



ANNUAL REPORT 2019



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Our Vision, Purpose and Community Outcomes

Our vision

Building Champion Communities

Our role

Working together to achieve our communities' aspirations.

Our goals and community outcomes

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



Goal 1: Economically progressive

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

To be economically progressive, we will continue to develop Waipā 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 Waipā 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.

Waipā's growth is built on its strengths.

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

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



Goal 2: Environmental & cultural champions

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

See the policy online at www.Waipadc.govt.nz/our-council/Waipā2050

We will continue to build a community that is proud of Waipā'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.

Waipā'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 Waipā 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 Waipā 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 Waipā 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.

Waipā 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.

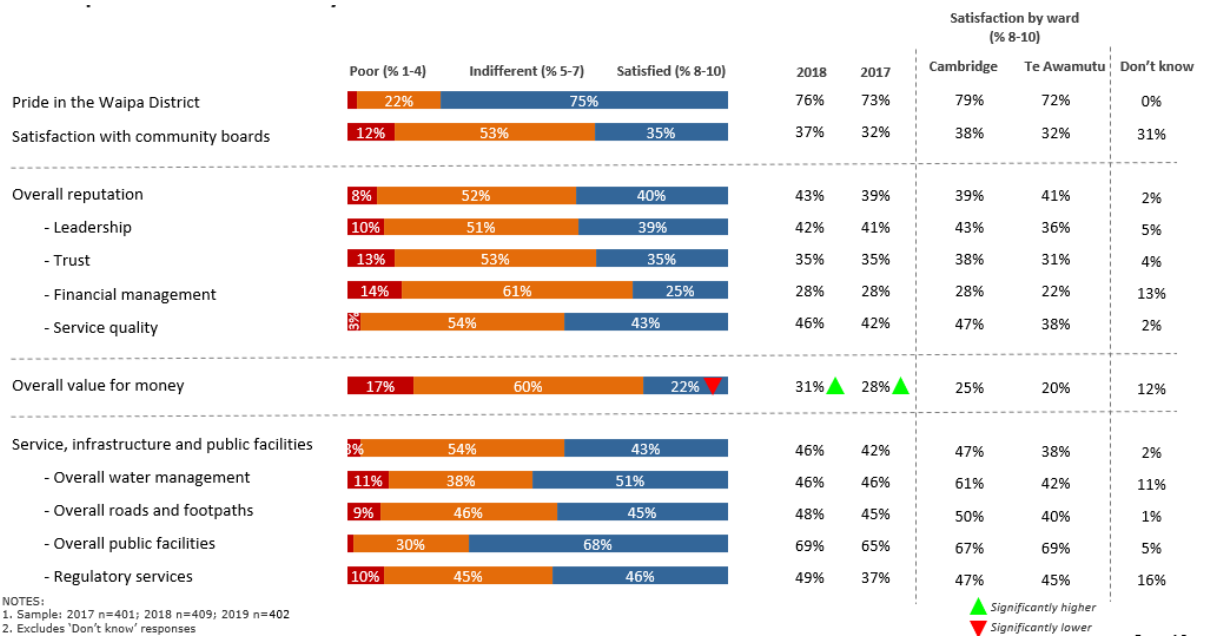
Resident surveying

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 Waipā 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

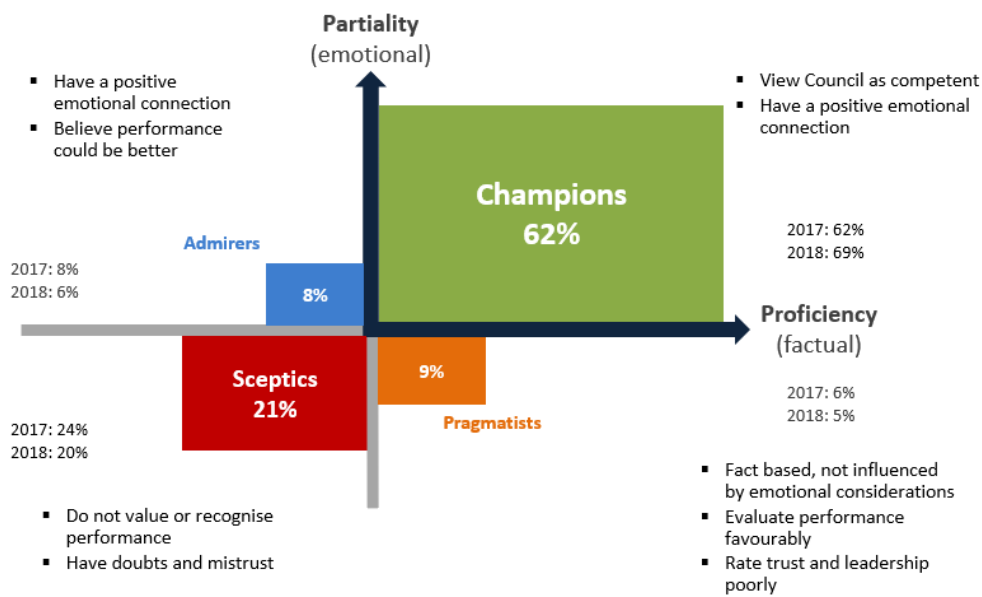
1. Overall 2019's results are largely consistent with the 2018 year with some minor drops and gains across areas.
2. Residents remain very proud of their district (75%). Our reputation is still considered 'Excellent'. The majority of residents are still classified as 'Champions' (62%), trusting and supporting our vision and leadership.
3. Satisfaction with services, infrastructure and public facilities remains relatively strong (43%). In particular;
 - Satisfaction with stormwater systems has increased significantly from 2018 (57% up from 47%).
 - Relative to 2018, satisfaction with swimming pools and playgrounds have also significantly increased.

