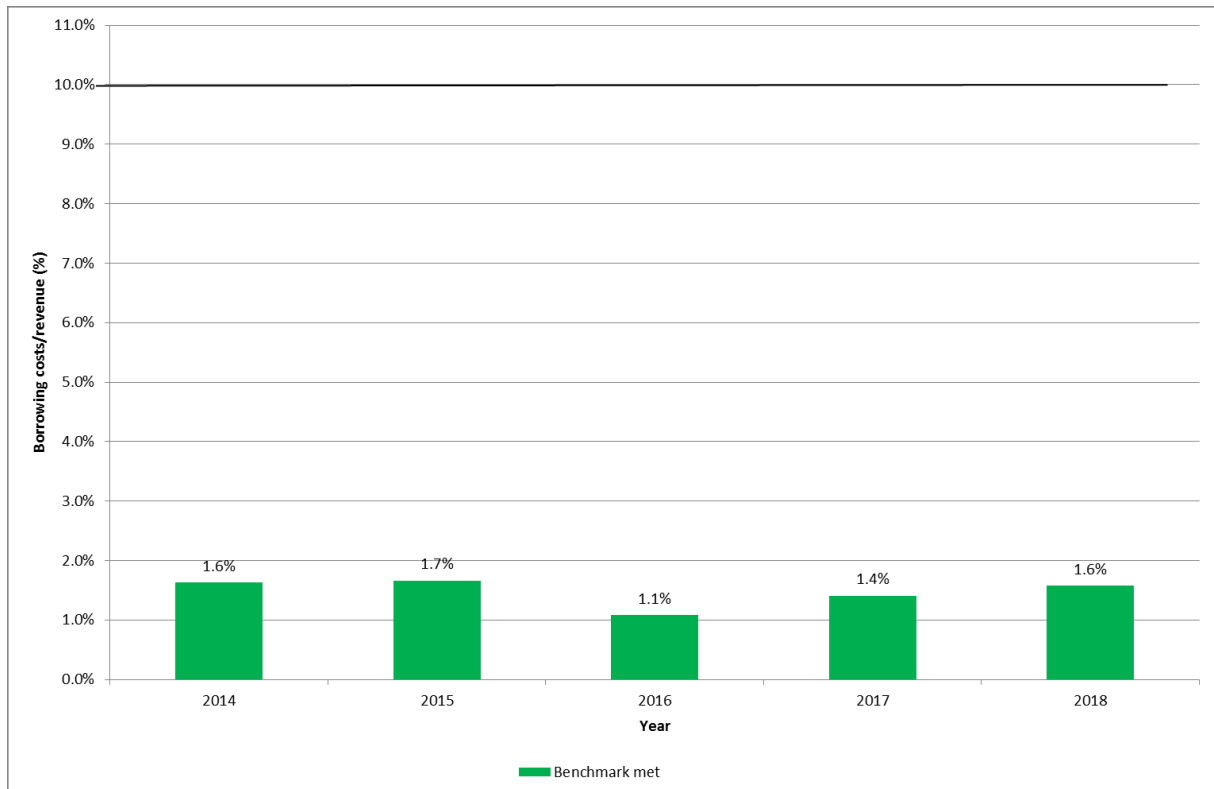


■ Benchmark met

## 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).

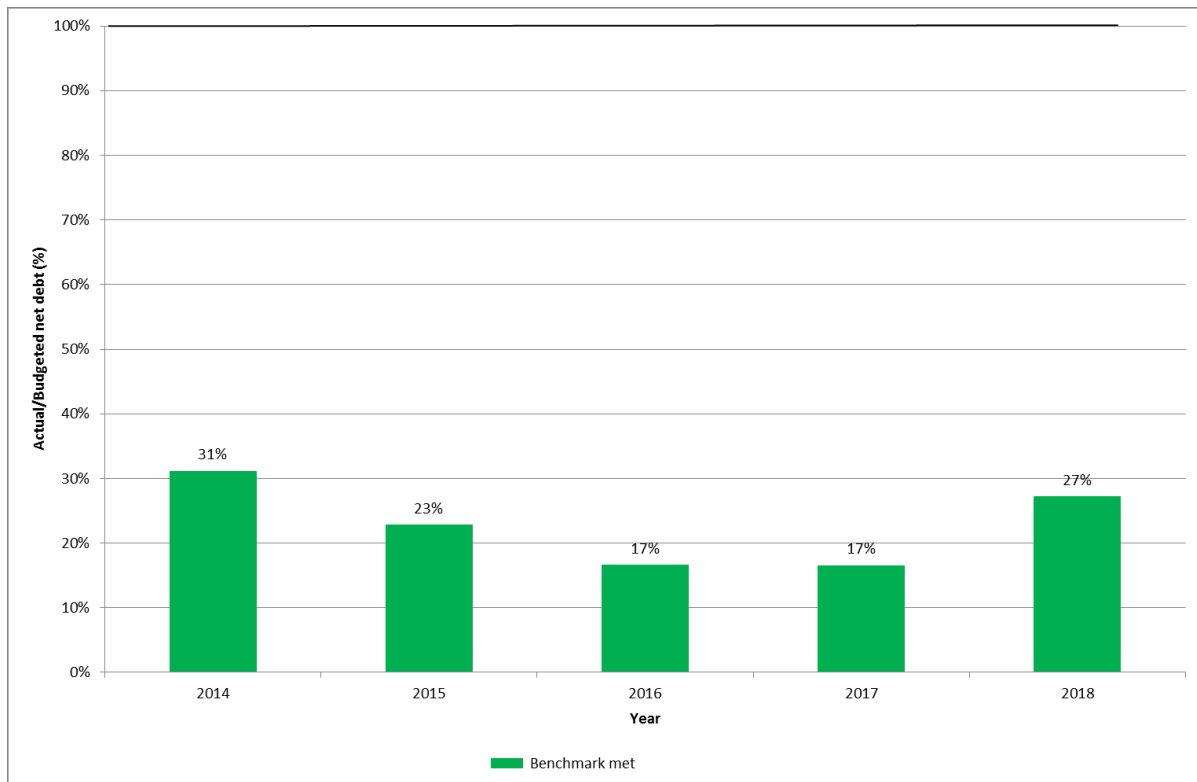
Because Statistics New Zealand projects the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



## 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).

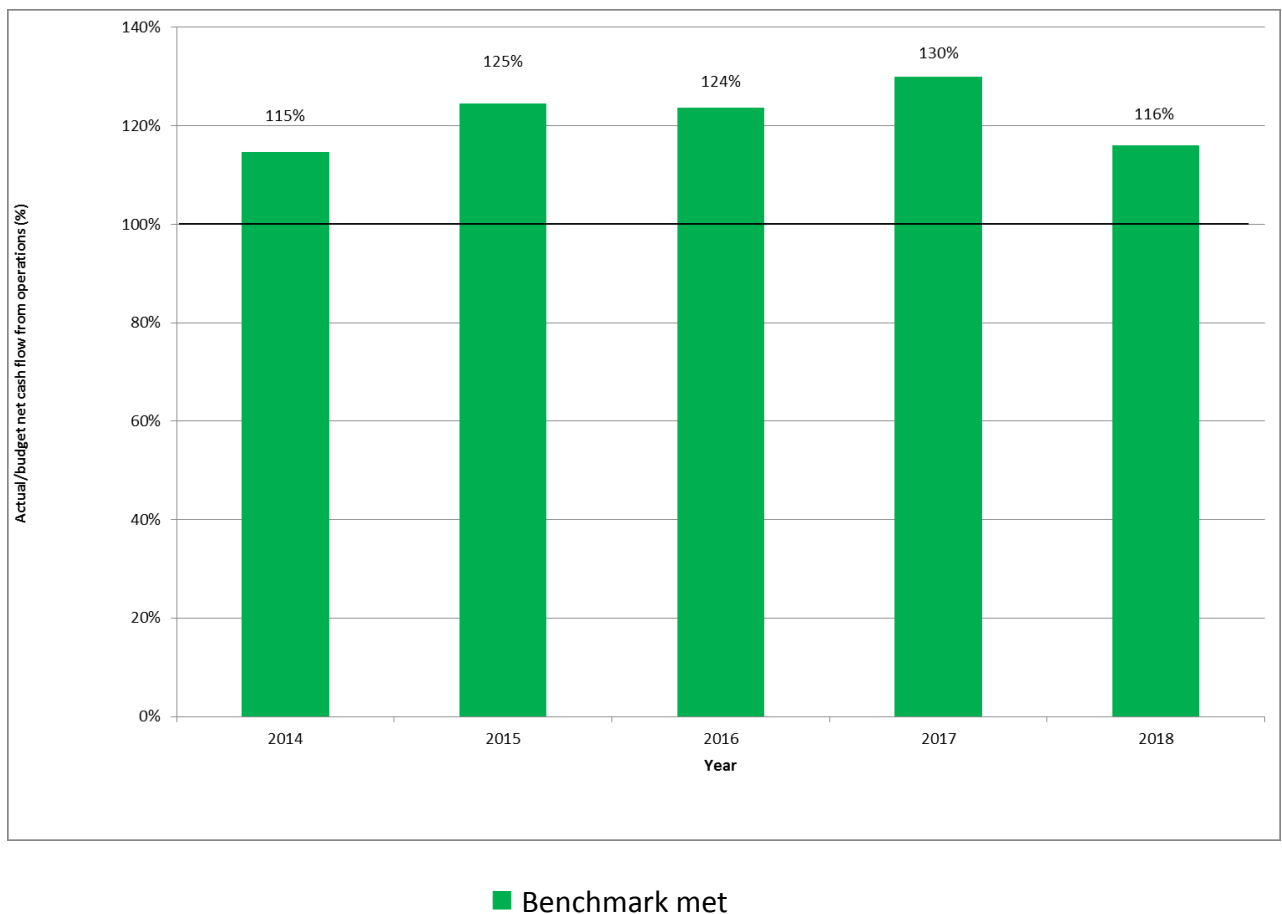
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## 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.



## Non-Financial Performance

---

The 2017/18 year was the third year of the implementation of Council's 10-Year Plan 2015-25. The focus of the year was on the continued delivery of the capital works programme as well as the completion of the forward planning for the 2018-28 10-Year Plan which was adopted in June.

The adoption of the 2018-28 10-Year Plan was the result of a significant culmination of work from many teams across Council. There was strong engagement from the community to assist councillors in making decisions with a record number of submissions received. The high levels of engagement were generated through the 10-Year Plan consultation campaign 'What's the Story.' Waipa District Council won the LGNZ Fulton Hogan Excellence Award for its work in sharing and promoting Waipa's heritage story as part of the campaign. Waipa's 10-Year Plan consultation document has also been shortlisted for an award by SOLGM.

During the year Council maintained its excellent reputation in the Community with 76 per cent of residents indicating they are proud of the Waipa district. Council's internal strategic priorities were adopted identifying key focus areas for the organisation which will best support delivery of the 10-Year Plan.

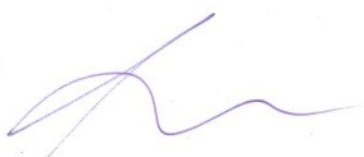
The details of performance levels and key achievements are set out in each of the Group of Activity areas in the report. Significant achievements noted over the year include:

- Significant progress was made on a number of key capital projects with highlights including;
  - Contractors completed installation of nearly 11,400 new water meters across the Waipa District. Two rounds of mock billing were completed with real invoices commencing in the 2018/19 year.
  - The contract was awarded to upgrade the Cambridge Pool. Demolition is underway with construction on track to be completed by late 2019. Fundraising to date has successfully secured \$1.395m as part of this project.
  - Plans were shared with the Community to construct a roundabout outside the Avantidrome. The design aims to increase the safety of the intersection and also cater for walkers and cyclists.
  - The Pioneer Park and Pop 'n' Good Bike Park opened on 23rd February with amazing feedback received through social media channels.
- Key planning activities were progressed;
  - In July the Waipa District Plan was made fully operative, the final step in a 10 year process. The Future Proof Strategy 2017 update was also adopted by Council which guides sub regional urban growth patterns.
  - Following extensive consultation with developers and other key parties the Waipa 2050 Growth Strategy, Hautapu Structure Plan and the Structure Plans for three

growth cells (C1,2,3) in Cambridge were approved by Council for notification as District Plan changes 5, 6 and 7. Hearings have been held for plan changes 5 and 6 with plan change 7 scheduled for August.

- Council adopted the Waste Management and Minimisation Plan 2017-2023 and Waipa Waste Strategy 2017-2035. The strategy sets a goal of a 90% reduction in waste across the District by 2035.
- After a period of consultation Council made the decision in December 2017 not to proceed with establishing a Shared Waters Management Company with Hamilton City Council.
- The six-yearly representation review commenced in July 2017, with Council agreeing to keep the first past the post voting system and not to establish a Maori Ward. Council is now considering what fair representation should look like across the District.
- Focus continues on actively managing risk through the Audit and Risk Committee. Council's internal audit programme was progressed with improvement programmes underway across procurement, contract management, BCM and risk management.
- An Iwi Relations Advisor was appointed to further support and grow Council's relationships with Iwi and support the delivery of relevant key capital projects.
- The Kennexa staff engagement survey was carried out in February with a very high 84 percent response rate. The results have been reviewed and key areas to focus on have been incorporated into Council's internal strategic priorities for 2018-19.
- 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. RATA a collaboration between nine Waikato Councils received a highly commended Award for Service Delivery and Asset Management at the recent LGNZ Excellence Awards.

It is pleasing to note improvements in our performance across almost all 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**

---

Involving the community in our decision-making plays an important role in what we do and helps guide the decisions Council makes.

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

During the 2017/18 year, we ran 13 formal engagement processes on issues ranging from community halls and regional infrastructure to bylaws and Easter Sunday trading. But formal processes are only part of what we do.

We also encourage and value less structured engagement using a variety of channels. That continues to include traditional mediums like our local newspapers. However it is our online engagement activities that continue to soar and to allow us to check in with a greater number, and wider variety of people in our community.

During 2017/2018, our website, social media and online feedback mechanisms continued to be the way our community preferred to engage with us.

During the year the Waipa District Council Facebook page continued to grow and become an increasingly important engagement tool. Our page now has 5,656 followers and over the year, reached 1.6 million people on a huge range of issues. Our Instagram account also had significant growth, more than doubling from 391 to 845 followers.

For our 10-Year Plan consultation, Facebook was used extensively to promote, educate and encourage feedback from our community. We had more than 500 Facebook comments and 10,552 interactions on Facebook. Our video content was particularly popular with 21,261 views of the clips we created to highlight proposed 10-Year Plan projects.

During the month-long consultation period 7,439 people visited our purpose-built Future Waipa website to provide feedback. More than 3,000 people used a rates calculator on that website to see what impact Council's proposals would have on their rates.

We estimate elected members and staff spoke directly to at least 1,600 local people at a range of informal community events during the consultation period. A further 400 people attended community meetings held specifically to engage on the draft 10-Year Plan.

Thanks in part to our strong web presence and active social media programme, online submissions made up 78 per cent of all feedback received on the draft 10-Year Plan and helped to provide a broad spectrum of community views. All up, we received more than 800 submissions on our draft 10-Year Plan – the most ever and around double what was received three years ago.

As always, we encourage feedback outside of community consultation periods. 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 also have a formal structure to enable and encourage Māori involvement in our decision-making.



## 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 history, culture, recreation, health, housing, environment 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 Maori Trust Board and the Raukawa Settlement Trust, the Chairperson of Ngā Iwi Toopu o Waipa, a Kaumatua representative and a 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.

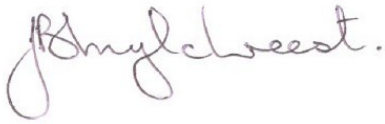
This committee is supported by Ngā Iwi Toopu o Waipa, with which Council has a formal agreement for the purpose of reviewing all resource consent applications and considering other matters of significance. This arrangement recognises the mandate Ngā Iwi Toopu o Waipa has in acting on behalf of Iwi within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

Council also has Joint Management Agreements in place with the Waikato-Tainui Trust Board, the Maniapoto Maori Trust Board and the Raukawa Settlement Trust.

## 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 2018

	Note	Parent & Group 2018 Actual \$000	Parent 2018 Budget \$000	Parent & Group 2017 Actual \$000
<b>REVENUE</b>				
Rates	3	53,118	50,106	50,828
Fees and charges	3	15,045	15,135	14,519
Reserve contributions	3	447	307	550
Development contributions	3	6,991	4,113	5,798
Gain on revaluation	4	2,678	577	3,908
Vested assets	3	15,124	2,580	15,663
Discovered assets	3	127	-	320
Dividends	3	37	-	6
Finance revenue	3	1,501	310	1,102
Subsidies and grants	3	9,677	10,029	8,818
Other revenue	3	434	342	405
<b>Total Revenue</b>		<b>105,179</b>	<b>83,499</b>	<b>101,917</b>
<b>OPERATING EXPENDITURE</b>				
Employee benefit expenses	5	20,502	19,658	18,304
Depreciation & amortisation	12-14	21,995	21,530	21,139
Other expenses	6	33,661	29,383	31,446
Finance costs	7	1,326	934	1,119
<b>Total Operating Expenditure</b>	<b>2</b>	<b>77,484</b>	<b>71,505</b>	<b>72,008</b>
<b>OPERATING SURPLUS</b>		<b>27,695</b>	<b>11,994</b>	<b>29,909</b>
<b>Other Comprehensive Revenue and Expense recognised directly in Equity</b>				
Property Plant and Equipment Revaluation gains / (losses) taken to equity		12,266	22,900	156,330
Intangible gains / (losses) taken to equity		64	-	(11)
Investment gains / (losses) taken to equity		324	-	10,409
Cash flow hedges gains / (losses) taken to equity		11	107	444
<b>Total Other Comprehensive Revenue and Expense for the Year</b>		<b>12,665</b>	<b>23,007</b>	<b>167,172</b>
<b>Total Comprehensive Revenue for the Year</b>		<b>40,360</b>	<b>35,001</b>	<b>197,081</b>

#### Explanation of operating surplus and total comprehensive revenue:

Council achieved an operating surplus of \$27.7m this year against a budget of \$12m. Explanations of the major variations from budget are provided in note 30, pages 99 and 100. The operating surplus includes a number of items of income that are non-cash in nature including infrastructure vested by developers (\$15.1m) and assets discovered (\$127,000). Council's total comprehensive income includes \$12.3 million of property, plant and equipment revaluation gains.

The accompanying notes form part of these financial statements, pages 46-100.

**Waipa District Council**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2018**

	Note	Parent & Group 2018 Actual \$000	Parent 2018 Budget \$000	Parent & Group 2017 Actual \$000
Balance at 1 July		1,530,827	1,377,058	1,333,746
Total Comprehensive Revenue		40,360	35,001	197,081
<b>Balance at 30 June</b>		<b>1,571,187</b>	<b>1,412,059</b>	<b>1,530,827</b>
<b>Equity represented by:</b>				
Retained earnings	23	463,144	435,900	432,860
Other reserves	23	1,108,043	976,159	1,097,967
<b>Total Equity</b>		<b>1,571,187</b>	<b>1,412,059</b>	<b>1,530,827</b>

Explanations of the major variations from budget are provided in note 30, pages 99-100

The accompanying notes form part of these financial statements, pages 46-100.

**Waipa District Council**  
**Statement of Financial Position**  
**As at 30 June 2018**

	Note	Parent & Group 2018 Actual \$000	Parent 2018 Budget \$000	Parent & Group 2017 Actual \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	8	12,331	1,849	10,269
Other financial assets	10	-	-	6,800
Investments in CCO's	10	96	-	112
Assets held for sale	11	7,689	-	2,365
Trade and other receivables	9	6,376	2,087	3,990
<b>Total Current Assets</b>		<b>26,492</b>	<b>3,936</b>	<b>23,536</b>
<b>Non Current Assets</b>				
Trade and other receivables	9	32	-	54
Property plant and equipment	12	1,542,901	1,434,614	1,499,617
Intangible assets	13	1,061	1,427	963
Forestry assets	16	2,344	1,623	1,836
Investment property	17	16,145	12,814	19,386
Investments in CCO's	10	13,603	2,997	13,278
<b>Total Non Current Assets</b>		<b>1,576,086</b>	<b>1,453,475</b>	<b>1,535,134</b>
<b>Total Assets</b>		<b>1,602,578</b>	<b>1,457,411</b>	<b>1,558,670</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	18	13,853	15,072	11,474
Provisions	19	68	32	23
Employee benefit liabilities	20	1,360	1,138	1,258
Borrowings	21	6,027	6,000	7,024
<b>Total Current Liabilities</b>		<b>21,308</b>	<b>22,242</b>	<b>19,779</b>
<b>Non Current Liabilities</b>				
Trade and other payables	18	1,123	-	-
Derivative financial instruments	22	1,185	1,419	1,196
Provisions	19	627	691	693
Borrowings	21	7,148	21,000	6,175
<b>Total Non Current Liabilities</b>		<b>10,083</b>	<b>23,110</b>	<b>8,064</b>
<b>Total Liabilities</b>		<b>31,391</b>	<b>45,352</b>	<b>27,843</b>
<b>EQUITY</b>				
Retained earnings	23	463,144	435,900	432,860
Other reserves	23	1,108,043	976,159	1,097,967
<b>Total Equity</b>		<b>1,571,187</b>	<b>1,412,059</b>	<b>1,530,827</b>

Explanations of the major variations from budget are provided in note 30, pages 99-100. The accompanying notes form part of these financial statements, pages 46-100.

**Waipa District Council**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2018**

	Parent & Group 2018 Actual Note	Parent 2018 Budget \$000	Parent & Group 2017 Actual \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from rates revenue	53,263	50,106	51,321
Interest received	1,464	310	1,109
Dividends	37	-	6
Receipts from other revenue	30,604	29,925	29,703
Payments to suppliers and employees	(47,320)	(48,630)	(44,490)
Interest paid	(1,324)	(934)	(1,120)
Goods and service tax (net)	65	-	320
<b>Net Cash Flow from Operating Activities</b>	<b>36,789</b>	<b>30,777</b>	<b>36,849</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment	7,730	1,800	353
Proceeds from sale of investments	6,800	-	-
Proceeds from sale of investment properties	-	4,387	-
Purchase of intangible assets	(148)	(292)	(246)
Purchase of property, plant and equipment	(47,825)	(48,716)	(36,917)
Purchase & development of investment property	(1,256)	(2,103)	(1,098)
Acquisition of investments	(4)	-	(4,100)
<b>Net Cash Flow from Investing Activities</b>	<b>(34,703)</b>	<b>(44,924)</b>	<b>(42,008)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings	-	21,000	-
Repayment of borrowings	(24)	(7,000)	(24)
<b>Net Cash Flow from Financing Activities</b>	<b>(24)</b>	<b>14,000</b>	<b>(24)</b>
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	2,062	(147)	(5,183)
Cash, cash equivalents and bank overdrafts at the beginning of the year	10,269	1,996	15,452
<b>Cash, cash equivalents at the end of the year</b>	<b>8</b>	<b>12,331</b>	<b>10,269</b>

Explanations of the major variations from budget are provided in note 30, pages 99-100. The accompanying notes form part of these financial statements, pages 46-100.

**Waipa District Council**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2018 (continued)**

	2018 Actual \$000	2017 Actual \$000
Surplus / (deficit) after tax	27,695	29,909
<i>Add (less) non cash items</i>		
Depreciation and amortisation	21,995	21,139
Asset write-downs	93	33
Vested / discovered assets	(15,251)	(15,983)
(Gains) / losses in fair value of investment property and forestry	(2,678)	(3,908)
Add / (less) items classified as investing or financing activities	(2,569)	(544)
(Gains) / losses on disposal of assets	4,554	4,084
Impairment (Gain) / Loss	1,731	1,255
<i>Add / (less) movements in working capital items</i>		
Trade and other receivables	(2,364)	732
Trade and other payables	3,502	90
Provisions	(21)	(53)
Employee Benefits	102	95
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>	<b>36,789</b>	<b>36,849</b>

# Waipa District Council

## Funding Impact Statement

### For the Year Ended 30 June 2018 (whole of Council)

	2016/17 Annual Plan \$000	2016/17 Annual Report \$000	2017/18 Annual Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	24,435	24,690	26,998	26,266
Targeted rates	23,157	26,138	23,108	26,852
Subsidies and grants for operating purposes	2,932	3,160	2,912	2,820
Fees and charges	14,689	14,519	15,134	15,045
Interest and dividends from investments	256	1,108	310	1,538
Local authorities fuel tax, fines, infringement fees, and other receipts	333	405	342	934
<b>Total sources of operating funding (A)</b>	<b>65,802</b>	<b>70,020</b>	<b>68,804</b>	<b>73,455</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	45,204	43,262	47,472	44,175
Finance costs	903	1,074	934	1,303
Other operating funding applications	1,074	1,064	1,158	1,002
<b>Total applications of operating funding (B)</b>	<b>47,181</b>	<b>45,400</b>	<b>49,564</b>	<b>46,480</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>18,621</b>	<b>24,620</b>	<b>19,240</b>	<b>26,975</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,289	5,658	7,117	6,857
Development and financial contributions	4,156	6,348	4,420	7,439
Increase (decrease) in debt	11,500	(24)	14,000	(24)
Gross proceeds from sale of assets	5,156	353	6,187	7,730
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>25,101</b>	<b>12,335</b>	<b>31,724</b>	<b>22,002</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	11,632	8,803	9,830	13,802
- to improve the level of service	19,087	17,149	19,985	12,559
- to replace existing assets	16,305	11,679	22,285	16,404
Increase (decrease) in reserves	(3,302)	(676)	(1,136)	6,212
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>43,722</b>	<b>36,955</b>	<b>50,964</b>	<b>48,977</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(18,621)</b>	<b>(24,620)</b>	<b>(19,240)</b>	<b>(26,975)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Reconciliation Between the Funding Impact Statement and Statement of Comprehensive Revenue and Expense

The funding impact statement is prepared in compliance with the requirements of clause 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.

	2016/17 Annual Plan \$000	2016/17 Annual Report \$000	2017/18 Annual Plan \$000	2017/18 Actual \$000
Total prospective revenue and expense wholly attributable to District Council	38,582	197,081	35,001	40,360
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	18,621	24,620	19,240	26,975
<b>Difference</b>	<b>19,961</b>	<b>172,461</b>	<b>15,761</b>	<b>13,385</b>
<b>The difference is due to:</b>				
Capital income	8,445	12,006	11,537	14,296
Vested assets	2,566	15,663	2,580	15,124
Discovered assets	-	320	-	127
Revaluation of assets	28,509	171,080	23,584	15,343
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	1,251	(5,469)	(410)	(9,010)
Operating income received in advance	-	-	-	(500)
Depreciation and amortisation	(20,810)	(21,139)	(21,530)	(21,995)
<b>Total explained difference</b>	<b>19,961</b>	<b>172,461</b>	<b>15,761</b>	<b>13,385</b>

# Waipa District Council

## Notes to the Financial Statements

---

### **1. Statement of accounting policies for the year ended June 2018**

#### **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 2018, and were authorised for issue by Council on 25 September 2018.

#### **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 part of the remuneration and the severance payment disclosures in Note 5. The remuneration and severance payment disclosures are rounded to the nearest dollar. The functional currency of Council is New Zealand dollars.

#### **Changes in accounting policies**

Infrastructure assets are now valued two-yearly rather than yearly. When not revalued they are assessed each balance date to ensure that the carrying values do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Refer to Note 12.

## **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:

- Two categories for financial assets being amortised cost or fair value.
- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- New classification and measurement requirements for how the amount of change in fair value of financial liabilities is accounted for.
- 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.

### ***Approved Budget***

The amending standard is effective for annual periods beginning on or after 1 January 2018.

The use of the term “approved budget” in PBE IPSAS 1 Presentation of Financial Statements has caused some confusion in practice. This amending standard amends PBE IPSAS 1 by removing the reference to the term “approved budget” and now refers to general purpose prospective financial statements.

This amending standard also specifies where entities may present comparisons between prospective and historical financial statements.

Public sector entities may present this either on the face of the financial statements or as a separate statement.

Council plans to apply this standard in preparing its 30 June 2019 financial statements. Council and the group has not yet assessed the effects of the new standard.

## ***Employee Benefits***

PBE IPSAS 39 aligns the requirements for employee benefits in PBE Standards with those in IPSAS 39. It supersedes PBE IPSAS 25 Employee Benefits. The main changes are:

- Removal of the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans (the “corridor approach”).
- Elimination of some of the presentation options for actuarial gains and losses arising from defined benefit plans (which enhances comparability).
- Introduction of the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans.
- Changes to the disclosure structures for defined benefit plans according to explicit disclosure objectives for defined benefit plans.

It introduces disclosures for defined benefit plans that share risks between entities under common control. However for this situation certain information required to be disclosed can be disclosed by cross-reference to disclosures in another group entity’s financial statements in certain situations.

There has been a change to the definition of short-term employee benefits from “due to be settled” to “expected to be settled wholly before twelve months” which puts an emphasis more on what is likely to be settled. Only benefits that meet the revised definition can be recognised at an undiscounted amount.

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

## ***Service Performance Reporting***

There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. Mandatory for annual periods beginning on or after 1 January 2021.

Council plans to apply this standard in preparing its 30 June 2021 financial statements. Council and the group has not yet assessed the effects of the new standard.

## ***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.

### ***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 2017-18 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

	2018 Actual \$000	2018 Budget \$000	2017 Actual \$000
<b>INCOME</b>			
Governance	539	42	104
Planning and Regulatory	5,083	4,235	4,629
Community Services and Facilities	5,723	3,260	5,286
Roads and Footpaths	9,148	7,658	7,119
Stormwater	3	-	-
Wastewater Treatment and Disposal	503	555	541
Water Treatment and Supply	6,219	6,423	6,251
Support Services	11,046	10,657	9,758
<b>GROSS REVENUE</b>	<b>38,264</b>	<b>32,830</b>	<b>33,688</b>
Less Internal Charges	(10,977)	(10,614)	(9,692)
<b>Total Income</b>	<b>27,287</b>	<b>22,216</b>	<b>23,996</b>
<b>EXPENDITURE</b>			
Governance	7,730	7,639	6,920
Planning and Regulatory	6,751	6,490	5,692
Community Services and Facilities	20,052	16,393	20,247
Roads and Footpaths	21,441	21,172	20,758
Stormwater	2,909	2,943	2,834
Wastewater Treatment and Disposal	7,052	6,936	6,132
Water Treatment and Supply	11,485	10,431	9,872
Support Services	12,090	11,017	10,117
<b>GROSS EXPENDITURE</b>	<b>89,510</b>	<b>83,021</b>	<b>82,572</b>
Less Internal Charges	(10,977)	(10,614)	(9,692)
Less rates charged to Council properties	(1,049)	(900)	(872)
<b>NET EXPENDITURE</b>	<b>77,484</b>	<b>71,507</b>	<b>72,008</b>
<b>NET COST OF SERVICE - OPERATING</b>	<b>(50,197)</b>	<b>(49,291)</b>	<b>(48,012)</b>

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**

	2018 Actual \$000	2017 Actual \$000
Rates consist of:		
General rates	19,528	18,036
Uniform annual general charge	10,198	7,974
Targeted ward rates	7,533	9,150
Other targeted rates:		
Metered Water Supply	2,867	2,794
Other Water Rates	4,271	3,982
Sewerage	6,293	6,113
Stormwater	2,688	2,630
Recycling	910	906
Other	322	486
Add Penalties	190	160
Less Remissions	(574)	(531)
	54,226	51,700
Less rates charged to Council properties	(1,108)	(872)
<b>Total Rates</b>	<b>53,118</b>	<b>50,828</b>

**ii) Rate remissions**

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

	2018 Actual \$000	2017 Actual \$000
Sport / community organisations	117	114
Maori land	11	12
Open space convenanted land	36	29
School waste water	45	53
Uniform annual general charge	365	323
	<b>574</b>	<b>531</b>

	2018 Actual	2017 Actual
Number of rating units at start of year	21,552	21,242

	2018 Actual \$000	2017 Actual \$000
Total capital value of rating units at start of year	16,881,227	13,455,583
Total land value of rating units at start of year	9,551,598	7,385,177

**iii) Breakdown of subsidies and grants**

	2018 Actual \$000	2017 Actual \$000
New Zealand Transport Agency roading subsidies	8,413	6,388
Grants	63	270
External funding	1,201	2,160
<b>Total subsidies and grants</b>	<b>9,677</b>	<b>8,818</b>

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2017 nil).

**iv) Breakdown of fees and charges**

	2018 Actual \$000	2017 Actual \$000
Rendering of services	1,224	1,155
User Charges	6,991	7,076
Regulatory revenue	5,033	4,601
Rental income from investment properties	640	611
Other Significant Activity revenue	1,157	1,076
<b>Total fees, charges, and targeted rates for water supply</b>	<b>15,045</b>	<b>14,519</b>

**v) Breakdown of other revenue**

	2018 Actual \$000	2017 Actual \$000
Infringements and fines	50	27
Petrol tax	384	378
<b>Total other revenue</b>	<b>434</b>	<b>405</b>

**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:

	2018 Actual \$000	2017 Actual \$000
Not later than one year	145	92
Later than one year and not later than five years	372	95
Later than five years	188	6
<b>Total Non-cancellable Operating Leases</b>	<b>705</b>	<b>193</b>

No contingent rents have been recognised during the year.

#### 4. *Gain on revaluation*

	2018 Actual \$000	2017 Actual \$000
Gain on changes in fair value of investment property	2,093	3,678
Gain on changes in fair value of forestry assets	585	230
	<b>2,678</b>	<b>3,908</b>

#### 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

	2018 Actual \$000	2017 Actual \$000
Salaries and wages	20,035	17,893
Defined contribution plan employer contributions	365	316
Increase / (decrease) in employee benefit liabilities	102	95
<b>Total employee benefit expenses</b>	<b>20,502</b>	<b>18,304</b>

##### *Chief Executive remuneration*

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$306,642 (2017 \$287,538) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	2018 Actual \$	2017 Actual \$
Salary	306,642	287,538
Defined contribution plan employer contributions (KiwiSaver)	12,266	11,039
Vehicle	15,092	16,041
<b>Total Chief Executive remuneration</b>	<b>334,000</b>	<b>314,618</b>

### ***Elected representatives' remuneration***

Elected representatives received the following remuneration:

	2018 Actual	2017 Actual
	\$	\$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	118,044	116,133
Grahame Webber, Deputy Mayor	53,493	51,612
Elwyn Andree-Wiltens	32,420	22,770
Judy Bannon	32,420	31,878
Hazel Barnes JP	32,420	31,878
John Bishop	-	11,385
Andrew Brown	40,525	38,864
Marcus Gower	32,420	31,878
Lawrence Hoverd	-	9,108
Sue Milner	32,420	31,878
Susan O'Regan	32,420	22,770
Clare St Pierre	40,525	38,864
Liz Stolwyk	40,525	36,587
Bruce Thomas JP	40,525	38,864
Vern Wilson	32,420	31,878

### ***Council employees remuneration by band***

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

	2018 Actual	2017 Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	136	131
\$60,000 - \$79,999	67	57
\$80,000 - \$99,999	37	33
\$100,000 - \$119,999	19	12
\$120,000 - 139,999	6	11
\$140,000 - \$340,000	12	10
Total Employees	277	254

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 210 (2017 197) full-time employees, with the balance of staff representing 28.34 (2017 44) 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 2018 there was one severance payment to an employee totalling \$9,419 (2017 \$6,957).