Overall performance summary



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2019

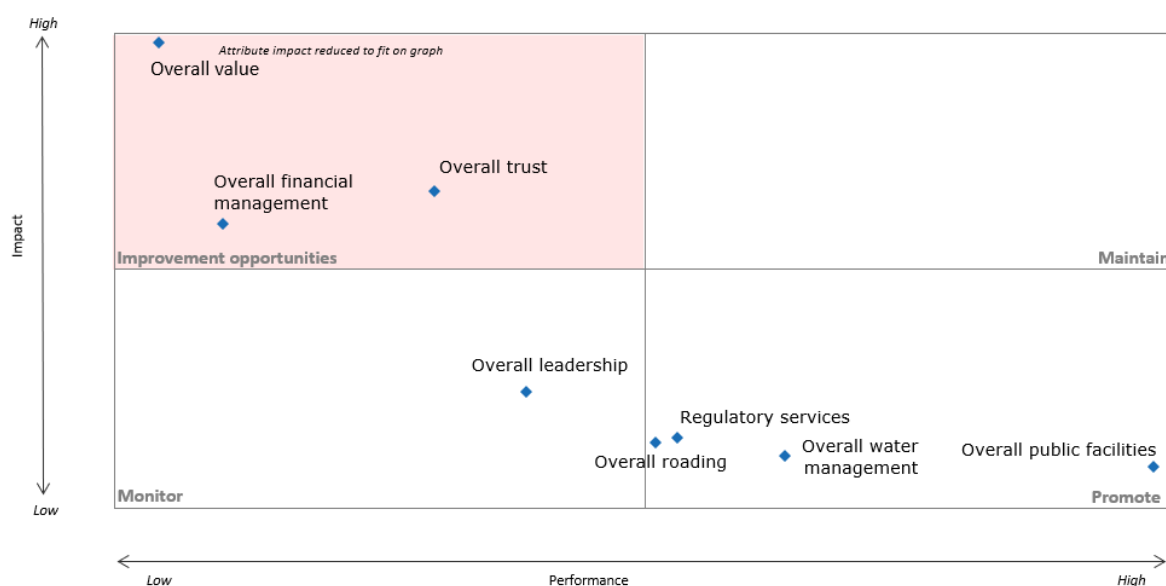
Reputation profile



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2019

- 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 2019

5. The proportion of residents who believe they know a great deal about the Council and what it does has been gradually increasing since 2017 (16% in 2017, 25% in 2018 and 26% in 2019), however a fifth (20%) still have little knowledge which remains a 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 Judy Bannon Hazel Barnes JP Andrew Brown Marcus Gower Sue Milner	Susan O'Regan Clare St Pierre Liz Stolwyk Bruce Thomas JP Vern Wilson
EXECUTIVE	Chief Executive Deputy Chief Executive / Group Manager - Business Support Group Manager - Service Delivery Group Manager - Strategy & Community Services Group Manager - District Growth & Regulatory Services	Garry Dyet JP Ken Morris Barry Bergin Debbie Lascelles Wayne Allen
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	
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 and on pages 191 to 208 of this Annual Report.

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 Waipā 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 Grayson

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 Grayson.

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)
- Stu Kneebone (Waikato Regional Council)
- Geoff Ganham (Geoff Canham Consulting)
- Representative to be confirmed (Adjoining Landowners)
- Representative to be confirmed (Parawera Marae)

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), 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 Marcus Gower

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

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 Waipā.

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.

Te Ara Wai Governance Committee

Chairperson: Lee-Ann Muntz (Director Aotearoa Experience, Chair Tainui WakaTourism)

Membership:

- Mayor Jim Mylchreest, Councillors Andrew Brown, Susan O'Regan, and Liz Stolwyk.
- Lee-Ann Muntz (Director Aotearoa Experience, Chair Tainui WakaTourism)
- Paraone Gloyne (National Tikanga Māori and Te Reo Māori Advisor Te Wananga Aotearoa)
- Glenda Taituha (Manager of Awards and Scholarships Waikato Tainui)
- 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.

Waipā 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 – Barney Manaia
- Nga Iwi Toopu o Waipā Chairperson – Gaylene Roberts
- Proxy for Gaylene Roberts – Hazel Wander
- Kaumatua – Jim Keremeta
- Wharepuhunga – Kataraina Hodge

- Ngati Haua – Chris Riki
- Purekireki – Haupai Puke
- Puniu – Harold Maniapoto
- Proxy for Harold Maniapoto – Val Ingley
- Kakepuku– Waitiahoaho Te Ruki
- Proxy for Waitiahoaho Te Ruki – Louise Doyle
- Kaniwhaniwha – Rangiuia Riki
- Maungatautari – Josephine Taute
- Proxy for Josephine Taute – Poto Davies
- Ngati Ngawaero – Kate Searancke
- Ngati Hikairo – Hano Ormsby
- Proxy for Hano Ormsby – Jane Anderson
- Ngāti Apakura – representative to be advised
- Proxy for Ngāti Apakura – 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. Waipā 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.

Cambridge Reserve Landscape Committee

The purpose of this Committee is to plan and organise, with the approval of Council and in conjunction with Council staff, initiatives that support the development of current or future parkland or green spaces.

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 Waipā 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

The last financial year was an incredibly busy one for Waipa District Council as the organisation responded to unprecedented growth.

Growth had, and will continue to have, a huge impact on our district. Last year, we saw a 1.9 per cent increase in population as more people than ever before chose to make Waipā home. In turn, business units grew by 1.4 per cent and the economy grew by 4.7 per cent.

While the benefits of growth are well-understood, growth continued to present both opportunities and challenges for our Council. Last year in particular represented a step change in our capital works programme as we continued to prepare our district for mammoth growth ahead.

During 2018/19, the first year of our 10-Year Plan, we delivered \$55.1 million of capital works and services as we continued to invest in core infrastructure, primarily water, wastewater, stormwater and roads.

Delivering such a large and complex capital works programme was not without its challenges. To deliver what was required by our community, we were forced to navigate an extremely tight contracting market where specialist skills were – and continue to be – in high demand.

We performed particularly well in the renewals area as we over-delivered a comprehensive programme focused on the maintenance of our existing assets. Ageing infrastructure like pipes, roads, treatment plants and reservoirs demands continued investment to ensure our assets do the job they were designed for. During the year we invested \$21.6 million to protect and extend the life of our existing assets and get maximum value from them on behalf of our ratepayers. In all, completing the intended renewals programme, as well as carry-over work from the prior year, saw us spending 120 per cent of our renewals budget.