## 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

	2018 Actual \$000	2017 Actual \$000
<i>Fees to the principal auditor:</i>		
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	156	153
Fees to Audit New Zealand for audit of the 2018-28 Long-term Plan	90	-
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	8	5
<b>Total Audit Fees</b>	<b>254</b>	<b>176</b>
Community grants	997	1,059
Loss on disposal property, plant and equipment	4,554	4,084
Impairment of property, plant and equipment	1,754	1,003
Impairment of assets held for sale	-	297
Direct expenses from investment property	178	166
Direct Expenses from investment property not primarily generating income	442	384
Lease payments under operating leases	87	190
Other operating expenditure	25,395	24,087
<b>Total Other Expenses</b>	<b>33,661</b>	<b>31,446</b>

#### 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), units 64 and 65 at 230 Berquist Drive, Te Awamutu, and Land on Vogel Place. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2018 Actual \$000	2017 Actual \$000
Not later than one year	62	81
Later than one year and not later than five years	46	12
Later than five years	-	-
<b>Total Non-cancellable Operating Leases</b>	<b>108</b>	<b>93</b>

## 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.

	2018 Actual \$000	2017 Actual \$000
Interest on borrowings	1,303	1,074
Discount unwind on provisions (note 19)	23	45
<b>Total</b>	<b>1,326</b>	<b>1,119</b>

## 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

	2018 Actual \$000	2017 Actual \$000
Cash at bank and in hand	1,831	2,070
Term deposits with maturities less than 3 months	10,500	8,199
<b>Total</b>	<b>12,331</b>	<b>10,269</b>

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

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### Fair Value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

### Assessment for collectability

The Council does not provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material.

The ageing profile of receivables at year-end is detailed below:

### Breakdown of receivables and further information

	2018 Actual \$000	2017 Actual \$000
Rates receivables	377	397
Community loans	16	18
Sundry debtors	5,978	3,574
Loans to Other Entities	37	55
	6,408	4,044
<i>Less non current portion</i>		
Community loans	15	16
Loans to Other Entities	17	38
Total Non-current Portion	32	54
Current Portion	6,376	3,990
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	5,263	4,044
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	1,145	-

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



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

	2018 Actual \$000	2017 Actual \$000
Not past due	5,396	3,491
Past due 1 - 60 days	406	418
Past due 61 - 120 days	379	63
Past due > 120 days	195	18
<b>Total</b>	<b>6,376</b>	<b>3,990</b>

## 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**

	2018 Actual \$000	2017 Actual \$000
Term deposits with maturities of 4 - 12 Months	-	6,800
LGFA - borrower notes	96	112
<b>Total current portion</b>	<b>96</b>	<b>6,912</b>

**Non-current portion**

*Investments in CCOs*

	Number of Shares	% Holding	Balance Date	2018 Actual \$000	2017 Actual \$000
Waikato Regional Airport Limited	777,110	15.63	30 June	13,137	12,813
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
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	112	96
Total non current portion of shares and investments in other organisations				<b>13,603</b>	<b>13,278</b>

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

### **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**

	2018 Actual \$000	2017 Actual \$000
Assets held for sale - Land	6,140	820
Assets held for sale - Buildings	1,549	1,545
Total assets held for sale	<b>7,689</b>	<b>2,365</b>

Council is still proposing to sell the Palmer Street Pensioner Housing complex to Habitat for Humanity (Central North Island) and the 263m<sup>2</sup> of land being part of the Karapiro Hall site at Karapiro Road to Karapiro Motors (1975) Limited. In addition Council is selling the land on Vogel Street and the land on Addison Street (with unconditional offers on all 8 sections).

## **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/carriageway and shoulder		Infinite
Pavement structure		12 – 150
Pavement surface (seal)		6 – 65
Catchpits and culverts		50 – 75
Bridges		50 – 115
Kerb and channel		50 -75
Lighting		20 – 35
Footpaths		15 – 70
Signs		10 – 35
Railings		20 – 35
Islands		35 - Infinite
Traffic Signals		15 - 50
Buildings – not componentised		20 – 100
Building – structure		30 – 100
Building – fit-out		25 – 80
Building – services		25 – 80
Plant/motor vehicles		2 – 25
Furniture, fittings and equipment		5 – 40
Computer equipment		3 – 5
Intangibles		0 – 10
Library Books		7

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

### **Revaluation**

Infrastructure assets are valued on a two-yearly cycle and Operational Land and Buildings are valued every three years, on the basis described below.

The carrying values of all revalued assets are either revalued on the frequencies noted above, or where not revalued they are assessed each balance date to ensure that the carrying values 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 2018.

### **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 2018.

### ***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.

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.

***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.

This year Council has impaired any boreholes that show no evidence of yielding future economic benefits or service potential to Council. Council believes it appropriate for the remaining costs to sit in work in progress until these are put to use and further assessment for capitalisation/impairment at that point.

2018	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
<b>Council operational assets</b>							
Balance at 1 July 2017							
Cost	223,405	58,325	418	1,944	5,664	18,482	308,238
Accumulated depreciation and impairment charges	-	(97)	(418)	(860)	(3,884)	(8,171)	(13,430)
Opening carrying amount	223,405	58,228	-	1,084	1,780	10,311	294,808
<b>Year Ended 30 June 2018</b>							
Transfers	750	520	-	-	-	-	1,270
Additions	3,354	7,058	-	339	563	3,568	14,882
Additions (vested to Council)	464	1,358	-	-	-	461	2,283
Disposals	(35)	(5,703)	-	(179)	(370)	(250)	(6,537)
Accumulated depreciation prior to revaluation	-	38	-	-	-	-	38
Current year depreciation	-	(2,229)	-	(252)	(513)	(820)	(3,814)
Accumulated depreciation write off on disposal/revaluation	-	-	-	179	267	25	471
Impairment	-	(478)	-	-	-	-	(478)
Work in progress	(571)	1,096	-	-	21	(51)	495
Total movement	3,962	1,660	-	87	(32)	2,933	8,610
<b>Balance 30 June 2018</b>							
Cost	227,367	62,654	418	2,104	5,361	22,066	319,970
Accumulated depreciation and impairment charges	-	(2,766)	(418)	(933)	(3,613)	(8,822)	(16,552)
<b>Closing Carrying Amount</b>	<b>227,367</b>	<b>59,888</b>	<b>-</b>	<b>1,171</b>	<b>1,748</b>	<b>13,244</b>	<b>303,418</b>

Impairment losses of \$478,000 (2017 \$1,003,000) have been recognised for prior year capital costs. This relates to the Buildings on Mahoe Street which are set to be demolished in the 2018/19 financial year. 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 2018 is \$1,542,901,000. This is made up of total operational and infrastructure assets valued at \$303,418,000 and \$1,239,483,000 respectively.

2017	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
<b>Council operational assets</b>							
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
<b>Year Ended 30 June 2017</b>							
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
<b>Balance 30 June 2017</b>							
Cost	223,405	58,325	418	2,403	5,664	18,482	308,697
Accumulated depreciation and impairment charges	-	(97)	(418)	(1,319)	(3,884)	(8,171)	(13,889)
<b>Closing Carrying Amount</b>	<b>223,405</b>	<b>58,228</b>	<b>-</b>	<b>1,084</b>	<b>1,780</b>	<b>10,311</b>	<b>294,808</b>

Total property, plant and equipment as at 30 June 2017 \$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.

2018	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
<b>Council infrastructural assets</b>								
<b>Balance at 1 July 2017</b>								
Cost	20,848	72,104	27,187	85,924	68,872	695,232	234,642	1,204,809
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
<b>Opening carrying amount</b>	20,848	72,104	27,187	85,924	68,872	695,232	234,642	1,204,809
<b>Year Ended 30 June 2018</b>								
Additions (constructed by Council)	515	1,305	676	10,678	921	19,161	-	33,256
Additions (vested to Council)	-	2,534	-	1,695	2,137	6,475	-	12,841
Disposals	(36)	(470)	(25)	(547)	(53)	(5,388)	-	(6,519)
Accumulated depreciation prior to disposal/revaluation	5	7	2	55	1	(9,308)	-	(9,238)
Current year depreciation	(1,015)	(1,903)	(1,088)	(3,227)	(1,333)	(9,501)	-	(18,067)
Accumulated depreciation write off on disposal/revaluation	-	-	-	-	-	9,501	-	9,501
Revaluation Surplus / (deficit)	-	-	-	-	-	12,266	-	12,266
Work in progress	4,884	3,988	6,111	(8,634)	1,111	(6,826)	-	634
Total movement	4,353	5,461	5,676	20	2,784	16,380	-	34,674
<b>Balance 30 June 2018</b>								
Cost	26,211	79,461	33,949	89,116	72,988	711,612	234,642	1,247,979
Accumulated depreciation and impairment charges	(1,010)	(1,896)	(1,086)	(3,172)	(1,332)	-	-	(8,496)
<b>Closing carrying amount</b>	25,201	77,565	32,863	85,944	71,656	711,612	234,642	1,239,483

A revaluation of the Roding Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2018. A revaluation of the utility assets was performed by AECOM New Zealand Limited, (registered valuation experts) effective as at 30 June 2017.

2017	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
<b>Council infrastructural assets</b>								
<b>Balance at 1 July 2016</b>								
Cost	19,323	64,202	23,724	77,208	63,343	656,138	234,642	1,138,580
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
<b>Opening carrying amount</b>	19,323	64,202	23,724	77,208	63,343	656,138	234,642	1,138,580
<b>Year Ended 30 June 2017</b>								
Additions (constructed by Council)	831	1,277	1,639	1,898	5,763	12,057	-	23,465
Additions (vested to Council)	281	2,199	-	1,443	2,596	4,921	-	11,440
Disposals	(60)	(254)	(147)	(665)	(233)	(3,052)	-	(4,411)
Accumulated depreciation prior to disposal/revaluation	(986)	(1,786)	(1,107)	(2,885)	(1,130)	(10,350)	-	(18,244)
Current year depreciation	(999)	(1,795)	(1,118)	(2,898)	(1,134)	(10,521)	-	(18,465)
Accumulated depreciation write off on disposal/revaluation	999	1,795	1,118	2,898	1,134	10,521	-	18,465
Revaluation Surplus / (deficit)	994	5,435	1,296	3,555	3,111	31,010	-	45,401
Work in progress	465	1,031	1,782	5,370	(4,578)	4,508	-	8,578
Total movement	1,525	7,902	3,463	8,716	5,529	39,094	-	66,229
<b>Balance 30 June 2017</b>								
Cost	20,848	72,104	27,187	85,924	68,872	695,232	234,642	1,204,809
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
<b>Closing carrying amount</b>	20,848	72,104	27,187	85,924	68,872	695,232	234,642	1,204,809

### Core infrastructure asset disclosure

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

	2018 Actual \$000	2017 Actual \$000
Sewerage system - treatment	31,290	30,955
Sewerage system - reticulation	127,017	124,047
Water system - treatment	41,084	41,011
Water system - reticulation	161,029	157,417
Drainage network	101,989	98,995
Roading network	897,600	875,329
Total	1,360,009	1,327,754

### Work in progress

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

	2018 Actual \$000	2017 Actual \$000
Land and buildings	3,276	2,206
Plant	107	55
Furniture and equipment	1,104	1,724
Wastewater treatment and disposal	14,191	5,318
Water treatment and supply	8,841	11,364
Drainage network	2,930	1,819
Roading network	6,026	12,852
Total	36,475	35,338

### Capital commitments

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

	2018 Actual \$000	2017 Actual \$000
<i>Capital Commitments</i>		
Roading network	17,494	7,173
Drainage network	392	-
Wastewater treatment and disposal	1,917	1,647
Water treatment and supply	3,495	1,786
Community Facilities	15,936	9
Property development	115	-
Total capital commitments	39,349	10,615

## **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 2018 is \$344,352 (2017 \$280,704).

### **Breakdown of intangible assets and further information**

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

2018	Computer Software \$000	NZ Units \$000	Total \$000
Balance at 1 July 2017			
Cost	3,002	280	3,282
Accumulated amortisation and impairment	(2,319)	-	(2,319)
Opening carrying amount	683	280	963
Year ended 30 June 2018			
Additions	148	-	148
Intangible gains / (losses)	-	64	64
Amortisation charge	(114)	-	(114)
Closing carrying amount	717	344	1,061
Balance at 30 June 18			
Cost	3,150	344	3,494
Accumulated amortisation and impairment	(2,433)	-	(2,433)
Closing carrying amount	717	344	1,061

2017	Computer Software \$000	NZ Units \$000	Total \$000
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
Intangible gains / (losses)	-	(11)	(11)
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

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

	2018 Actual \$000	2017 Actual \$000
Directly attributable depreciation and amortisation expense by group of activity		
Governance	8	5
Planning and Regulatory	6	4
Community Services and Facilities	2,643	1,626
Roads and Footpaths	9,546	10,552
Stormwater	1,333	1,134
Water Treatment and Supply	4,332	4,033
Wastewater Treatment and Disposal	2,919	2,795
Support Services	1,208	990
<b>Total depreciation and amortisation expense</b>	<b>21,995</b>	<b>21,139</b>

#### 15. Insurance of assets

The total value of all assets of Council that are covered by insurance contracts is \$693,271,972 (2017 \$638,766,460) and the maximum amount to which they are insured, on a per loss basis, is \$232,688,161 (2017 \$233,065,536).

Insurance Class	Total Declared Value \$	Policy Limit \$
Infrastructure	428,163,831	\$80,000,000 per loss
Material Damage	262,419,980	\$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	2,688,161	2,688,161
<b>Total</b>	<b>693,271,972</b>	<b>232,688,161</b>

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

	2018 Actual \$000	2017 Actual \$000
Balance at 1 July	1,836	1,623
Decrease due to harvest and thinnings	(78)	(17)
Gains / (losses) arising from changes in fair value less estimated point of sale costs	586	230
Balance 30 June	2,344	1,836

Council owns 284 hectares of forest land with 233 hectares of mainly pinus radiata and 4.8 hectares of mixed species. The pinus are at varying stages of maturity ranging from 7 years to 37 years.

There has been no harvesting in the 2018 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2018. 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

	2018 Actual \$000	2017 Actual \$000
Balance at 1 July	19,386	14,611
Additions	1,256	1,098
Transfer to property, plant and equipment	(1,270)	-
Transfer to held for sale	(5,320)	-
Fair value gains / (losses) on valuation	2,093	3,677
Balance 30 June	16,145	19,386

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:

	2018 Actual \$000	2017 Actual \$000
Rental income	642	611
Expenses from investment property generating income	178	166
Expenses from investment property not primarily generating income	442	384

## 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

	2018 Actual \$000	2017 Actual \$000
Trade payables	7,346	4,442
Deposits and bonds	198	198
Accrued expenses	3,867	4,313
Income in advance	3,245	2,075
Taxes payable (e.g. GST and FBT)	320	446
	14,976	11,474
<i>Less non current portion</i>		
Income in advance	1,123	-
Total Non-current Portion	1,123	-
Current Portion	13,853	11,474
Total payables comprise:		
Payables under non-exchange transactions -	320	446
Payables under exchange transactions -	14,656	11,028

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

	2018 Actual \$000	2017 Actual \$000
<i>Current provisions are represented by:</i>		
Landfill aftercare provision and finance leases	68	23
Total Current Provisions	68	23
<i>Non current provisions are represented by:</i>		
Landfill aftercare provisions and finance leases	627	693
Total Non-current Provisions	627	693

### 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 4.95% (2017 4.91%).

	2018 Actual \$000	2017 Actual \$000
Opening balance	716	769
Amounts used	(71)	(51)
Unused amounts reversed	27	(47)
Discounting changes	23	45
Closing Balance	695	716
<i>Represented by:</i>		
Current portion	68	23
Term portion	627	693
	695	716

## 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.

	2018 Actual \$000	2017 Actual \$000
Accrued pay	75	46
Annual leave	1,219	1,159
Sick leave	66	53
Total Employee Benefit Liabilities	1,360	1,258
<i>Comprising:</i>		
Current	1,360	1,258
Total Employee Benefit Liabilities	1,360	1,258

## 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 105 to 180 of Council's annual report. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

### Breakdown of borrowings

	2018 Actual \$000	2017 Actual \$000
<i>Current</i>		
Secured loans	6,027	7,024
Total Current Borrowings	6,027	7,024
<i>Non-Current</i>		
Secured loans	7,148	6,175
Total Non-current Borrowings	7,148	6,175
Total Borrowings	13,175	13,199

\$27,000 is repayable throughout the 2018/19 year, \$6 million is repayable on 15 March 2019, \$7 million is repayable in full on 20 September 2023 and \$147,000 will be repaid by 30 March 2024.

### **Fixed rate debt**

Council currently has no secured debt issued at fixed rates of interest (2017 \$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, (2017, \$7.5m)

There was no drawdown of this facility at balance date (2017 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.

	2018 Actual \$000	2017 Actual \$000
Less than one year	6,027	7,024
<i>weighted average effective interest rate</i>	<i>2.78%</i>	<i>6.79%</i>
Later than one year but not more than five years	7,148	6,175
<i>weighted average effective interest rate</i>	<i>6.79%</i>	<i>2.78%</i>
	13,175	13,199

## **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 transaction 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**

	2018 Actual \$000	2017 Actual \$000
Interest rate swaps - cash flow hedges	1,185	1,196
Total Derivative Financial Instrument Liabilities	1,185	1,196

#### ***Interest rate swaps***

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2017 \$7,000,000). As at 30 June 2018 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2017 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 flow hedges.