In comparison, we spent 88 per cent of our growth budget and 47 per cent of our levels of service improvement budget. This level of service improvement budget was impacted more than any other by the contracting market. Market challenges meant we ended the year with around \$23.4 million of capital works deferred until the 2019/2020 year including the Cambridge Pool development, Parallel Road treatment plant, improvements to the Kihikihi water supply and some work around wastewater projects in Hautapu.

This delay in capital expenditure, along with issues including land acquisition, has impacted on our debt levels. As a result we have ended the year with our external debt lower than forecast in our 10-Year Plan. It has also impacted on our 2019/20 and future years capital programmes as we reprioritise and ensure planned work is manageable.

One thing, however, is certain. Because of the growth forecast for our district, our ongoing emphasis on capital work will not dissipate any time soon. In the coming year, we will be taking steps to increase our in-house capacity and grow our own people to ensure we are in a stronger position to deliver capital works, when needed. It is important to reduce our reliance on outside expertise; both to drive costs down and to ensure that we have expertise on-hand, when we need it.

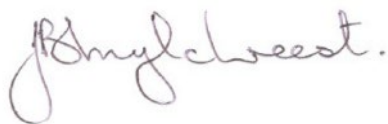
We also know that over the next decade, debt levels (as forecast) will continue to rise as investment into core infrastructure continues. Council will continue to uplift contributions from developers in key areas to ensure growth pays for growth.

Community connectivity continued to be an important priority for Council during the year and we continued our efforts to better engage the community, earlier, on a range of issues. This included discussing a range of heritage initiatives, including work on Te Ara Wai, the new museum and discovery centre planned for Te Awamutu. The Te Ara Wai Governance Committee, which met for the first time in August last year, continues to provide specialist heritage expertise.

This renewed focus on heritage has brought Waipā's Iwi relationships, in particular, into sharp focus. We are well aware of our deep obligations to Iwi, and of our responsibility as a Council to work with our Treaty partners and we look forward to working more closely with Iwi in the future.

It is pleasing to report that Waipa District Council has again ended with the year in a positive financial position. Prudent financial management over many years has seen Waipa District Council retain a robust balance sheet. The strength of our financial position has enabled us to continue to invest in core infrastructure as well as some of the community facilities like playgrounds, sports facilities and parks and reserves that make Waipā so liveable. Financial results and measurements are outlined clearly in this report and we encourage you to read them.

We would like to end by thanking all members of the wider community for their ongoing commitment to our organisation and to our district. We are reliant on a range of partners to make the changes necessary to ensure our district continues to deliver what our community wants and needs and we look forward to working with you closely in the future to do exactly that.



Jim Mylchreest JP
MAYOR

Garry Dyet JP
CHIEF EXECUTIVE



Financial Overview

Council achieved a good financial outcome in the 2018/19 year and remains in a strong financial position.

In June 2019, Council had significant endorsement of the financial strength and stability of the organisation, and the soundness of our financial management, when we received our first credit rating by international credit rating agency Fitch. They confirmed a long-term local currency Issuer Default Rating (IDR) of 'AA-', 'Stable Outlook', and a short-term local currency IDR of 'F1+'. The rating process is comprehensive and robust. It is conducted in line with strict rules and criteria and is signed-off by Fitch's International Rating Committee. Our rating compares well within the New Zealand sector. At the time we received the rating the only New Zealand local authority to be rated higher than us by Fitch was Invercargill City Council with an 'AA'. Our rating is subject to constant monitoring and annual review by Fitch. The challenge now is to ensure that we maintain our financial strength and sustainability in order to maintain our rating.

The disclosure statement presented over the next few pages of this Annual Report shows a Council that is comfortably and consistently meeting the majority of the various benchmark targets and limits required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

In regard to rates affordability our income from rates forms less than 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 had a marginal increase in our debt levels, which rose to \$15 million after remaining at \$13 million across the previous five balance dates, an incredible result given the investment that has gone into our district infrastructure over this time. Up until now much of this capital investment has been achieved utilising cash balances, in place of borrowing, but those cash balances are now depleted. We remain 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 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 few years.

The essential services benchmark graph confirms our continued commitment to investing in core infrastructure, with network services capital spend at 196 per cent of the depreciation expense on those assets.

The balanced budget benchmark was not met this year due to legislative requirements which exclude discovered assets, but include asset write-offs in the benchmark. The operational cash flow measure was not met either, with although substantial, lower than budgeted growth-related reserve and development contributions, together with increased cash spend in some areas being a significant factor in this.

Council ended the year with a general funds cash surplus of \$970,000 after making provision for a number of carry forward and other approved items. Although not shown in the financial reports, this cash surplus figure remains an important internal reference point with its

inherent focus on the cash income and expenditure related to our general rates, targeted ward rates and uniform annual general charge. 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 \$34.0 million was achieved against a budget of \$21.8 million and a prior year result of \$27.7 million. Similar to other recent years, this year's result was strongly growth driven with significant levels of reserve and development contributions (albeit below budget), and a continuing large value of vested assets (the pipes, roads and reserve land gifted to Council by developers) being recognised. Council's net assets are now worth over \$1.7 billion.

Council is well-placed financially as it continues to achieve its vision of 'Building Champion Communities'.



Ken Morris
DEPUTY CHIEF EXECUTIVE / CHIEF FINANCIAL OFFICER

Disclosure Statement

Annual report disclosure statement for year ending 30 June 2019.

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.

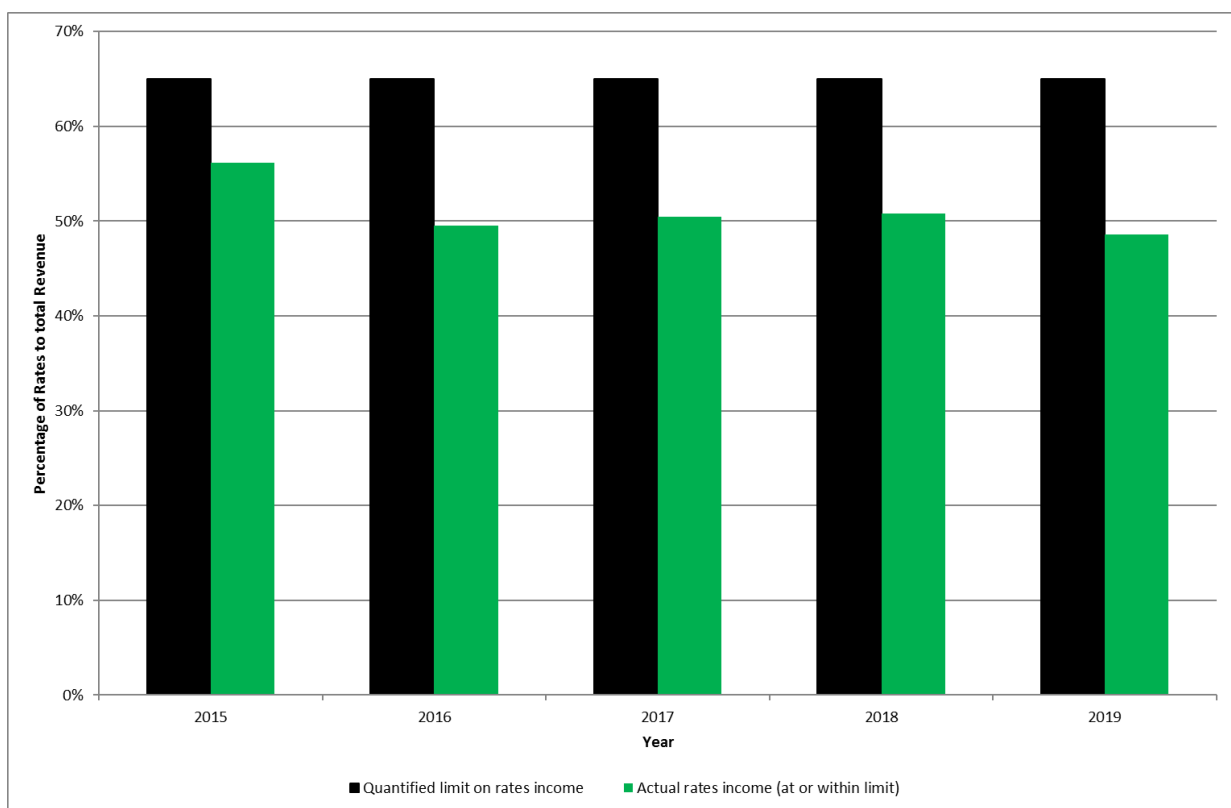
Rates affordability benchmark

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.