### Breakdown of equity and further information

	2018 Actual \$000	2017 Actual \$000
<i>Retained earnings</i>		
As at 1 July	432,860	400,781
Transfers to:		
Reserves and special funds	(43,387)	(12,640)
Transfers from:		
Asset Revaluation reserve on disposal of property, plant and equipment	4,764	4,318
Reserves and special funds	41,212	10,492
Surplus / (deficit) for the year	27,695	29,909
<b>Total retained earnings as at 30 June</b>	<b>463,144</b>	<b>432,860</b>
<i>Council created reserves</i>		
As at 1 July	36,371	34,223
Transfers to:		
Retained earnings	(41,212)	(10,492)
Transfers from:		
Retained earnings	43,388	12,640
<b>As at 30 June</b>	<b>38,547</b>	<b>36,371</b>
<b>Asset Revaluation Reserves</b>		
As at 1 July	1,062,792	900,382
Revaluation gain / (losses)	12,653	166,728
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(4,764)	(4,318)
<b>As at 30 June</b>	<b>1,070,681</b>	<b>1,062,792</b>
<i>Asset revaluation reserves consist of:</i>		
<b>Operational assets</b>		
Land	199,439	199,439
Buildings	23,040	23,042
Intangible Assets	344	281
Investments	10,733	10,409
<b>Infrastructural Assets</b>		
Sewerage System	52,684	52,941
Water System	59,129	59,673
Drainage network	37,990	38,027
Roading network	687,322	678,980
<b>Total Asset Revaluation Reserves</b>	<b>1,070,681</b>	<b>1,062,792</b>
<i>Cash Flow Hedge Reserves</i>		
Opening balance 1 July	(1,196)	(1,640)
Fair value gains / (losses) in the year	11	444
<b>Total Cash Flow Hedge Reserve</b>	<b>(1,185)</b>	<b>(1,196)</b>
<b>Total other reserves as at 30 June</b>	<b>1,108,043</b>	<b>1,097,967</b>

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

	2017/18 Opening Balance \$000	2017/18 Transfer to Reserve \$000	2017/18 Transfer From Reserve \$000	2017/18 Closing Balance \$000
<i>Council created reserves consist of:</i>				
<b>Property Reserves</b>				
Asset Sales Cambridge	1,578	47	(860)	765
Asset Sales Te Awamutu	221	7	-	228
Asset Sales General	427	161	(5)	583
Endowment Land Cambridge	2,145	64	(631)	1,578
Endowment Land Pirongia	18	-	-	18
Endowment Land Te Awamutu	111	3	-	114
Endowment Land Waipa District	12	1	-	13
Residential Housing Reserve	319	416	(132)	603
<b>Reserve Contributions &amp; Development Contributions</b>				
Cambridge North	1,592	8,395	(7,744)	2,243
District Wide Stormwater	236	369	(359)	246
District Wide Waste Water	2,682	3,729	(3,666)	2,745
District Wide Water Treatment and Supply	560	5,318	(4,795)	1,083
District Wide Roding	585	574	-	1,159
District Wide Reserve Developments	489	172	(172)	489
District Wide Land Purchase	1,199	339	(97)	1,441
Te Awamutu Library/Museum	41	28	-	69
<b>Special Funds</b>				
Cemetery Paterangi	4	-	-	4
Project Funding Reserve	5,714	2,491	(2,756)	5,449
General Insurance Reserve	250	275	-	525
Infrastructure Insurance Reserve	468	33	-	501
Te Awamutu 100kv Compensation Reserve	313	-	-	313
Pavement Levies	25	41	-	66
Road Asset Technical Accord (RATA)	193	5	-	198
Waste Minimisation Reserve	-	504	(98)	406
<b>Separate Balances</b>				
Roding Reserve	1,973	10,919	(10,724)	2,168
Stormwater Reserve	1,040	1,349	(1,118)	1,271
Water Supply Reserve	4,774	5,654	(4,732)	5,696
Waste Water Reserve	6,806	3,787	(5,333)	5,260
Depreciation Reserve - Long Term Assets	323	990	(140)	1,173
Depreciation Reserve - Medium Term Assets	2,273	143	(276)	2,140
<b>Total Council Created Reserves</b>	<b>36,371</b>	<b>45,814</b>	<b>(43,638)</b>	<b>38,547</b>

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

Reserve	Purpose	Activity
<b>Property reserves</b>		
Asset sales Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	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
<b>Reserve contributions and development contributions</b>		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths / Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
District wide stormwater	Proceeds from development contributions to fund growth related expenditure	Stormwater
District wide wastewater	Proceeds from development contributions to fund growth related expenditure	Wastewater Treatment & Disposal
District wide water treatment and supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply
District wide roading	Proceeds from development	Roads & Footpaths

Reserve	Purpose	Activity
	contributions to fund growth related 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
<b>Special funds</b>		
Cemetery Paterangi	Proceeds held in reserve to fund future capital works	Cemeteries
Project funding reserve	Funding for specific projects to be completed in the following year	All activities
General insurance reserve	Provision to pay call-ups and to fund increase in deductibles of claims as well as to help to pay future premium increases	All activities
Infrastructure insurance reserve	Provision to help cover the insurance deductible if a major event happens in the Waipa district.	Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
Te Awamutu 100kv compensation reserve	Proceeds from the granting of easement rights for the Waipa Networks 110kv line, held in reserve for appropriate future utilisation with due regard to the source of these funds.	Properties
Pavement levies	Levies collected from land use consents for future pavement rehabilitation	Roads & Footpaths
Road Asset Technical Accord (RATA)	Funds held in reserve for future works	Roads & Footpaths
Waste minimisation	Net funds from waste minimisation levy held for use on waste minimisation activities.	Recycling
<b>Separate balances</b>		
Roading reserve	Funds held in reserve for capital works expenditure	Roads & Footpaths
Stormwater reserve	Funds held in reserve for capital works expenditure	Stormwater
Water supply reserve	Funds held in reserve for capital works expenditure	Water Treatment & Supply
Wastewater reserve	Funds held in reserve for operating and capital works expenditure	Wastewater Treatment & Disposal
Depreciation reserve long term assets	Funds held in reserve for capital works expenditure	Community Services & Facilities

Reserve	Purpose	Activity
Depreciation reserve medium term assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
<b>Asset revaluation reserves</b>		
<b>Operational</b>		
Land	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
Buildings	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
<b>Infrastructural assets</b>		
Sewerage system	Non cash reserve to record appreciation values arising from asset revaluations	Wastewater Treatment & Disposal
Water system	Non cash reserve to record appreciation values arising from asset revaluations	Water Treatment & Supply
Drainage network	Non cash reserve to record appreciation values arising from asset revaluations	Stormwater
Roading network	Non cash reserve to record appreciation values arising from asset revaluations	Roads & Footpaths

## 24. Contingencies

### Contingent liabilities

	2018 Actual \$000	2017 Actual \$000
a) Guarantees	95	405
b) Waipa Community Trust	-	20
c) Waipa Community Facilities Trust	174	199
d) Outstanding legal matters	-	-
	269	624

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.

In 2017 Council disclosed 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. This was because 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 remained the possibility that the donors could ask the Waipa Community Trust for their funds to be returned, given there was no progress with the project for many years, in

which case the Trust might have had to call on Council's underwriting commitment. The project is now in progress and any risk associated with this potential exposure is now gone.

### **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 2018, NZ LGFA had borrowings totalling \$8,272m (2017 \$7,946m). This figure is made up of the face value of LGFA's bonds on issue of \$7,719m, accrued interest on bonds on issue of \$72m, the face value of bills on issue of \$475m and bonds LGFA lent to counterparties under bond repurchase transactions of \$6m.

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

#### ***Carter Holt Harvey***

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the shadowclad plywood cladding sheets manufactured and distributed by CHH. The MOE's original claim against CHH was for 833 school buildings, 48 of which are located within the Waipa District.

In 2016, CHH commenced 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.

During the current year the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings (2 in Waipa District) built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in

relation to 20 buildings. MoE opposed the application, seeking a trial on the determination of whether shadowclad is inherently defective. The High Court accepted the MoE proposal. CHH has appealed this decision.

At present, there is still 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**

	2018 Actual \$000	2017 Actual \$000
<i>Councillors</i>		
Remuneration	561	546
Full-time equivalent members*	13	13
<i>Executive Team, including Chief Executive</i>		
Remuneration	1,032	994
Full-time equivalent members	4	4
<b>Total key management personnel remuneration</b>	<b>1,593</b>	<b>1,540</b>
<b>Total number of members</b>	<b>17</b>	<b>17</b>

\*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:

	2018 Actual \$000	2017 Actual \$000
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents excluding term deposits	1,831	2,070
Trade and other receivables	6,355	3,971
Other financial assets:		
- term deposits	10,500	14,999
- community loans	16	18
- loans to other entities	37	55
Total loans and receivables	18,739	21,113
<b>Fair value through other comprehensive revenue and expense</b>		
- Borrower notes	208	208
- Investments in CCO's	13,491	13,182
Total fair value through other comprehensive revenue and expense	13,699	13,390
<b>Financial Liabilities</b>		
<b>Derivatives that are hedge accounted</b>		
Derivative financial instrument liabilities	1,185	1,196
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	11,731	8,953
Borrowings:		
- secured loans	13,175	13,199
Total financial liabilities at amortised cost	24,906	22,152

### 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. It is rare for Council to enter into foreign currency transactions of any significant value. However, during the 2017/18 financial year a contract was entered for the purchase of the tank and associated plant and equipment for the new Cambridge Pool. The contract is supported by a currency hedging arrangement that protects Council from exposure to currency risk.

The details of the transaction are provided below:

Natare pool and associated products locked in an exchange rate of US\$0.73 to NZ\$1 to ensure Council a fixed cost of NZ\$1.07 million. A deposit of NZ\$268,000 has been paid to date.

### ***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:

	2018 Actual \$000	2017 Actual \$000
Cash at bank and term deposits	12,331	17,069
Receivables	6,355	3,971
Community and related party loans	53	73
Financial guarantees	95	405
<b>Total</b>	<b>18,834</b>	<b>21,518</b>

### 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.

	2018 Actual \$000	2017 Actual \$000
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA-	12,331	17,069
Total cash at bank and term deposits	12,331	17,069
<b>COUNTERPARTIES WITHOUT CREDIT RATINGS</b>		
<b>Community and related party loans</b>		
Existing counterparty with no defaults in the past	53	73
Total community and related party loans	53	73

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 2018.

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	5+ Years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council 2018</b>						
Creditors and other payables	11,731	11,731	11,731	-	-	-
Secured loans	13,175	15,834	6,027	27	27	7,094
Financial guarantees	-	95	95	-	-	-
<b>Total</b>	<b>24,906</b>	<b>27,660</b>	<b>17,853</b>	<b>27</b>	<b>27</b>	<b>7,094</b>

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years
	\$000	\$000	\$000	\$000	\$000
<b>Council 2017</b>					
Creditors and other payables	8,953	8,953	8,953	-	-
Secured loans	13,199	14,273	7,024	6,024	151
Financial guarantees	-	405	405	-	-
<b>Total</b>	<b>22,152</b>	<b>23,631</b>	<b>16,382</b>	<b>6,024</b>	<b>151</b>

Council has derivative financial instruments in the form of one (2017 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
<b>Council 2018</b>						
Cash at bank and term deposits	12,331	12,331	12,331	-	-	-
Debtors and other receivables	6,355	6,355	6,355	-	-	-
Community loans	16	16	1	1	3	11
Loans to other entities	37	37	19	18	-	-
<b>Total</b>	<b>18,739</b>	<b>18,739</b>	<b>18,706</b>	<b>19</b>	<b>3</b>	<b>11</b>

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Council 2017</b>						
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	-
<b>Total</b>	<b>21,113</b>	<b>21,113</b>	<b>21,059</b>	<b>20</b>	<b>26</b>	<b>8</b>

**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	2018 Actual \$000				2017 Actual \$000			
		-100 bps Other		+100 bps Other		-100 bps Other		+100 bps Other	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
<b>Interest rate risk</b>									
<i>Financial assets</i>									
Cash and cash equivalents	1	(117)	-	117	-	(165)	-	165	-
<i>Financial liabilities</i>									
Derivatives-hedge accounted	2	-	(379)	-	335	-	(432)	-	405
<b>Total sensitivity on interest rates</b>		(117)	(379)	117	335	(165)	(432)	165	405

**Explanation of sensitivity analysis:**

- 1 Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$11,701,670 (2017 \$16,459,971) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$117,017 (2017 \$164,599).
- 2 Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$1,185,432 (2017 \$1,196,037). A movement in interest rates plus 100 bps has an effect of \$335,457 (2017 \$405,082) and minus 100 bps has an effect of \$378,604 (2017 \$432,325).

**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.

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

	Total \$000	Valuation technique		
		Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
<i>30 June 2018</i>				
<b>Financial assets</b>				
Investments in CCO's	13,699	-	208	13,491
<b>Financial liabilities</b>				
Derivatives	1,185	-	1,185	-
<i>30 June 2017</i>				
<b>Financial assets</b>				
Investments in CCO's	13,390	-	208	13,182
<b>Financial liabilities</b>				
Derivatives	1,196	-	1,196	-

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

The fair value for the investment in Waikato Regional Airport has been determined based on Council's proportion of ownership of the airports net assets.

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

	2018 Actual \$000	2017 Actual \$000
Balance at 1 July	13,182	2,789
Investment Gain - recognised in other comprehensive revenue and expense	324	10,409
Impairment - recognised in comprehensive revenue and expense	(15)	(16)
Balance 30 June	13,491	13,182

## 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 2017/18 budgeted figures are as follows:

#### **Statement of comprehensive revenue and expense**

- Rates revenue is \$3 million higher than budget. This relates to the re-allocation of targeted water supply rates from fees and charges.
- \$3 million of revenue has transferred from Fees and charges to rates which has been offset by additional revenue in Fees and Charges. Additional revenue in Fees and Charges mainly comes from greater than anticipated consent applications of \$755,000, \$252,000 due to the delayed sale of Palmer Street Pensioner housing, \$192,000 in additional revenue from non-core paper road sales, \$188,000 in additional revenue from investment properties, and \$1.3 million of revenue from the Community Facilities Trust on consolidation.
- Development contributions were \$2.9 million higher than budget due to higher than anticipated growth in the district.
- Gain on revaluation of Forestry and Investment Properties was \$2.1 million higher than budget due to current market conditions.
- The value of assets vested from developers was \$12.5 million greater than budget, this relates to higher than anticipated growth in the district and the timing of receiving assets from developers. This also includes vesting of Canoe Racing New Zealand and Perry Community Water Sports Centre.
- Increase in finance revenue of \$1.2 million due to greater than anticipated levels of cash and short term arbitrage arrangements.
- Subsidies and grants are \$352,000 less than budget mainly due to decreased external funding for the Cambridge Pool of \$1.7 million due to delay in timing of construction.

This has been offset by a \$1.4 million increase in NZTA funding mainly from an increased subsidy rate for the LED replacement programme.

- Employee benefit expenses are \$844,000 higher than budget due to growth in staff numbers. This has allowed us to decrease reliance on external consultants and contractors.
- Depreciation is \$465,000 higher than budget. This is due to a combination of higher than anticipated asset values from valuations, higher than anticipated vested assets, and the requirement for building components to be split and subsequent adjustment of useful lives.
- Other expenses are \$4.3 million higher than budget. This is made up of:
  - Loss on disposal of infrastructure assets being \$3 million higher than budget.
  - Transfer and impairment of assets and prior year capital costs for capital projects that are no longer proceeding or the scope has significantly changed of \$1.7 million. These include Te Awa Cycleway \$101,000, Mahoe Street Buildings \$478,000, Miscellaneous Roding Projects \$209,000, Waters source investigation \$746,000, Waste Water investigation \$220,000.
  - These increases have been offset by net savings in other areas.
- Increase in finance costs due to short term arbitrage arrangements which have increased finance income. This has been offset by lower than anticipated borrowings.
- Gain on revaluation of Property Plant and Equipment was \$10.6 million lower than budget. This relates to the Utilities revaluation not programmed this year.

### **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.
- Investments in CCOs' were \$10.7 million greater than budget due to the revaluation of Council's investment in Waikato Regional Airport Limited to fair value in 2017.
- The higher property, plant and equipment balance is due to higher than anticipated asset revaluations for land and buildings, roading and utilites.
- Borrowings at year end are \$13.8 million lower than budget. This is due to the higher than anticipated cash balance at the end of the 2016/17 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 2017

#### 10 years in the making

Ten years after work first began, Waipā District Council's District Plan became fully operative.

A District Plan is a cornerstone document for any council because it frames how districts or cities will develop. District Plans provide guidance and rules on development and subdivision and protect important buildings, landscapes and natural areas.

Waipā's District Plan became fully operative following the resolution of two outstanding issues which had held up the process for years.

### August 2017

#### Water upgrade for Te Awamutu

Council brought forward a \$500,000 spend to upgrade the Parallel Road water treatment plant, part of a wider plan to upgrade Te Awamutu's water supply.

Te Awamutu's water currently comes from the Mangauika Stream on Mt Pirongia and an underground bore on Frontier Road. Under its resource conditions, Council is restricted as to how much water it can take from the stream and will be further restricted by 2030.

The project was first outlined and budgeted in the Council's 2015-25 10-Year Plan and will meet Te Awamutu's fresh water needs for the next 30 years.

### September 2017

#### Installation of meters complete

Contractors completed installing nearly 11,400 new water meters across the district, paving the way for separate water billing to begin in late 2018.

Water meters have been in place at Ōhaupo since 1991 and Pirongia since 1997. Most of Waipā's rural, industrial and commercial users have also had water meters for years.

With meters now installed, most Waipā water consumers connected to the town supply will pay for water largely based on how much they use, rather than paying a one-size-fits-all charge.

## **October 2017**

### **First heritage bus tours offered**

Two free bus tours highlighting Waipā's role in the New Zealand Wars of the 1860s were launched, booking out within 48 hours.

The tours were narrated by Council staff to showcase historical events in Waipā, from early human settlement through to the New Zealand Wars. Tours covered the stories of significant inter-tribal and Land Wars battles that took place in Waipā including those at Waiari, Hingakaka, Mātakitaki, Taumatawiwi and Ōrākau.

The tours proved wildly popular and to meet demand 16 tours were eventually provided, directly showcasing Waipā's history to more than 700 people.

## **November 2017**

### **Shared cycleway/walkway opens**

Te Ara Kihikihi, a new cycleway/walkway between Kihikihi and Te Awamutu, opened.

The shared 4.5km trail, made of concrete or crushed limestone, starts at Te Awamutu's Albert Park and finishes at Herbert St in Kihikihi. Since opening it has won huge community support and is now regularly used by walkers, cyclists and scooters.

Over time we're planning to build a network of cycleways connecting historic places, towns and features of the district.

## **December 2017**

### **Water company rejected**

A single council-owned company to manage water, wastewater and stormwater services was taken off the table.

Waipā District Council rejected a recommendation to form a non-asset owning company alongside Hamilton City Council. Hamilton City had already voted to support forming the company.