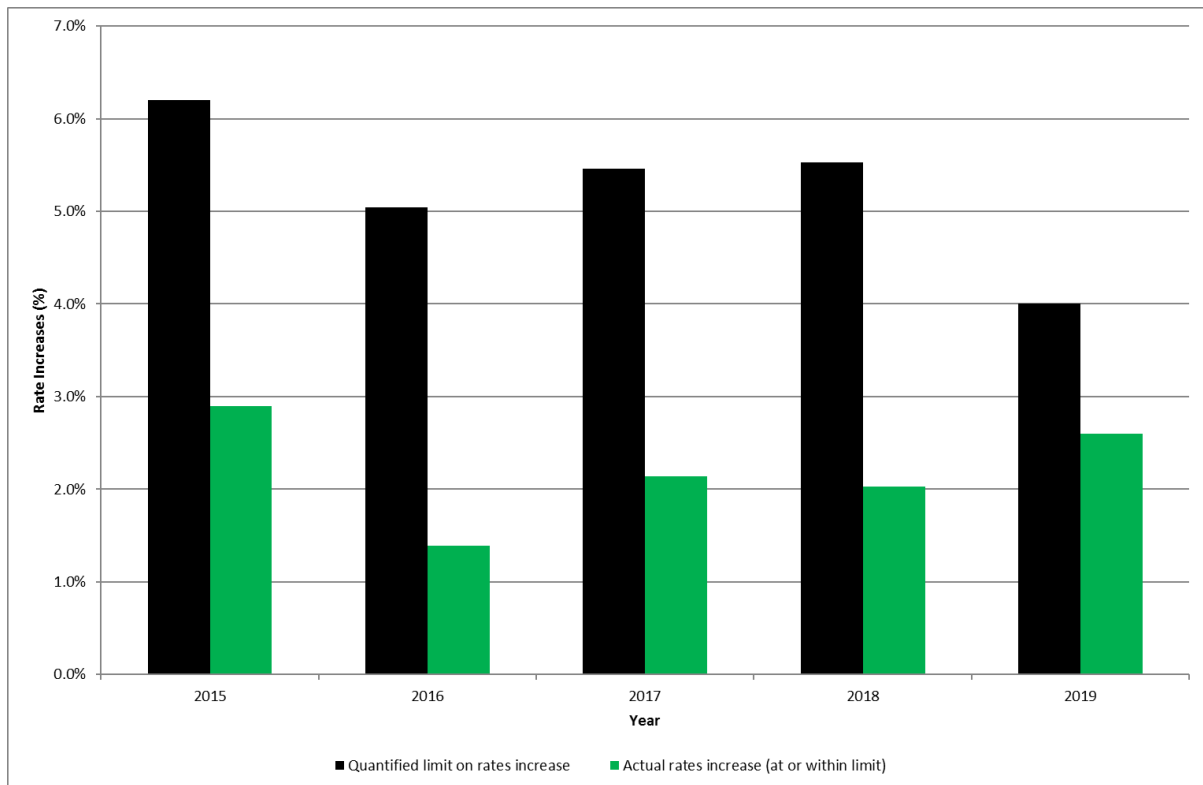
Rates (income) affordability

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

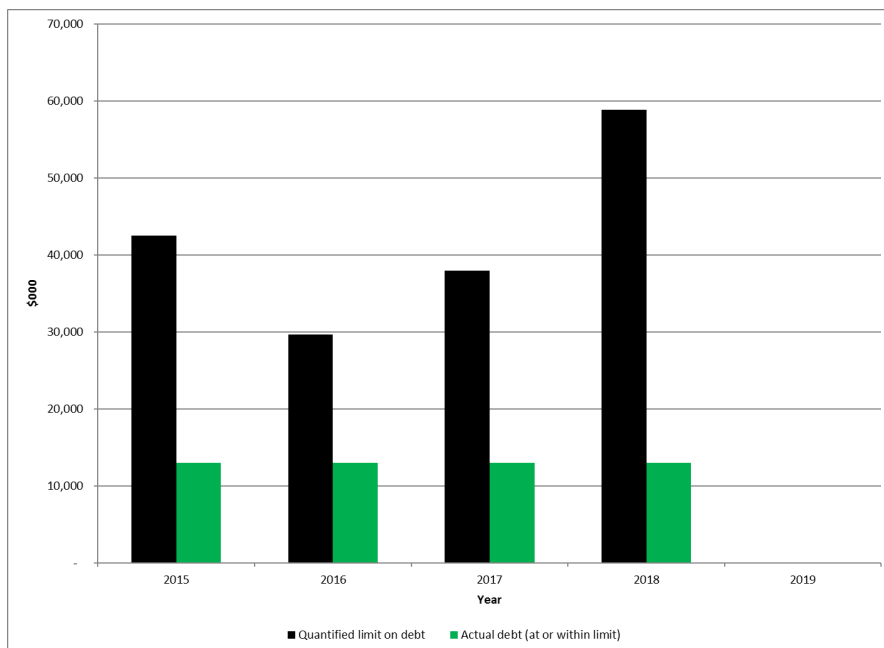
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long term plan. The quantified limit is council will limit annual increases in the average rate requirement (after growth) to no more than the forecast Local Government Cost Index for that year plus 2 percent.



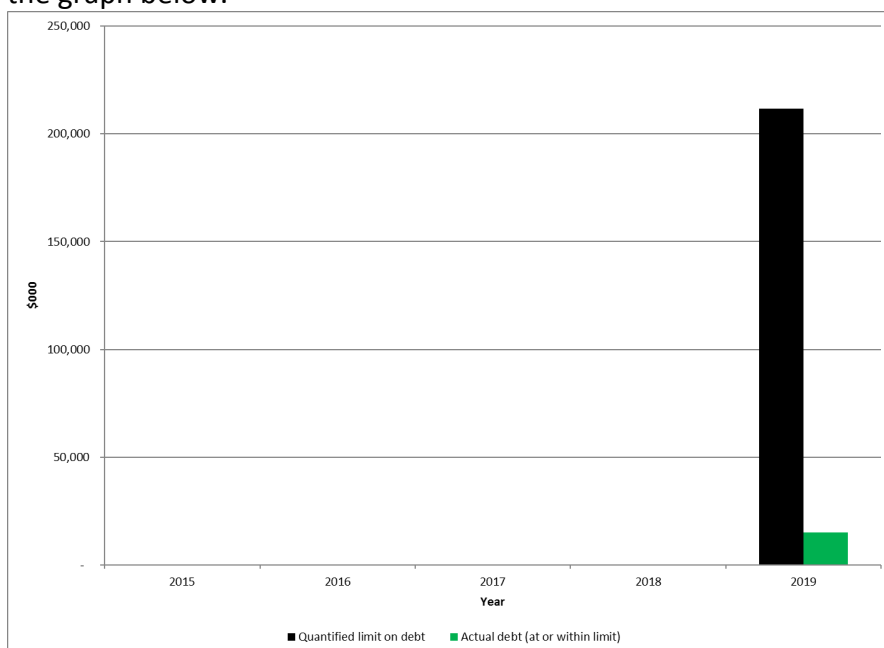
Debt affordability benchmark

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.



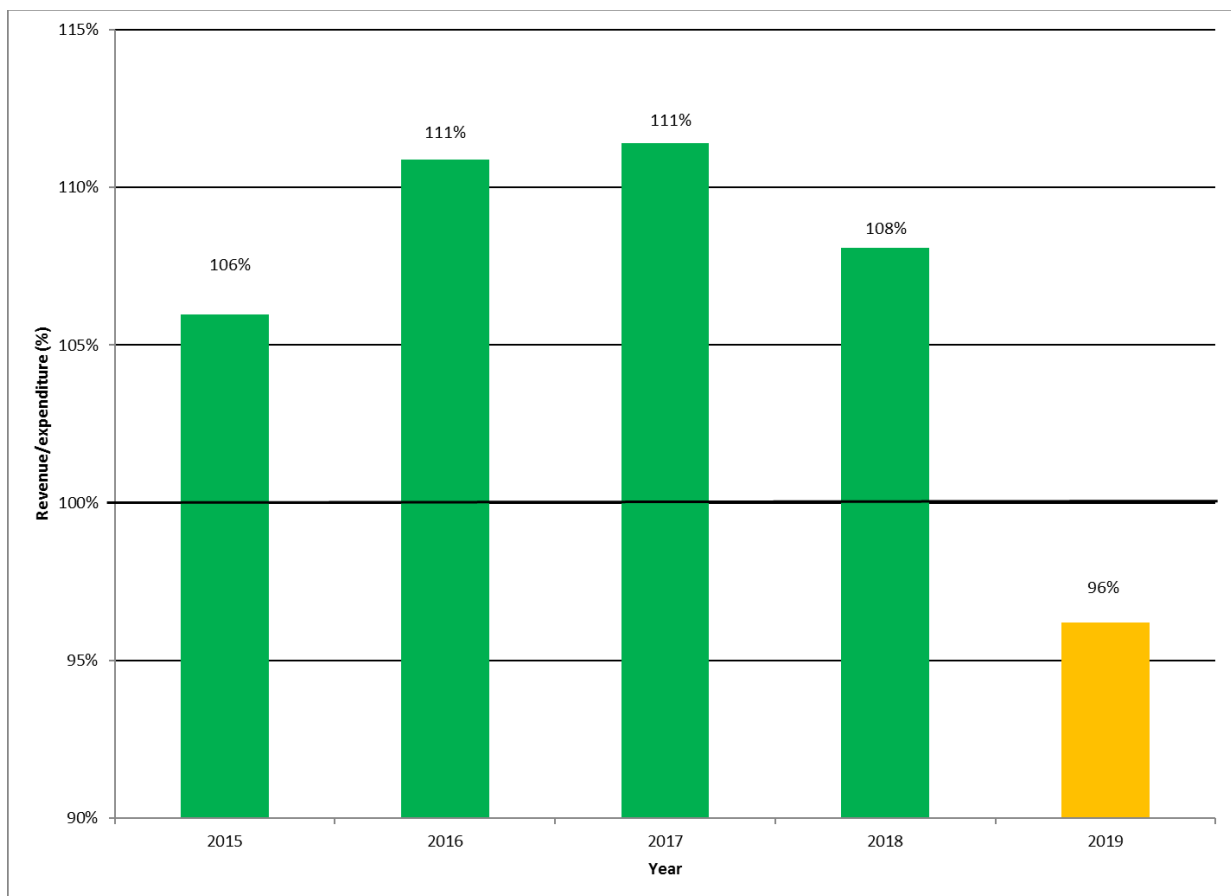
As part of the 18/28 LTP, the basis for the external debt limit changed from 110% of budgeted debt (as portrayed in the above graph) to be a more relevant limit of 175% of total revenue. This change in methodology is more in line with what other Councils use, and is portrayed in the graph below.



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.



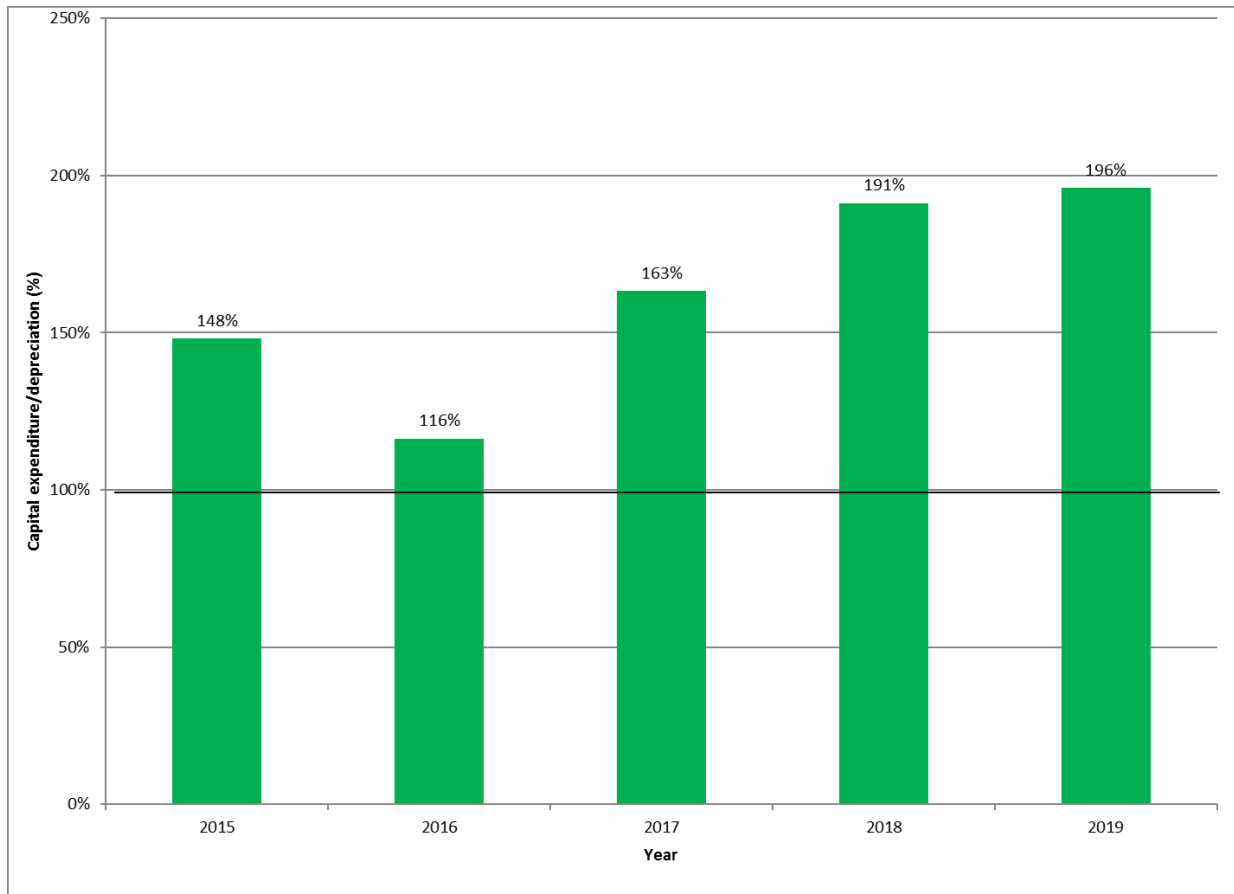
■ Benchmark met ■ Benchmark not met

Discovered assets have been excluded from the 2019 calculation, due to legislative requirements resulting in Council not meeting the benchmark. If included, Council's revenue to expenditure ratio would have been 116%.

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.