At the December 2017 Council meeting, Waipā's elected members rejected the proposal 7-6.

## **January 2018**

### **Work begins on a Cambridge wastewater upgrade**

Work began on a \$7.7 million project to upgrade and future-proof Cambridge's wastewater infrastructure.

Wastewater from residential properties north of the Waikato River is piped across the river to Council's treatment plant on the Leamington side of town. But the existing pipe is not big enough for a growing Cambridge.

Work includes increasing the size of the main pipe, replacing the pipe bridge and stabilising the foundations and river bank to bring the structure up to modern standards.

## **February 2018**

### **Pop 'n' Good bike park opens**

Te Awamutu's brand new Pop 'n' Good Bike Park and refurbished playground officially opened.

All costs for the park were covered by a Te Awamutu-based company, Davies Foods. Hundreds of families turned out for the opening.

The Pop 'n' Good bike park links to Te Awamutu's destination playground and rose gardens and over time, will become a community focal point for the planned Te Awamutu hub.

## **March 2018**

### **Consultation on 10-Year Plan opens**

We launched formal consultation on six major proposals as part of our 2018-2028 10-Year Plan.

The Plan detailed how more than \$1.26 billion over 10 years would be spent, subject to community consultation. Council specifically sought feedback on six key issues before finalising spending priorities for the next decade.

A plain English consultation document went online at a purpose-built website in mid-March and a range of innovative engagement opportunities were provided. Over the following month, Council engaged with hundreds of residents and ratepayers, eventually receiving more than 800 formal submissions on its proposals.

## **April 2018**

### **Event fund opens**

Applications opened for the 2018/19 District Promotion Fund with \$100,000 available to support events in the district.

Funds were eventually allocated to 27 events aimed at driving economic activity and supporting Waipā's growing events reputation.

The largest allocations went to the UCI Track Cycling World Cup event at the Avantidrome in January 2019 and the Waka Ama sprint nationals to be held at Lake Karāpiro in January 2019. Both events were allocated \$10,000 each.

The District Promotion Fund sat at \$100,000 for a number of years but was increased during the 2018-2028 10-Year Plan process. From 2018/19, Council has budgeted \$150,000 each year to support key events in the district.

## **May 2018**

### **Demolition of the old Cambridge pool began**

Demolition work on the old Cambridge pool began in preparation for the new \$16.5 million facility. Work began almost immediately on water, wastewater and stormwater upgrades followed by earth works for the building foundations.

When complete the new Cambridge pool complex will include an upgrade of the existing outdoor pool, a new 10-lane indoor pool and learner's pool, a hydrotherapy pool, spa and sauna and a children's splash pad. There will also be increased seating and a community room as well as car-parking and landscaping.

The new pool complex is due to open in late 2019.

## **June 2018**

### **Waipā's 10-Year Plan adopted**

Waipā District Council unanimously adopted the Council's 10-Year Plan, approving an average annual rates increase of 1.46% (excluding water charges) for the next decade.

The plan confirmed support for five of the six major projects the Council outlined in its consultation material. While Council supported the \$500,000 grant to a new Ōhaupō sport and recreation centre, the catchment area for contributing ratepayers is being reviewed.

More than 800 people had their say on Waipā's story and how Council should invest in its community over the next decade. Less formal feedback from hundreds more was provided to elected members before they made the final decisions and adopted the Plan in June 2018.

## 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 Governance team.

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

### 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. Within 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 fully 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 2016/17	Target for 2017/18	Actual for 2017/18	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.	95.24%	100%	100%	Achieved
		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 2016/17	Target for 2017/18	Actual for 2017/18	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 <sup>1</sup> .	236,720	116,842	269,852	Achieved. The Council website remains a key channel for engaging with and providing relevant information to the Community. This focus is reflected in the continued high website traffic.

<sup>1</sup> 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

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>REVENUE</b>				
Elections		82	-	-
Community Grants		39	39	39
Strategic Planning	1	-	-	500
<b>TOTAL REVENUE</b>		<b>121</b>	<b>39</b>	<b>539</b>
<b>OPERATING EXPENDITURE</b>				
Council & Committees		2,399	2,446	2,512
Cambridge Community Board		176	181	182
Te Awamutu Community Board		174	179	178
Elections		175	7	1
Community Grants		379	379	359
Strategic Planning	2	2,142	2,249	2,857
Community Relationships	3	1,767	1,860	1,641
<b>TOTAL EXPENDITURE</b>		<b>7,212</b>	<b>7,301</b>	<b>7,730</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(7,091)</b>	<b>(7,262)</b>	<b>(7,191)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)		30	27	472
Debt Repayment (Internal)		552	579	613
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>		<b>582</b>	<b>606</b>	<b>1,085</b>

### Explanation of significant costs of service variances between LTP and Actual

1. Increase in Strategic Planning revenue due to the grant received from Department of Corrections for the Community Housing Fund.
2. Increase in Strategic Planning expenditure which is mainly due to Structure Plans budgets transferred from other years and an increase in expenditure for Growth Strategy. This has been partially offset by the transfer of the District Plan responsibility to Resource Management.
3. Decrease in Community Relationships expenditure due to restructure of staff to other departments and on charging to other departments.

### Capital expenditure table

	2016/17	2017/18	2017/18
	Long-term	Long-term	Actual
	Plan	Plan	Actual
	\$000	\$000	\$000
<b>To Improve Level of Service</b>			
Flag Tracking System	30	27	30
Council Chambers Upgrade	1	-	442
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>30</b>	<b>27</b>	<b>472</b>

### Explanation of significant capital variances between LTP and Actual

1. Increase in Capital expenditure due to a new project to upgrade Te Awamutu Council Chambers.

## Waipa District Council funding impact statement for year ended 30 June 2018 for governance

	2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	5,144	5,904	6,134
Targeted rates	2,236	1,934	1,936
Subsidies and grants for operating purposes	39	39	39
Fees and charges	82	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	500
<b>Total sources of operating funding (A)</b>	<b>7,501</b>	<b>7,877</b>	<b>8,609</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,788	3,698	4,199
Finance costs	78	80	34
Internal charges and overheads applied	2,615	2,787	2,776
Other operating funding applications	722	722	713
<b>Total applications of operating funding (B)</b>	<b>7,203</b>	<b>7,287</b>	<b>7,722</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>298</b>	<b>590</b>	<b>887</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	30	27	30
- to replace existing assets	-	-	442
Increase (decrease) in reserves	268	563	415
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>298</b>	<b>590</b>	<b>887</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(298)</b>	<b>(590)</b>	<b>(887)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	3,112	(613)	654	3,153	34

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

## **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 2017/2018	Target for 2017/18	Actual for 2017/18	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. <sup>2</sup>	92.1%	95%	97.62%	Achieved
Building control	We process all building consent applications within agreed timeframes.	The percentage of buildings consents processed within 20 working days. <sup>3</sup>	95.02%	100%	99.21%	Not Achieved. 1397 building consents were processed over the year, of which 1386 were processed within statutory timeframes. The increase in applications this year

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

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

Activity	The service we provide	How we measure success	Actual for 2017/2018	Target for 2017/18	Actual for 2017/18	Comment
						<p>from the 2016/17 total of 1256 has stretched Council's ability to meet the required timeframe.</p> <p>Further resource was recruited during the year to assist with this higher volume of applications. A different approach has also been taken to manage application and inspection workflows. These changes resulted in 100% of all applications received since October being processed within the required timeframe.</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. <sup>4</sup>	100%	100%	90.62%	<p>Not Achieved.</p> <p>338 out of 373 premises registered at year end.</p> <p>As at March 2018 all premises were to have moved to food control plans.</p> <p>There are 35 premises that have either not changed over to the Food Act, or are exempt. Council is currently communicating with the affected parties.</p>
		The percentage of eligible food premises who have food control plans. <sup>5</sup>	68.21%	80%	88.29%	Achieved.

<sup>4</sup> 12 month rolling average.

<sup>5</sup> 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 2017/2018	Target for 2017/18	Actual for 2017/18	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.	93.00%	95%	93.46%	Not Achieved 829 out of 887 complaints were responded to within one hour. A number of day-time noise complaints were not responded to within one hour as they were not a priority over other commitments at the time. After hours jobs not responded to within 1 hour were usually due to the volume of calls received within a short period of time. A significant number of the overdue calls were attended within 60-70 minutes. There were a small number affected by delays in dispatch.
		The percentage of smoke complaints investigated within 1 hour.	98.97%	95%	96.83%	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	100%	100%	100%	Achieved.

Activity	The service we provide	How we measure success	Actual for 2017/2018	Target for 2017/18	Actual for 2017/18	Comment
		processed within the statutory timeframes.				
Development engineering	We are responsive to enquiries and requests for information.	Enquiries are responded to within 4 working days.	95.84%	95%	100%	Achieved.

## Statement of cost of service

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>REVENUE</b>				
Fees and Charges:				
Resource Management	1	1,209	1,241	1,386
Building Control	2	1,931	1,980	2,466
Environmental Health		395	406	428
Animal Control		450	462	526
Development Engineering	3	369	379	277
<b>TOTAL REVENUE</b>		<b>4,354</b>	<b>4,468</b>	<b>5,083</b>
<b>OPERATING EXPENDITURE</b>				
Resource Management	1	1,726	1,779	2,404
Building Control		1,996	2,081	2,045
Environmental Health		889	918	852
Animal Control		696	724	726
Development Engineering	3	824	845	724
<b>TOTAL EXPENDITURE</b>		<b>6,131</b>	<b>6,347</b>	<b>6,751</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(1,777)</b>	<b>(1,879)</b>	<b>(1,668)</b>
<b>CAPITAL EXPENDITURE</b>				
Capital Expenditure (excluding Vested)		-	-	-
Debt Repayment		-	-	26
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>-</b>	<b>-</b>	<b>26</b>

### Explanation of significant costs of service variances between LTP and Actual

1. Increase in Resource Management revenue due to higher than anticipated growth in the district. This has been offset by additional costs which include the transfer of responsibility of the District Plan from Strategy.
2. Building Control revenue was higher than budget, the number of consents received was considerably higher than expected, this has been partially offset by an increase in Building Control expenditure.
3. Development Engineering revenue lower than budget which has been offset by a reduction in expenditure.

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

## Waipa District Council funding impact statement for year ended 30 June 2018 for planning and regulatory

	2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,400	1,586	1,938
Targeted rates	377	291	324
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,354	4,468	5,032
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>6,131</b>	<b>6,345</b>	<b>7,294</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	4,733	4,902	5,226
Finance costs	-	-	3
Internal charges and overheads applied	1,393	1,440	1,515
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,126</b>	<b>6,342</b>	<b>6,744</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5</b>	<b>3</b>	<b>550</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	5	3	550
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5</b>	<b>3</b>	<b>550</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5)</b>	<b>(3)</b>	<b>(550)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	262	(26)	-	236	3

## 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
 <b>Economically progressive</b>	<ul style="list-style-type: none"> <li>▪ Our services are acknowledged as excellent value for money.</li> <li>▪ Waipa’s growth is built on its strengths.</li> </ul>
 <b>Environmental and cultural champions</b>	<ul style="list-style-type: none"> <li>▪ We are recognised as environmental and cultural leaders.</li> <li>▪ Waipa’s environmental and cultural heritage is a showcase for excellence.</li> </ul>
 <b>Connected with our community</b>	<ul style="list-style-type: none"> <li>▪ We engage with all parts of our community.</li> <li>▪ We have collaborative and enduring partnerships.</li> </ul>
 <b>Socially responsible</b>	<ul style="list-style-type: none"> <li>▪ Waipa offers an excellent quality of life.</li> </ul>

### 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 2016/17	Target for 2017/18	Actual for 2017/18	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	1.07 hours	4 hours	2.07 hours	Achieved.

Activity	The service we provide	How we measure success	Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		buildings.				
		The median response time (days) for the resolution of non-urgent service requests relating to land and buildings.	0.91 days	5 days	0.87 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. <sup>6</sup>	82%	90%	82.22%	<p>Not Achieved.</p> <p>The result is based on a single week of surveying visitors as per the Annual Aotearoa Museum Visitor Survey procedure. This provides a limited sample size which may not provide a true representation of satisfaction across the year, as exhibitions change. Moving forward surveys will be carried out across three periods each year to provide improved sampling of visitors.</p> <p>It is also believed that the current museum building, which was not purpose built for this use has a negative impact on visitor satisfaction levels. Again going forwards the target has been set lower (85%) to reflect this, the target is set to rise again when the proposed Discovery Centre progresses.</p>

<sup>6</sup> As per the annual Museum Aotearoa Survey questionnaire.

Activity	The service we provide	How we measure success	Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		The number of school student visitors per annum.	4,607	4,400 <sup>7</sup>	3,040	Not Achieved.  The volume of students that could be accommodated by the programme was reduced because Council's Educator role was vacant for a period of three months. This vacancy has now been filled and it is anticipated numbers to return to target over time.
		The number of 'other' <sup>8</sup> visitors per annum.	8,168	10,200 <sup>9</sup>	7,510	Not Achieved.  As with last year the relocation of the library away from its location next to the museum has impacted on the number of casual drop in visitors. Going forwards the location of the proposed Discovery Centre is anticipated to reverse this reduction in casual visitors. In the meantime the target has been lowered for the period up until completion of the proposed Discovery Centre.
Parks and reserves	Parks and reserves meet public requirements	The number of complaints received regarding the appearance of parks and reserves.	173	<200	324	Not Achieved.  Due to the wet weather experienced during the summer months and stretched resources driven by growth the number of complaints continue to track well above target.

<sup>7</sup> Learning Experience Outside the Classroom (LEOTC) contractual requirement.

<sup>8</sup> 'Other' - visitors other than school students.

<sup>9</sup> 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.

Activity	The service we provide	How we measure success	Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		The percentage of annual playground renewal programme completed <sup>10</sup> .	113%	100%	87%	Not Achieved. The underspend can be attributed to two renewal projects which were completed under their preallocated budgets. The completion of these projects in the latter part of the financial year prevented the surplus budget to be reallocated to other renewal work.
		The percentage of annual parks and reserves renewal programme completed <sup>11</sup> .	93%	100%	66%	Not Achieved. The underspend can be attributed to a delay in timing of the Memorial Park Bridge in Te Awamutu to allow for public consultation on options.
Pensioner housing	Property Services respond in a timely manner to customer service requests.	The median response time (hours) for the resolution of urgent <sup>12</sup> service requests relating to	1.75 hours	2 hours	0.44 hours	Achieved.

<sup>10</sup> 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.

<sup>11</sup> 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.

<sup>12</sup> Urgent service requests are defined as a health & safety or public safety issue.

Activity	The service we provide	How we measure success	Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		pensioner housing.				
		The median response time (days) for the resolution of non-urgent <sup>13</sup> service requests relating to pensioner housing.	0.11 days	5 days	0.1 days	Achieved.
Public library	Our library services and facilities meet the needs of the community.	% of population who are active <sup>14</sup> library users.	68.22%	65%	69.57%	Achieved.
		The number of walk-in library visitors per annum.	219,569	205,000	230,066	Achieved.
	The library service provides an adequate quantity of recreational and educational material.	The percentage of users surveyed who agreed the library offered the resource they were looking for (via survey mechanism).	91.49%	90%	93.49%	Achieved.
		Library collection meets the LIANZA <sup>15</sup> standard of 3 items per resident.	2.93	Meet standard	3.09	Achieved.

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

<sup>14</sup> Active – library card used in past 2 years

<sup>15</sup> LIANZA – Library and Information Association of New Zealand Aotearoa

Activity	The service we provide	How we measure success		Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
Public toilets	Public Toilets are well maintained	The number of service requests regarding public toilets.		70	<90	69	Achieved.
Swimming pools	The community is satisfied with the service provided.	The percentage of users satisfied with swimming pool services (via survey mechanism).	Te Awamutu	83%	80%	82%	Achieved.
			Cambridge	74%	75%	69%	Not Achieved. The drop in satisfaction is likely to be attributed to the shorter than usual season this year. This was attributed to the delayed opening due to a high water table from rain and early closure to allow the start of the upgrade project.
	Public swimming pools are accessible.	The number of admissions per annum <sup>16</sup> .		159,655	150,000	156,057	Achieved.
	Pools are safe and clean.	The percentage	Te Awamutu	98%	85%	98%	Achieved.

<sup>16</sup> Annual admissions for Cambridge and Te Awamutu combined

Activity	The service we provide	How we measure success	Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		tage of compliance with water quality standards. (no. of tests compliant). Cambridge	100%	85%	98%	Achieved.
Waste management and minimisation	Recycling services are convenient.	Number of justified <sup>17</sup> complaints about recycling collection services.	52	<144	51	Achieved.

<sup>17</sup> '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

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>REVENUE</b>				
Fees and Charges:				
Parks and Reserves		-	-	9
Mighty River Domain	1	620	635	787
District Museums	2	110	113	506
District Libraries		225	236	177
District Pools	3	-	-	1,416
Cemeteries		179	184	259
Public Toilets		30	31	-
Properties	4	780	792	993
Pensioner Housing & Own your Own Housing		1,155	1,188	1,225
Rural Fire/Civil Defence		95	97	137
Waste Management		155	159	214
<b>TOTAL REVENUE</b>		<b>3,349</b>	<b>3,435</b>	<b>5,723</b>
<b>OPERATING EXPENDITURE</b>				
Parks and Reserves	5	4,496	4,755	5,052
Mighty River Domain	1	1,106	1,128	1,401
District Museums		1,026	1,036	1,016
District Libraries		1,844	1,901	1,798
District Pools	3	1,923	2,016	3,125
Heritage		498	499	403
Cemeteries		311	317	283
Public Toilets		521	571	609
Properties	4	1,681	1,479	2,923
Pensioner Housing & Own your Own Housing	6	925	980	1,325
Forestry		62	119	175
Rural Fire/Civil Defence		318	326	187
Waste Management	7	1,539	1,563	1,707
National Cycle Centre of Excellence		57	54	48
<b>TOTAL EXPENDITURE</b>		<b>16,307</b>	<b>16,744</b>	<b>20,052</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(12,958)</b>	<b>(13,309)</b>	<b>(14,329)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)		6,258	11,461	6,964
Vested Assets	8	-	-	2,283
Debt Repayment (Internal)		1,336	1,346	1,116
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>		<b>7,594</b>	<b>12,807</b>	<b>10,363</b>

## **Explanation of significant costs of service variances between LTP and Actual**

1. Hireage of the Mighty River Domain facilities is higher than anticipated. This has been offset by additional expenditure.
2. Increase in District Museums revenue due to donation and sponsorship received for Te Awamutu Community Hub for the Pop 'n' Good bike park.
3. Consolidation of the Community Facilities Trust has resulted in higher revenue and expenditure than what was budgeted in the 2015-25 Long Term Plan.
4. Increase in Properties income due to the additional rental income on 90 Mahoe Street and an increase in non-core paper road sales.
5. Parks and Reserves increase in operating costs due to additional management support and increase in maintenance costs.
6. Increased expenditure in Pensioner Housing & Own your Own Housing which is mainly due to the delay in sale of Palmer Street units and increased depreciation due to building components required to be split and the subsequent adjustment of useful lives.
7. Increase in Waste Management expenditure due to increased recycling costs and increase in waste minimisation projects.
8. Increase in Vested assets which is mainly due to the Canoe Racing New Zealand and Perry Community Water Sports Centre at Lake Karapiro being vested to us, \$1.7 million. The balance is gifting of reserves from developers and the Playground at St Kilda.