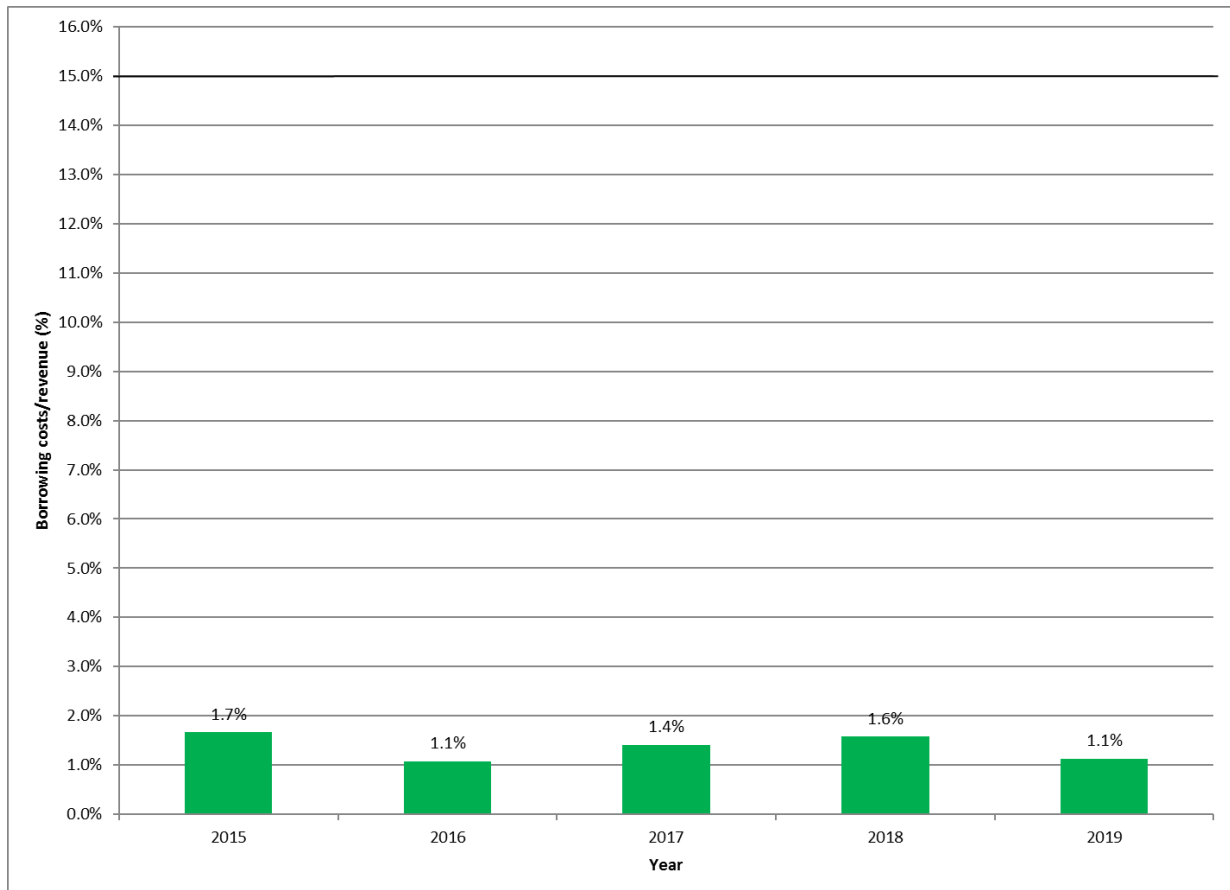


■ Benchmark met

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 faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.

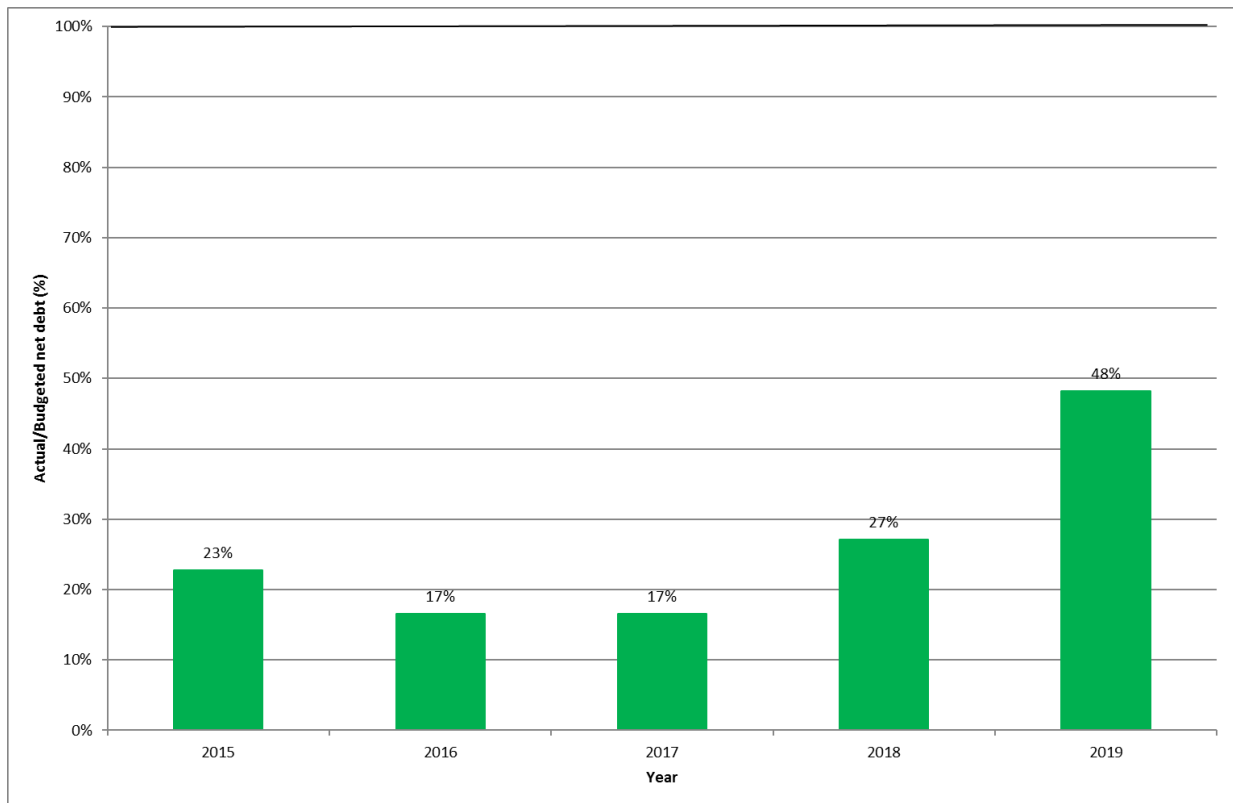


■ Benchmark met

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.