## Capital expenditure table

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>To Meet Additional Demand</b>				
Buffer Reserve Land Purchase		795	105	3
Reserve Purchases - Developments		50	-	
Playground Reserve Land Cambridge North	1	410	420	-
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>1,255</b>	<b>525</b>	<b>3</b>
<b>To Improve Level of Service</b>				
Cambridge Town Pool Development	2	2,048	7,613	1,529
Cambridge Town Hall Repairs & Maintenance		51	37	11
Reserve Developments	3	176	134	254
Development & Restoration of Lake Ngaroto		217	168	174
Matakitaki Pa Site Implementation Plan				20
Maungatautari Project		-	-	1
Castleton Park - Sports Fields		179	-	-
Discretionary Community Facility Projects		51	53	41
Cambridge Motor Park - Upgrade Work		-	-	7
Taylor/Vogel Street Development - Property		-	-	(6)
Addison Street Development - Property	4	-	391	620
Karapiro Minor Assets (Don Rowlands Centre)		20	16	21
High Performance Training Centre (Canoe Racing)	5	-	-	417
Heritage Interpretation Plan		-	-	6
Cycling - Te Awamutu/Ngaroto/Pirongia Connection		-	-	2
Childrens Playground - Mighty River Domain		-	-	32
Public Conveniences - New Toilet Blocks		92	53	34
Purchase of Own Your Own Units	6	-	137	-
Renew Pensioner Housing - Palmer Street	7	666	682	-
Pensioner Housing - Renewals and Upgrades	7	307	314	129
Purchase of land for Te Awamutu Western Arterial	8	410	209	-
Cambridge Water Tower - Upgrade		51	-	-
Stream and Track Slip Remediation	9	-	-	518
Design and Build Te Awamutu Museum		31	32	78
Te Awamutu Community Hub Precinct	10	123	357	1,326
Waipuke Reserve Development		-	-	(9)
Lake Mangakaware Enhancement of Heritage Values		-	79	1
Matakitaki Access & Restoration		40	33	67
Rata-Tu Reserve Implementation of Management Plan		50	63	18
Destination Playgrounds		-	-	8
Property Purchases	11	-	-	864
Condition Assessment & Maintenance of Community Buildings		-	-	6
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>4,512</b>	<b>10,371</b>	<b>6,169</b>
<b>To Replace Existing Assets</b>				
Karapiro / Arapuni Lakes Programme		41	26	13
Playground Equipment & Safety Surfaces Renewal		46	48	42
Parks Structure Renewals		71	72	88
Plant Replacement - Mighty River Domain		11	14	12
Pensioner Housing Carpark Renewal		4	63	158
Library Books Te Awamutu		159	171	167
Library Books Cambridge		159	171	172
District Pools Plant Renewals		-	-	114
Other Minor Asset Renewals		-	-	26
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>491</b>	<b>565</b>	<b>792</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>6,258</b>	<b>11,461</b>	<b>6,964</b>

### **Explanation capital expenditure variances between LTP and Actual**

1. Budget not spent for the purchase of Playground Reserve Land in Cambridge North. This project has been re-budgeted in the 2018-28 LTP.
2. Cambridge Pool Development capital expenditure is less than the 2015-25 LTP budget due to the delay in timing of this project while Council confirmed the increased scope. Construction of the pool is underway and the budget will be carried forward to the 2018/19 year.
3. Increase in capital expenditure on Reserve Developments due to Kihikihi Domain Carpark Renewal and replacement water pump at Bulmers Landing.
4. Budget for Addison Street property development was carried forward from prior years.
5. Increase in capital expenditure for the Canoe Racing New Zealand and Perry Community Water Sports Centre at Lake Karapiro. This project was partially funded by Council.
6. Budget was allocated to purchase an Own Your Own Unit in the current year, but no units have become vacant.
7. Pensioner Housing Renewals and Upgrades – this work has not been completed on Palmer Street as this is awaiting sale. Other pensioner housing renewal work is on-going and will be carried forward to the 2018/19 year.
8. Western Arterial Purchase of Properties – there have been no purchases this year.
9. Stream and Track Slip Remediation – there have been several major slips at different locations throughout the district due to extreme weather events with major slips occurring on Settlers Track and several locations on Mangaohoi Stream.
10. Increase in capital expenditure for Te Awamutu Community Hub with work being completed on the Pop ‘n’ Good Bike Park.
11. Property purchases – this includes:
  - Property purchase for Fort Street Cambridge – resolution for acquisition of property was approved by Council in May 2018, \$574,000.
  - Purchase of 189 Inglefield Street Pirongia for Stormwater easement and resale – resolution for acquisition of property was approved by Council in October 2017, \$290,000.

## Waipa District Council funding impact statement for year ended 30 June 2018 for community services and facilities

	2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	8,578	9,626	9,823
Targeted rates	5,488	5,068	4,665
Subsidies and grants for operating purposes	56	53	23
Fees and charges	3,293	3,382	5,354
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>17,415</b>	<b>18,129</b>	<b>19,865</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	12,193	12,644	13,568
Finance costs	471	525	281
Internal charges and overheads applied	2,321	2,404	2,613
Other operating funding applications	335	341	283
<b>Total applications of operating funding (B)</b>	<b>15,320</b>	<b>15,914</b>	<b>16,745</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,095</b>	<b>2,215</b>	<b>3,120</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	72	2,157	1,189
Development and financial contributions	282	307	447
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>354</b>	<b>2,464</b>	<b>1,636</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	1,255	525	3
- to improve the level of service	4,512	10,371	6,169
- to replace existing assets	491	565	792
Increase (decrease) in reserves	(3,809)	(6,782)	(2,208)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,449</b>	<b>4,679</b>	<b>4,756</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,095)</b>	<b>(2,215)</b>	<b>(3,120)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	14,120	(1,187)	3,445	16,378	268
<b>Total</b>	14,120	(1,187)	3,445	16,378	268

## 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
 <b>Economically progressive</b>	▪ We are financially sustainable.
	▪ Our services are acknowledged as excellent value for money.
	▪ Waipa's growth is built on its strengths.
 <b>Socially responsible</b>	▪ 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 2016/17	Target for 2017/18	Actual for 2017/18	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.	3 less	Nil change	6 more	Not Achieved. Council has influence over speed limits, road maintenance and some user education to help manage road risk. Crashes are increasing across NZ due to growth in population and travel and Waipa is similarly affected by this increase.  Note that this measure is for crashes to the June 2017 financial year as this is the latest year for which full Police crash records are available.
		Number of fatal and serious crash numbers on Waipa local roads per annum (five year average).	18.2	18.4	18	Achieved.
		The average quality of ride on	89% <sup>19</sup>	94%	95%	Achieved.

Activity	The service we provide	How we measure success	Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		sealed local roads. <sup>18</sup>				
	The existing network is well maintained.	The percentage completed of the sealed local road network that is planned for resurfacing <sup>20</sup>	94.6%	100%	71.90%	Not Achieved. The review of surface performance and condition has meant that road surfacing life is being extended to maximise the return on investment. The impact of this is that the volume of resurfacing being done annually will fluctuate as roads previously envisaged for resurfacing in a year are pushed out into later years. This advice has been reflected in revised targets in the 2018-28 10-Year Plan.
		The percentage of footpaths whose condition meets the desired minimum standard for condition. <sup>21</sup>	98.56%	>80%	98.42%	Achieved.
	We are responsive to roading issues raised by the	The percentage of customer service requests relating to roads &	94.78%	90%	90.89%	Achieved.

<sup>19</sup> Result not included in the 2016/17 Annual Report as 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%. DIA have now indicated which report result they would recommend using (the one producing the 90% result). The report was rerun with condition data collected in June 2017, result is now 89%.

<sup>18</sup> Full wording of mandatory measure is: The average quality of ride on a sealed local road network, measured by smooth travel exposure. Note the road roughness survey was last completed in June 2017 and those results are used to determine the 30 June 2018 STE result.

<sup>20</sup> As compared to the target area set in the Asset Management Plan (602,792m<sup>2</sup> per year)

<sup>21</sup> 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 2016/17	Target for 2017/18	Actual for 2017/18	Comment
	community.	footpaths responded to within the specified time frame. <sup>22</sup>				
	Alternative transport options are available and promoted.	% (by length) of urban roads <sup>23</sup> which have a footpath on at least one side.	85.48%	81%	85.93%	Achieved.

<sup>22</sup> 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.

<sup>23</sup> Urban roads defined as those with a speed limit of 70 kilometers or less.

## Statement of cost of service

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>REVENUE</b>				
Fees, charges and NZTA subsidy	1	6,973	6,964	9,148
<b>TOTAL REVENUE</b>		<b>6,973</b>	<b>6,964</b>	<b>9,148</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation		9,357	9,636	9,544
Activity Expenses	2	7,723	7,825	10,160
Internal charges and Overheads		1,477	1,495	1,475
Finance Costs	3	524	637	262
<b>TOTAL EXPENDITURE</b>		<b>19,081</b>	<b>19,593</b>	<b>21,441</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(12,108)</b>	<b>(12,629)</b>	<b>(12,293)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)		12,314	10,889	11,173
Vested Assets	4	1,432	1,465	6,476
Debt Repayment (Internal)		1,950	1,809	2,550
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>		<b>15,696</b>	<b>14,163</b>	<b>20,199</b>

### Explanation of significant costs of service variances between LTP and Actual

1. Increase Fees, charges and NZTA subsidy mainly due to additional revenue of \$1.5 million being received from NZTA for the increase of subsidy rates for the LED streetlight replacement programme and an increase in revenue of \$597,000 due to Council now running the Waikato Road Asset Technical Accord (RATA) as a stand-alone business unit within the Service Delivery group.
2. Activity expenses are greater than budget due to inclusion of RATA of \$591,000, impairment loss of \$208,000, and loss on disposal of assets of \$2.3 million. These increases have been offset by savings in maintenance budgets.
3. Finance costs are lower than expected due to reduced requirement for loans on capital work.
4. The amount of roading infrastructure assets gifted from developers was \$5 million greater than budget. This largely relates to greater than expected growth in the district.

## Capital expenditure table

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>To Meet Additional Demand</b>				
Cambridge North Capital Projects	1	811	389	31
St Ledger Road	2	-	207	-
Urban Upgrades - Development Related		51	52	-
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>862</b>	<b>648</b>	<b>31</b>
<b>To Improve Level of Service</b>				
Seal Extensions		507	518	630
New Footpaths		39	40	84
Car Park Improvements		81	83	2
Town Concept Plans Implementation	3	507	518	113
Passenger Transport Infrastructure		10	10	-
Street Light Improvements	4	441	445	1,923
Cycling Projects District Wide	5	1,598	352	809
Associated & Minor Improvements	6	939	1,019	696
Cambridge Bypass Roading Improvements	7	-	-	478
CBD Accessibility Improvements		101	104	130
Bridge Footpath Widening		-	20	-
Cambridge Gateways Project		100	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>4,323</b>	<b>3,109</b>	<b>4,865</b>
<b>To Replace Existing Assets</b>				
Footpath Renewals		325	332	418
Amenity Lighting Renewals		2	2	127
Car Park Renewals		75	77	(5)
Drainage Renewals		370	370	358
Sealed Road Resurfacing	8	2,860	2,867	1,820
Unsealed Road Metalling		100	100	45
Pavement Rehabilitation		3,000	3,000	2,909
Structures Component Renewal		314	301	204
Traffic Services Renewals		25	25	25
Guardrail Renewals		50	50	152
Bridge Renewals	9	-	-	224
Bus Shelter Renewals		8	8	-
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>7,129</b>	<b>7,132</b>	<b>6,277</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>12,314</b>	<b>10,889</b>	<b>11,173</b>

### **Explanation of significant capital variances between LTP and Actual**

1. Growth projects in Cambridge North were completed in the 2016/17 as budget was brought forward from this financial year.
2. St Ledger Road project has been deferred and this has been rebudgeted in the 2018/28 LTP.
3. The majority of the Town Concept Plan work was completed in 2016/17 because it was brought forward from this financial year in order to complete streetscape work at Selwyn Lane and Gorst Street. This aligned with completion of the new Te Awamutu Library construction.
4. 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.
5. Additional capital expenditure on cycling projects district wide with \$1.1 million spent on the construction of the Te Awamutu to Kihikihi pathway. This has been offset by the delay in the next stage of Te Awa cycleway while the New Zealand Transport Agency confirmed the preferred route between Cambridge and Hamilton.
6. Minor improvements underspend mainly due to streetlight improvements originally being budgeted in this activity.
7. Cambridge Bypass Roding Improvements have been brought forward from 2018/19 year.
8. Decrease in capital expenditure for Sealed Road Resurfacing due to condition assessment showing the assets are in good condition, therefore the work was deferred to future years.
9. Major structural work was required on Bowman Road and Te Pahu Road Bridges. This work is currently underway and due to be completed in 2018/19 year.

## Waipa District Council funding impact statement for year ended 30 June 2018 for roads and footpaths

	2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	9,344	10,355	9,696
Targeted rates	2,102	1,695	2,814
Subsidies and grants for operating purposes	2,774	2,768	2,761
Fees and charges	23	23	734
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>14,243</b>	<b>14,841</b>	<b>16,005</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,804	6,886	6,678
Finance costs	524	637	262
Internal charges and overheads applied	1,477	1,495	1,475
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,805</b>	<b>9,018</b>	<b>8,415</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,438</b>	<b>5,823</b>	<b>7,590</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,176	4,173	5,668
Development and financial contributions	641	686	1,253
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,817</b>	<b>4,859</b>	<b>6,921</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	862	648	31
- to improve the level of service	4,323	3,109	4,865
- to replace existing assets	7,129	7,132	6,277
Increase (decrease) in reserves	(2,059)	(207)	3,338
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,255</b>	<b>10,682</b>	<b>14,511</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,438)</b>	<b>(5,823)</b>	<b>(7,590)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	21,082	(2,549)	631	19,164	262
<b>Total</b>	21,082	(2,549)	631	19,164	262



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

## **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 including the necessary planning for renewal of the Comprehensive Stormwater Consents in 2022.

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. However the likelihood of these occurrences are managed by dedicated Trade Waste Officers that work with commercial and industrial entities on a regular basis to ensure there are mechanisms in place to minimise the likelihood of spills reaching the environment. 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 2016/17	Target for 2017/18	Actual for 2017/18	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. <sup>24</sup>		8	<10	7.32	Achieved.
		Compliance with the resource consents for discharge from the stormwater system. <sup>25</sup>	Number of Abatement notices.	0	0	0	Achieved.
			Number of Infringement notices.	0	0	0	Achieved.
			Number of Enforcement orders.	0	0	0	Achieved.
			Number of	0	0	0	Achieved.

<sup>24</sup> 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.

<sup>25</sup> 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 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		Convictions.				
		The number of flooding events in the district. <sup>26</sup>	0	<5	0	Achieved.
		For each flooding event , the number of habitable floors affected. <sup>27</sup>	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. <sup>28</sup>	No flooding events	2	No flooding events.	No flooding events.

<sup>26</sup> Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

<sup>27</sup> 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).

<sup>28</sup> 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

	2016/17 Long-term Plan Notes \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
<b>REVENUE</b>			
Fees and Charges	-	-	3
<b>TOTAL REVENUE</b>	-	-	3
<b>OPERATING EXPENDITURE</b>			
Depreciation and Amortisation	1,235	1,320	1,333
Activity Expenses	1,348	1,387	1,203
Internal charges and Overheads	380	391	374
Finance Costs	23	-	-
<b>TOTAL EXPENDITURE</b>	<b>2,986</b>	<b>3,098</b>	<b>2,910</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,986)</b>	<b>(3,098)</b>	<b>(2,907)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>			
Capital Expenditure (excluding Vested)	1,814	1,935	3,937
Vested Assets	1 561	577	2,137
Debt Repayment (Internal)	952	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>3,327</b>	<b>2,512</b>	<b>6,074</b>

### Explanation of significant costs of service variances between LTP and Actual

1. Increase in vested assets due to the higher than anticipated growth in the district.

## Capital expenditure table

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>To Meet Additional Demand</b>				
Cambridge Growth Cells (C1,C2 and C3)	1	-	-	331
Hautapu Industrial Stormwater		-	-	19
Cambridge Deferred Residential Stormwater Works	2	1,606	1,721	3,083
Bond Road Stormwater Culvert		-	-	1
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>1,606</b>	<b>1,721</b>	<b>3,434</b>
<b>To Improve Level of Service</b>				
Consent, Remedial and Flood Mitigation Work		-	-	39
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>-</b>	<b>-</b>	<b>39</b>
<b>To Replace Existing Assets</b>				
Renewals	3	208	214	464
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>208</b>	<b>214</b>	<b>464</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,814</b>	<b>1,935</b>	<b>3,937</b>

### Explanation of significant capital expenditure variances between LTP and Actual

1. Additional capital expenditure required on Cambridge Growth Cells for planning and design of stormwater work around advice received regarding how liquefaction prone the growth cells are.
2. \$2.5 million required for purchase of land in Cambridge North from NZTA for stormwater with Council Resolution passed in September 2017. This has been offset by timing on construction of Victoria Swale \$680,000 being delayed and deferral of construction of the Western Swale land \$458,000.
3. Additional capital expenditure required for Stormwater Renewals mainly due to \$129,000 spent on Williamson Street catchment to accommodate the Cambridge Pool development and an additional \$75,000 required for an increase in contract values.

## Waipa District Council funding impact statement for year ended 30 June 2018 for stormwater

	2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	173	192	185
Targeted rates	2,761	2,852	2,894
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	3
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>2,934</b>	<b>3,044</b>	<b>3,082</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,285	1,323	1,168
Finance costs	23	-	-
Internal charges and overheads applied	380	391	374
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,688</b>	<b>1,714</b>	<b>1,542</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,246</b>	<b>1,330</b>	<b>1,540</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,434	1,476	2,294
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,434</b>	<b>1,476</b>	<b>2,294</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	1,606	1,721	3,434
- to improve the level of service	-	-	39
- to replace existing assets	208	214	464
Increase (decrease) in reserves	866	871	(103)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,680</b>	<b>2,806</b>	<b>3,834</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,246)</b>	<b>(1,330)</b>	<b>(1,540)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	-	-	-	-	-
<b>Total</b>	-	-	-	-	-



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

## 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.

The National Institute of Water and Atmospheric Research (NIWA) Enhanced Pond System Trial has concluded and after a period of peer review the decision has been made that this is not the solution for Cambridge. Waipa is working closely with Waikato Regional Council to improve performance in the short term and to select a preferred treatment option in the longer term. This may include a different type of treatment plant or process.

Te Awamutu WWTP has been generally compliant over the past 12 months. Stage 1 of the Upgrade works for increased capacity at the Plant is almost complete. The plant experienced high flows during weather bombs in April/May 2017 and the overflow discharge was activated. Historic odour issues in parts of Cambridge are being targeted with current infrastructure upgrades and chemical dosing.

## 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 2016/17	Target for 2017/18	Actual for 2017/18	Comment	
Wastewater	Wastewater is managed to minimise environmental impact in a way that is most cost-effective	The number of dry weather sewerage overflows. <sup>29</sup>	0.06	<5	0.19	Achieved.	
		Compliance with consents for discharge from the sewerage system. <sup>30</sup>	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	The time (hours)	0.14 hours	2 hours	0.48 hours	Achieved.

<sup>29</sup> 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.

<sup>30</sup> 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 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		response time for call-outs in response to a sewerage overflow. <sup>31</sup>	from notification for service personnel to reach the site.				
			The time (hours) from notification to resolution of a blockage or other fault.	0.65 hours	6 hours	1.82 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. <sup>32</sup>		5.1	<15	3.7	Achieved.

<sup>31</sup> 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

<sup>32</sup> 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

		2016/17 Long-term Plan	2017/18 Long- term Plan	2017/18 Actual
	Notes	\$000	\$000	\$000
<b>REVENUE</b>				
Fees and Charges		487	501	503
<b>TOTAL REVENUE</b>		<b>487</b>	<b>501</b>	<b>503</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	1	3,310	3,486	2,919
Activity Expenses		2,837	2,909	3,065
Internal charges and Overheads		870	901	1,068
Finance Costs		-	64	-
<b>TOTAL EXPENDITURE</b>		<b>7,017</b>	<b>7,360</b>	<b>7,052</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(6,530)</b>	<b>(6,859)</b>	<b>(6,549)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)		7,653	16,000	10,688
Vested Assets	2	215	221	2,534
Debt Repayment (Internal)		-	120	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>		<b>7,868</b>	<b>16,341</b>	<b>13,222</b>

### Explanation of significant costs of service variances between LTP and Actual

1. Depreciation less than budget due to impact of 2016/17 revaluation and timing of infrastructure works.
2. The amount of wastewater infrastructure assets gifted from developers was \$2.3 million greater than budget. This largely relates to greater than expected growth in the district.

## Capital expenditure table

		2016/17 Long-term Plan \$000	2017/18 Long- term Plan \$000	2017/18 Actual \$000
	Notes			
<b>To Meet Additional Demand</b>				
Cambridge North Wastewater Provision	1	-	-	361
Cambridge Wastewater Pipe Upgrades	2	511	-	342
Te Awamutu Wastewater Pipe Upgrades		-	-	59
Te Awamutu Wastewater Treatment Plant Upgrade	3	1,774	2,542	4,791
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>2,285</b>	<b>2,542</b>	<b>5,553</b>
<b>To Improve Level of Service</b>				
Waikeria Prison Expansion	4	-	-	629
Cambridge Wastewater Treatment Plant Upgrade Stage 1	5	225	7,891	43
District Wide Wastewater Modelling	6	-	-	(220)
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>225</b>	<b>7,891</b>	<b>452</b>
<b>To Replace Existing Assets</b>				
Renewals	7	727	802	611
Cambridge Pipe Bridge	8	4,126	4,575	3,714
Cambridge WWTP Perimeter Fencing		-	-	-
Plant and Pumps	7	290	190	358
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>5,143</b>	<b>5,567</b>	<b>4,683</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>7,653</b>	<b>16,000</b>	<b>10,688</b>

### Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge North wastewater provision budget was brought forward from 2018/19 for design and construction of the north west Swayne Road wastewater pump station due to timing of the development.
2. Cambridge Wastewater Pipe upgrades work was deferred from 2016/17 to this financial year.
3. Te Awamutu Wastewater treatment plant upgrade additional budget was required to cover increased scope.
4. Additional capital expenditure was required for wastewater planning and design work due to the proposed Waikeria Prison Expansion.
5. The majority of the Cambridge Wastewater Treatment Plant upgrade was deferred to future years and has been rebudgeted in the 2018-28 LTP.
6. District Wide Wastewater Modelling from prior years capital expenditure has been impaired due to the lack of creation of assets.
7. Renewals capital expenditure has been offset by the capital expenditure in Plant and Pumps.

8. Work on the Cambridge Pipe Bridge Upgrade was deferred to the 2018/19 year due to additional investigation and design of the pipe bridge upgrade completed and the subsequent decision to increase the scope of the original project to progress with a new bridge rather than refurbish the old bridge.

## Waipa District Council funding impact statement for year ended 30 June 2018 for wastewater treatment and disposal

	2016/17 Long-term Plan \$000	2017/18 Long- term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	528	596	560
Targeted rates	6,166	6,300	6,187
Subsidies and grants for operating purposes	-	-	-
Fees and charges	487	501	503
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>7,181</b>	<b>7,397</b>	<b>7,250</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,740	2,809	2,361
Finance costs	-	64	-
Internal charges and overheads applied	870	901	1,068
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,610</b>	<b>3,774</b>	<b>3,429</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,571</b>	<b>3,623</b>	<b>3,821</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	997	1,079	1,890
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	623
<b>Total sources of capital funding (C)</b>	<b>997</b>	<b>1,079</b>	<b>2,513</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	2,285	2,542	5,553
- to improve the level of service	225	7,891	452
- to replace existing assets	5,143	5,567	4,683
Increase (decrease) in reserves	(3,085)	(11,298)	(4,354)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,568</b>	<b>4,702</b>	<b>6,334</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,571)</b>	<b>(3,623)</b>	<b>(3,821)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

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



## Water Treatment and Supply

---

### What we do

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

We provide reticulated water supplies to Cambridge, Te Awamutu, Kihikihi, Pirongia, Ohaupo, Pukerimu and Karāpiro.

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

### Why we do it

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



### The level of service we will deliver

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

### *What community outcomes does it contribute to?*

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

Table 13: Water treatment and supply community outcomes

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

## **Identified effects on community wellbeing**

Pressures on water availability and treatment plant capacity are often seen annually during summer and peak demand periods. Water restrictions were implemented across the district throughout the 2017/18 summer in response to these increased pressures following very dry hot climate conditions. Alert Level Three restrictions were implemented to bring drastic demand reductions which were continued to be seen until water restrictions were eventually lifted on the 26 February, the earliest restrictions have ever been lifted. Water quality was constantly monitored during this time and we believe that the safety of the water was not compromised at any time. The 2018-28 10-Year Plan has significant investment in water supply infrastructure planned in order to provide assurance of safe, reliable drinking water and resilient, well managed infrastructure to reduce pressures on water availability and treatment capacity. These projects will also help future-proof for new demands driven by growth, the Drinking Water Standards for New Zealand 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 2016/17	Target for 2017/18	Actual for 2017/18	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. <sup>33</sup>	Compliant with bacterial compliance criteria <sup>34</sup> .	Cambridge & Karāpiro.	Treatment plant.	NC	NC	NC	<p>Council has three water treatment plants that supply this area.</p> <p>September - Hicks Road had a short term issue with the chlorine dosing that caused the residual to drop below 0.2ppm for a few hours.</p> <p>The supplies between the treatment plant and the reservoir are on permanent boil water notices so were not at risk. Once the water was in the reservoir it mixed with</p>

<sup>33</sup> 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).

<sup>34</sup> The result will be either 'C' compliant or 'NC' not compliant.

Activity	The service we provide	How we measure success			Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
								chlorinated water so there was no issue beyond that point and all reticulation sampling showed compliance.  June - A lightning strike occurred at Hicks Road that caused a loss of signal from the chlorine residual meter. Loss of online trending resulted in chlorination unable to be proven.
				Network zones.	NC	C	C	Achieved.
			Te Awamutu & Pirongia.	Treatment plant.	NC	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
			Kihikihi.	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
			Ohaupo & Pukerimu.	Treatment plant.	C	C	C	Achieved.
				Network zones.	C	C	C	Achieved.
		Compliant	Cambridge	Treatment	NC	NC	NC	Achieved for Alpha St and

Activity	The service we provide	How we measure success			Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment
		with protozoal compliance criteria.	& Karāpiro.	plant.				Karapiro. Hicks Road network is non-compliant to the Protozoa parameters and will remain non-compliant until the treatment plant is upgraded. This is reflected in the target of NC.  This is not a public health risk (all residents on the supply from Hicks Rd are on a permanent boil water notice).
				Network zones.	NC	C	NC	Not Achieved. 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.
			Te Awamutu & Pirongia.	Treatment plant.	NC	C	NC	Not Achieved. There was no risk to the public during this incident. April - Power issues at the Te Tahi plant that caused the UPS to fail. This in turn didn't allow the plant PLC to start back up therefore there was no UV and trending to support compliance. Council believes that all water leaving the plant

Activity	The service we provide	How we measure success		Actual for 2016/17	Target for 2017/18	Actual for 2017/18	Comment	
							was compliant.	
				Network zones.	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 network. <sup>3637</sup>		Attendance for urgent call-out from the time of notification. (hours) <sup>38</sup>	0.37 hours	2 hours	0.37 hours	Achieved.
				Resolution of urgent call-outs from the time of notification (hours). <sup>39</sup>	2.27 hours	6 hours	1.5 hours	Achieved.

<sup>36</sup> 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:.

<sup>37</sup> The reported results are before a provisional or final report is available from the DWA and therefore reported results are based on WINZ data.

<sup>38</sup> 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 2016/17	Target for 2017/18	Actual for 2017/18	Comment
			Attendance for non-urgent call-outs from the time of notification (days). <sup>40</sup>	0.81days	2 days	0.95 days	Achieved.
			Resolution of non-urgent call-outs from the time of notification (days). <sup>41</sup>	1.01 days	10 days	1.03 days	Achieved.
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 total number of complaints <sup>42</sup> 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. <sup>43</sup>		8.5	<30	9.4	Achieved.

<sup>39</sup> 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.

<sup>40</sup> 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.

<sup>41</sup> 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.

<sup>42</sup> Complaints do not include customer contact for pre-planned and pre-notified water shutdowns associated with planned maintenance to the system.

<sup>43</sup> 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 2016/17	Target for 2017/18	Actual for 2017/18	Comment
	The supply and demand are managed to ensure prudent use of water.	The percentage of real water loss from the networked reticulation system. <sup>44</sup>	Cambridge & Karāpiro.	11%	<15%	14%	Achieved
Te Awamutu & Pirongia.			5%	<15%	6%	Achieved	
Kihikihi.			6%	<25%	14%	Achieved	
Ohaupo & Pukerimu.			13%	<20%	9%	Achieved	
		The average consumption of drinking water per day per resident. <sup>45</sup>	Cambridge & Karāpiro.	218	250	211	Achieved
Te Awamutu & Pirongia.			227	250	218	Achieved	
Kihikihi.			237	250	233	Achieved	
Ohaupo & Pukerimu.			169	185	164	Achieved	

<sup>44</sup> Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system.

<sup>45</sup> 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

		2016/17 Long-term Plan Notes \$000	2017/18 Long- term Plan \$000	2017/18 Actual \$000
<b>REVENUE</b>				
Fees, charges and targeted rates for water supply		6,161	6,345	6,219
<b>TOTAL REVENUE</b>		<b>6,161</b>	<b>6,345</b>	<b>6,219</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	1	4,254	4,516	4,332
Activity Expenses	2	5,531	5,565	6,774
Internal charges and Overheads		409	409	379
Finance Costs		-	-	-
<b>TOTAL EXPENDITURE</b>		<b>10,194</b>	<b>10,490</b>	<b>11,485</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(4,033)</b>	<b>(4,145)</b>	<b>(5,266)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)		8,155	9,345	8,738
Vested Assets	3	308	317	1,695
Debt Repayment (Internal)		-	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>		<b>8,463</b>	<b>9,662</b>	<b>10,433</b>

### Explanation of significant costs of service variances between LTP and Actual

1. Depreciation less than budget due to impact of 2016/17 revaluation and timing of infrastructure works.
2. Increase in Activity Operating Expenses which was mainly due to impairment losses and loss on disposal of assets.
3. The amount of Water Services infrastructure assets gifted from developers was \$1.4 million greater than budget. This largely relates to greater than expected growth in the district.

## Capital expenditure table

	Notes	2016/17 Long-term Plan \$000	2017/18 Long- term Plan \$000	2017/18 Actual \$000
<b>To Meet Additional Demand</b>				
Karapiro Rising Main	1	-	-	356
Cambridge North Water Provision	2	278	-	174
Dedicated Cambridge North Water Main		326	-	42
Te Awamutu Growth Cells		-	-	2
Karapiro Water Treatment Plant Upgrade	3	2,829	2,913	4,207
Cambridge Water Reticulation Active Control			-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>		<b>3,433</b>	<b>2,913</b>	<b>4,781</b>
<b>To Improve Level of Service</b>				
Hicks Road Mains Installation	4	-	-	225
Parallel Rd Water Treatment Plant Upgrade	5	-	535	264
Parallel Rd to Taylors Hill Pipeline		208	214	151
Standby Generators for Treatment Plants		-	137	30
Hicks Road Water Treatment Plant	6	-	-	(353)
Raw Water Main Renewal & Inlet Pump Installation		-	-	33
Frontier Road Monitoring Bore		-	-	31
Drinking Water Compliance	6	228	-	(97)
Investigation of New Water Sources Te Awamutu	6	-	-	(296)
Water Meters - New and Replacement	7	2,160	2,224	1,002
<b>Total Capital Expenditure to Improve Level of Service</b>		<b>2,596</b>	<b>3,110</b>	<b>990</b>
<b>To Replace Existing Assets</b>				
Renewals		329	189	209
District Wide Main Replacement Criticality 1	8	1,661	1,710	2,139
District Wide Main Replacement & Upgrade Criticality 2	8	-	1,283	-
District Wide Rider Main Installation		136	140	141
Plant & Pumps	8	-	-	478
<b>Total Capital Expenditure to Replace Existing Assets</b>		<b>2,126</b>	<b>3,322</b>	<b>2,967</b>
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>8,155</b>	<b>9,345</b>	<b>8,738</b>

### 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 and budget was carried forward. Work commenced late in the 2016/17 financial year and construction was completed this financial year.
2. Cambridge North Water Provision budget was carried forward from previous years to complete this work.

3. Karapiro Water Treatment Plant Upgrade budget was carried forward from 2016/17 year and additional budget required due to costs being higher than expected from original LTP budget.
4. Hicks Road Mains Installation budget carried forward from 2016/17 year.
5. Parallel Road Water Treatment Plant Upgrade budget has been deferred to 2018/19 year and has been rebudgeted in the 2018-28 LTP.
6. Hicks Road Water Treatment Plant and Drinking Water Compliance and Investigation of New Water Sources prior year capital costs have been impaired due to lack of creation of assets.
7. 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 and the remaining budget was carried forward into 2017/18 for this to be completed.
8. Council has reviewed and standardised its criticality matrix and no longer has a criticality rating and have focused on renewals of high priority pipes. The budgets for Criticality 1, Criticality 2 and Pipes and Plant are all for renewal work and have a net savings due to capital expenditure on renewals being lower than expected this financial year.

## Waipa District Council funding impact statement for year ended 30 June 2018 for water treatment and supply

	2016/17 Long-term Plan \$000	2017/18 Long- term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	683	760	759
Targeted rates	4,276	4,548	7,275
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,161	6,345	3,352
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>11,120</b>	<b>11,653</b>	<b>11,386</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,406	5,437	5,514
Finance costs	-	-	-
Internal charges and overheads applied	409	409	379
Other operating funding applications	5	5	5
<b>Total applications of operating funding (B)</b>	<b>5,820</b>	<b>5,851</b>	<b>5,898</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,300</b>	<b>5,802</b>	<b>5,488</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	802	872	1,555
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>802</b>	<b>872</b>	<b>1,555</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	3,433	2,913	4,781
- to improve the level of service	2,596	3,110	990
- to replace existing assets	2,126	3,322	2,967
Increase (decrease) in reserves	(2,053)	(2,671)	(1,695)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,102</b>	<b>6,674</b>	<b>7,043</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,300)</b>	<b>(5,802)</b>	<b>(5,488)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	-	-	1,439	1,439	-
<b>Total</b>	-	-	1,439	1,439	-

## 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.


### 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
 <b>Socially responsible</b>	<ul style="list-style-type: none"><li>▪ We give back to the community.</li></ul>

## 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 2016/2017	Target for 2017/18	Actual for 2017/18	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.	79.63%	80%	80.53%	Achieved.
		Percentage of walk in queries received by Customer Support resolved at the time.	98.92%	80%	97.49%	Achieved.

## Statement of cost of service

		2016/17 Long-term Plan Notes	2017/18 Long- term Plan \$000	2017/18 Actual \$000
<b>REVENUE</b>				
Fees and Charges		7	7	69
<b>TOTAL REVENUE</b>		<b>7</b>	<b>7</b>	<b>69</b>
<b>OPERATING EXPENDITURE</b>				
Employee Related Expenses	1	6,325	6,538	6,376
Depreciation and Amortisation		1,119	1,170	1,207
Activity Expenses	2	3,116	3,161	3,761
Finance Costs		454	553	746
<b>TOTAL EXPENDITURE</b>		<b>11,014</b>	<b>11,422</b>	<b>12,090</b>
<b>OPERATING NET COST OF SERVICE</b>		<b>(11,007)</b>	<b>(11,415)</b>	<b>(12,021)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)		1,400	2,557	793
Debt Repayment		450	458	461
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>1,850</b>	<b>3,015</b>	<b>1,254</b>

### 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.
- Activity Expenses were higher than original 2015-25 LTP budget mainly due to software and hardware being superseded by subscription services which are operating expenditure rather than the original capital expenditure which had been budgeted.



## Capital expenditure table

		2016/17 Long-term Plan \$000	2017/18 Long-term Plan \$000	2017/18 Actual \$000
	Notes			
<b>To Improve Level of Service</b>				
Buildings	1	235	804	14
Aerial Photography		-	-	-
Computer Hardware Upgrades		-	105	-
Computer Software Upgrades		-	-	-
<b>Total to Improve Level of Service</b>		235	909	14
<b>To Replace Existing Assets</b>				
Plant	2	467	541	310
Buildings		-	-	72
Carparks Renewals		-	19	-
Computer Hardware Renewals	3	585	657	144
Computer Software Renewals	3	113	431	253
<b>Total to Replace Existing Assets</b>		1,165	1,648	779
<b>TOTAL CAPITAL EXPENDITURE</b>		1,400	2,557	793

### Explanation of significant capital expenditure variances between LTP and Actual

- Capital work on buildings was brought forward from this year into 2016/17 to convert the old Te Awamutu Library into office space.
- Capital expenditure of plant was less than expected due to timing of replacements. The remaining budget has been carried forward to the 2018/19 year.
- Capital expenditure on software and hardware renewals was less than expected due to budgeted spend on capital software procurement being superseded by software subscription services using cloud software meaning spend was more operational.

## Waipa District Council funding impact statement for year ended 30 June 2018 for support services

	2016/17 Long-term Plan \$000	2017/18 Long- term Plan \$000	2017/18 Actual \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	295	303	323
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	7	7	69
Internal charges and overheads recovered	10,787	11,082	10,977
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total sources of operating funding (A)</b>	<b>11,089</b>	<b>11,392</b>	<b>11,369</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,442	9,699	9,922
Finance costs	454	553	746
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,896</b>	<b>10,252</b>	<b>10,668</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,193</b>	<b>1,140</b>	<b>701</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	235	909	14
- to replace existing assets	1,165	1,648	779
Increase (decrease) in reserves	(207)	(1,417)	(92)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,193</b>	<b>1,140</b>	<b>701</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,193)</b>	<b>(1,140)</b>	<b>(701)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Internal borrowing statement

	Opening Balance 1 July 2017 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2018 \$000	Interest \$000
Activity Loans	4,903	(463)	204	4,644	117
Development Contribution Loans	9,190	(4,428)	10,273	15,035	90
<b>Total</b>	<b>14,093</b>	<b>(4,891)</b>	<b>10,477</b>	<b>19,679</b>	<b>207</b>

## **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 three 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; 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 2017/18 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 by its subsidiary Titanium Park Limited (TPL).
- TPL will identify and market for sale or development all available surplus airport-owned land in a planned and co-ordinated approach.

**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 2018: \$1,254k; 2019: \$970k; 2020: \$1,500k.

**Strategic activities**

Key activities for the 2017/18 year are:

- Optimise domestic passenger services and the customer experience;
- Maximise property lease income.
- Implement the comprehensive property business plan that will address development and investment opportunities to grow long term property income for the Group.

**Dividend policy**

WRAL will endeavor to review paying an ordinary annual dividend based on the forecast Cash Flow for the year 2017–18 and propose to make a decision in the last quarter of the financial year ended 2017-18.

**Performance targets as per 2017/18 Statement of Intent**

The following annual performance targets are for Waikato Regional Airport Limited (Parent).

	Year ended 30 June		
	2018	2019	2020
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) <i>of at least</i>	\$2,374k	\$2,495k	\$2,550k
Net Deficit after Tax <i>of no more than</i>	-\$366k	-\$342k	-\$350k
Net cash flow (operating and investing)			
Net operating cash flow	\$1,700k	\$1,800 k	\$1,750k
Net investing cash flow	-\$1,500k	-\$970k	-\$1,500k
Funding Titanium Park Limited	<u>-\$0k</u>	<u>-\$0k</u>	<u>-\$0k</u>
Total net cash flow (operating and investing)	\$200k	\$830k	\$250k
Net debt	\$13,000k	\$11,170k	\$10,920k
Total Liabilities/Shareholder Funds: (Debt/Equity Ratio).	35:65	35:65	35:65

	Year ended 30 June		
	2018	2019	2020
Percentage of non-landing charges revenue	76%	74%	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>	5.0x	5.0x	5.0x

### Performance results as per 2017/18 Annual Report

This information was not available at the time of publication of Waipa District Council's 2017/18 Annual Report. The 2017/18 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisation's website in October 2018.

## **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 2017/18 Statement of Intent**

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



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

### **Dividend policy**

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

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

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

### **Performance targets as per 2017/18 Statement of Intent**

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

- 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 2018 will be no more than 0.10%.
  - 30 June 2019 will be no more than 0.10%.
  - 30 June 2020 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 2018 will be less than \$5.45 million.
  - 30 June 2019 will be less than \$5.58 million.
  - 30 June 2020 will be less than \$5.70 million.
- Total lending to Participating Local Authorities at:
  - 30 June 2018 will be at least \$8,128 million.
  - 30 June 2019 will be at least \$8,188 million.
  - 30 June 2020 will be at least \$8,391 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. This will be measured by maintaining or improving the prevailing secondary

market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

**Performance results as per 2017/18 Annual Report**

This information was not available at the time of publication of Waipa District Council's 2017/18 Annual Report. The 2017/18 Annual Report of Local Government Funding Agency is expected to be published on that organisation's website in October.

## Waikato Local Authority Shared Services Limited

### Shareholders

Waikato 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 Waikato 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 Waikato 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 Waikato Local Authority Shared Services Limited will develop products and services of significant benefit to Waipa residents and ratepayers.

### **Company objectives**

The objective of the Waikato 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 Waikato Local Authority Shared Services Limited.

### **Nature and scope of activities to be undertaken as per 2017/18 Statement of Intent**

There are currently nine major initiatives operating under the WLASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.

1. Shared Valuation Data Service (SVDS). This system provides timely and accurate valuation data to the 10 member Councils (Waikato Regional, Hamilton City, Hauraki, Matamata Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils). The SVDS has become the accepted valuation database for the region. Data sales significantly reduce costs to the participating councils.
2. Road Asset Technical Accord (RATA). RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management. Waipa District Council currently acts as the host council for RATA, providing accommodation and overheads (which are fully recovered from the participating councils), and managing the employment agreements/relationships with the three staff members. This activity is fully funded by the nine participating councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils, supported by the NZ Transport Agency) and operates as a separate cost centre.

3. Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. It provides accurate information to Councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. WRTM is making a significant contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessment in relation to the development of Ruakura. This activity is fully funded by the seven participating councils (Waikato Regional, Hamilton City, Matamata Piako, Taupo, Thames Coromandel, Waikato, and Waipa District Councils, supported by the NZ Transport Agency), and operates as a separate cost centre. The WRTM has been managed by RATA since 1 July 2016.
  
4. Waikato Building Consent Group (WBCG). The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The Group now comprises eight councils (Hamilton City, Hauraki, Matamata Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts). The WBCG has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2004 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).  
  
Waikato District Council currently acts as the host council for the WBCG, providing accommodation and overheads (which are fully recovered from the WBCG), and managing the employment agreements/relationships with the two staff members. The activity is fully funded by the participating councils, and operates as a separate cost centre. The activity transferred to WLASS on 1 July 2016.
  
5. Future Proof. This is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and Tāngata whenua, with assistance from the New Zealand Transport Agency. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region (Future Proof sub-region), which was adopted by the partners on 30 June 2009. The accommodation, overhead and employment arrangements of the Future Proof Planner are managed by Hamilton City Council. This activity is fully funded by the participating councils, and operates as a separate cost centre. Future Proof transferred to WLASS on 1 July 2016.
  
6. Energy Management. WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement will bring up to \$210,000 in revenue from EECA over three years, subject to meeting

specific energy saving targets. The activity is fully funded by the eleven participating councils (Matamata Piako is not eligible, as it has previously received EECA funding), and operates as a separate cost centre.

7. Joint Procurement Initiatives. WLASS is a party to numerous joint procurement contracts between the company, shareholding Councils and suppliers. Some contracts (e.g. insurance brokerage services; various collective insurance policies; courier and postal services; historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel; computer-generated print, mail house and e-services; IT Professional Services Panel; Internal Audit Services). A review of procurement opportunities, which is currently in progress, will assist in determining the future direction of WLASS procurement activities.
8. Historic Aerial Photos. In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this 4-year project, which includes a subsidy of \$56,000 from LINZ. The project is running ahead of schedule and is now expected to be completed in 2018.
9. Waikato Regional Aerial Photography Service (WRAPS). WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been four WRAPS contracts – 2002, 2007, 2012, and the 2016 contract that is currently in progress. Consideration is currently being given to changing the frequency of coverage to 4-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the participating councils.

### **Benefits of WLASS**

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,
- Economies of scale resulting from a single entity representing all Councils and leveraging procurement opportunities.

Based on feedback from the shareholding Councils and the Mayoral Forum, the WLASS Directors continue to discuss opportunities to develop shared services at Board meetings.

The Directors see the continuing investigation of possible future shared services as a key focus of their role.

**Performance results as per 2017/18 Annual Report**

The following performance measures were incorporated into the Statement of Intent for the 2017/18 financial year.

TARGET	METHOD	MEASURE
<p><b>Procurement</b></p> <p>Joint procurement initiatives for goods and services for WLASS 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>Implement the recommendations of the Procurement review, as approved by the Board.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p>
<p><b>Collaborative Projects</b></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><b>Existing WLASS Contracts</b></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 WLASS Contracts Register is maintained and managed.</p> <p>Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.</p>
<p><b>Cashflow</b></p> <p>The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly.</p>	<p>The WLASS Board reviews the financial statements quarterly.</p>



TARGET	METHOD	MEASURE
<p><b>Cost Control</b></p> <p>Administration expenditure shall be managed and monitored.</p>	<p>The Financial Accountant and Chief Executive review expenditure monthly.</p> <p>The WLASS 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><b>Reporting</b></p> <p>Six monthly reports provided to Shareholders.</p>	<p>The Chief Executive prepares a written report for the WLASS Board every meeting.</p> <p>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 WLASS to the Shareholders every six months.</p> <p>Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.</p>
<p><b>Waikato Mayoral Forum</b></p> <p>The company shall provide administrative support and updates on Mayoral Forum work streams to the Mayoral Forum.</p>	<p>Mayoral Forum projects shall be managed financially through the WLASS.</p>	<p>Approved invoices for Mayoral Forum projects are paid by the 20<sup>th</sup> of the month following their receipt.</p>
<p><b>Shared Valuation Data Services (SVDS)</b></p> <p>The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>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>

TARGET	METHOD	MEASURE
<p><b>Insurance</b></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 WCLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WCLASS Shareholders' survey by the participating councils.</p>
<p><b>RATA</b></p> <p>All stakeholders are kept informed about RATA's projects and achievements.</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 WCLASS 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><b>Waikato Regional Transport Model (WRTM)</b></p> <p>The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of the participating councils, 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 WCLASS 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><b>Waikato Building Consent Group</b></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>Group members are provided with a joint quality assurance system that meets statutory compliance.</p> <p>Report at least six monthly to the WCLASS Board on the Group's activities.</p>

TARGET	METHOD	MEASURE
<p><b>Future Proof</b></p> <p>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 WLASS Boards as at 30 December and 30 June, and circulated to stakeholders.</p>
<p><b>Shareholder Survey</b></p> <p>Shareholders are satisfied with the performance of WLASS.</p>	<p>An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.</p>	<p>A survey of shareholders is undertaken each year, and the results are reported to all shareholders.</p>
<p><b>Review of Benefits</b></p> <p>Shareholders are informed of the benefits being provided to shareholding councils by WLASS.</p>	<p>The benefits of WLASS (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 WLASS are included in the 6-monthly and Annual Report to shareholders.</p> <p>The "Collaboration in Action" document, which summarises the achievements of WLASS, is updated and circulated to shareholders by 31 December 2017.</p>

### Performance results as per 2017/18 Annual Report

This information was not available at the time of publication of Waipa District Council's 2017/18 Annual Report. The 2017/18 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
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
WLASS	Waikato Local Authority Shared Services Limited
WRAL	Waikato Regional Airport Limited
WRTM	Waikato Regional Transportation Model

## Glossary

Term	Definition
<b>Activity</b>	Services provided by or on behalf of Council.
<b>Amortisation</b>	The reduction of the value of an asset by prorating its cost over a period of years.
<b>Annual Plan</b>	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.
<b>Annual report</b>	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.
<b>Asset</b>	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.
<b>Capital Expenditure</b>	Money spent to build or buy a new asset, or to improve the standard of any existing asset.
<b>Community</b>	A group of individuals and organisations that are linked together by some common factor, interest, identity or administrative boundary.
<b>Community Boards</b>	Pass on community concerns and make recommendations to the elected Council and its committees.
<b>Community Outcomes</b>	The outcomes that a local authority aims to achieve for its community and district in the present and for the future.
<b>Community Wellbeing</b>	The overall wellbeing (quality of life) of the community taking into account economic, cultural, social and environmental wellbeing.
<b>Council Controlled Organisations</b>	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.
<b>Development Contributions</b>	Payment from developers to help fund new infrastructure required by growth (as set out in the Local Government Act 2002).
<b>District Plan</b>	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.
<b>Equity</b>	The market value of assets less any liabilities.
<b>Funding Impact Statement</b>	A financial statement that discloses the revenue and financial mechanisms that Council proposes to use.
<b>Future Proof</b>	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.
<b>General Rate</b>	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.
<b>Governance</b>	Is how Council engages with the community, oversees the effective and responsible management of resources, delivers services and sets the strategic

Term	Definition
	direction for the district.
<b>Hapū</b>	A cluster of related whanau (extended family), descended from a single ancestor that has collective decision-making rights over its territory.
<b>Indicator</b>	A measure or combination of measures, either qualitative or quantitative, against which performance or progress can be assessed.
<b>Interest</b>	Interest on bank accounts, overdrafts and debt.
<b>Iwi</b>	Larger than the hapū - A cluster of related hapū, descended from a single ancestor, varying in size.
<b>Levels of Service (LOS)</b>	The extent of a service provided by Council.
<b>Local Authority</b>	A regional, district or city council.
<b>Local Government Act 2002</b>	The legislation that defines the powers and responsibilities of Local Government organisations (regional, city and district councils).
<b>Long Term Plan</b>	Refer to 10-Year Plan.
<b>Ngā Iwi Toopu o Waipa</b>	A representative group of local tangata whenua, made up of mandated hapū representatives appointed by relevant Marae committees.
<b>Operating Costs</b>	These are costs to run Council's services on a day-by-day basis and range from maintenance of infrastructure to staff salaries.
<b>Partnership</b>	This refers to the Council's relationship with groups within the community to achieve outcomes. This does not refer to a legal partnership.
<b>Passenger Transport</b>	Can also be referred to as public transport – includes buses.
<b>Rates</b>	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.
<b>Renewals</b>	Activities required to upgrade, refurbish or replace current facilities or assets, with facilities or assets of equivalent capability or service potential.
<b>Revenue</b>	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.
<b>Shared service</b>	Waikato Mayoral Forum initiative to share costs across the region where possible through Local Authority Shared Services Limited.
<b>Strategy</b>	A plan of action designed to guide progress towards the long-term vision.
<b>Tāngata Whenua</b>	Māori people who belong to a particular area by ancestral connection.
<b>Targeted Rate</b>	A rate that is levied to fund a particular service or facility.
<b>Te Kauhanganui o Waikato</b>	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.
<b>Ward</b>	An administrative and electoral area of the district. There are five wards in our district – Cambridge; Te Awamutu; Pirongia; Maungatautari and Kakepuku.
<b>Vested Assets</b>	An existing right to the immediate or future possession of property, resources, cash, stock and goodwill.
<b>10-Year Plan</b>	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

Term	Definition
	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 2018

The Auditor-General is the auditor of Waipa District Council (the District Council) and its subsidiaries (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 25 September 2018. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 39 to 100:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2018; 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 in accordance with New Zealand Public Benefit Entity Standards;
- the funding impact statement on page 44, 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 annual plan;

- the statement of service performance on pages 101 to 183:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, 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 112 to 181, 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 113 to 182, 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 about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 24 to 32, 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 our 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 statement of service performance, 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 1 to 23, 33 to 38 and 184 to 204, 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 the debenture trust deed and the Council's Long Term Plan, 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.

A handwritten signature in black ink, appearing to read 'D Walker', with the date '12/09/2015' written below it.

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