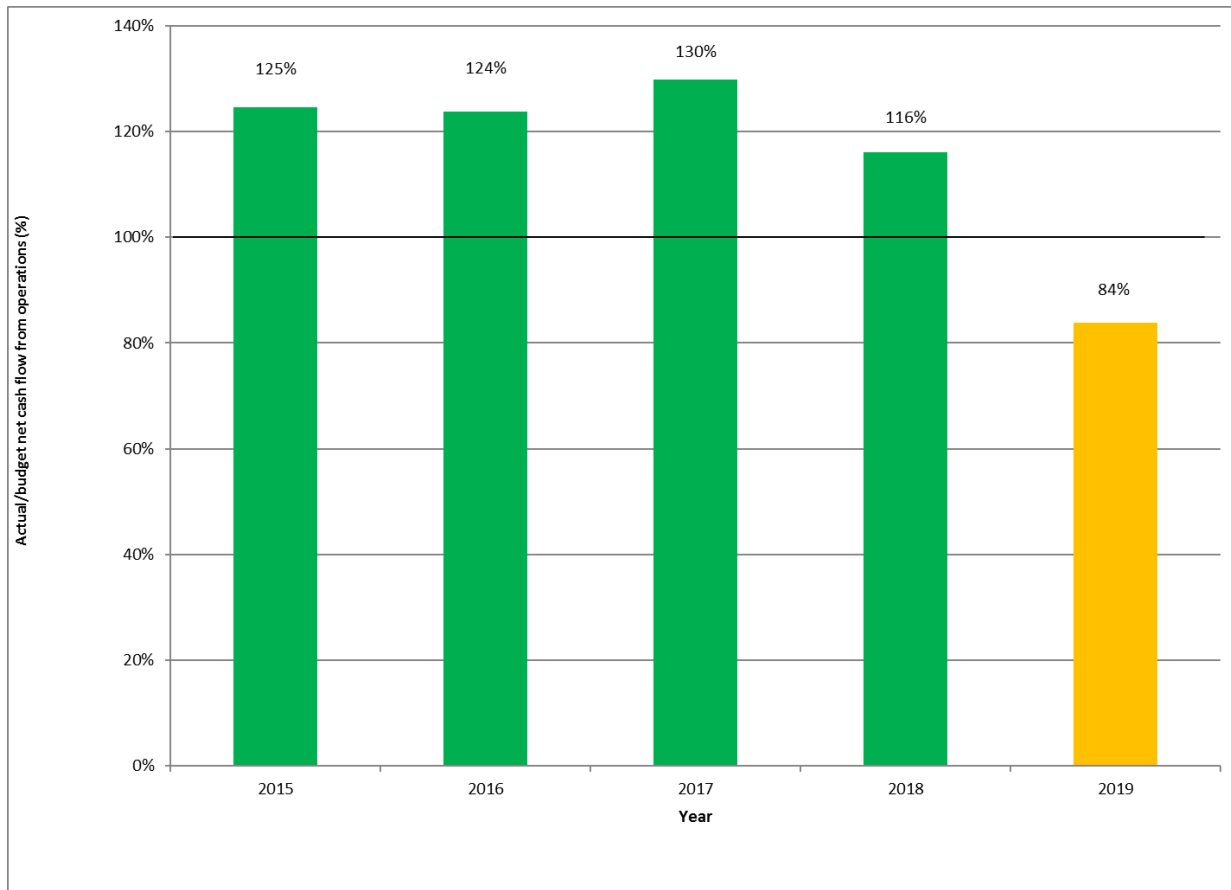


■ Benchmark met

Operations control benchmark

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

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



■ Benchmark met ■ Benchmark not met

Non-Financial Performance

The 2018/19 year was the first year of the implementation of Council's 10-Year Plan 2018-28. Significant progress was made towards planning, design and implementation of the large capital works portfolio the plan contains. Council's 2019-20 Annual Plan was also adopted which included Council's annual review of fees and charges. Forward planning of the approach to develop Council's 2021-2031 10-Year Plan also commenced.

During the year residents indicated they remain very proud of their district. Council maintained its excellent reputation in the community and maintained resident's positive perceptions of Council's overall performance.

The details of performance levels and key achievements are set out in each of the Group 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:

- Completion of work to upgrade the Cambridge wastewater pipe and the pipe bridge which crosses the Waikato River.
- The many workstreams for the development of Te Ara Wai were progressed:
 - Council changed the name of the committee overseeing the Waipā discovery centre to reflect its official name – Te Ara Wai.
 - Further free heritage discovery bus tours were put on with funding support from the Ministry for Culture and Heritage.
 - Stage one of the architectural and design contract was awarded.
- Excavation of the site for the Cambridge Pool was completed. Funds continued to be collected in support of the project due for completion next year.
- The contract was awarded to build the new pipeline connecting Taylor's Hill reservoir and the Parallel Road Treatment Plant.
- Pirongia welcomed a new playground at the Rangimarie Reserve.

Work was completed on a number of key policies and bylaws:

- Council approved a private plan change at Hautapu. This will be the biggest industrial development project that has occurred in the Waipā district.
- The community were consulted on 200 potential road speed changes through the review of the Speed Limits Bylaw.
- The Class 4 Gambling Venues Policy was drafted and approved. Likewise the CCTV for Community Safety in Public Places policy was also adopted.
- The representation review was completed with the approval of an additional Councillor and Community Board member for Cambridge. Work commenced on the triennial elections with nominations opening in July.
- The Waipā 2050 Growth Strategy (including the Hautapu Structure Plan update) and the structure plans for three growth cells (C1, C2, C3) were made operative.

Focus was maintained on continuous improvement; making processes easier for both Council's staff and customers:

- AlphaOne, the project to digitise Waipa District Council's building consent process went live in February.
- A significant amount of work was completed to implement the new wheelie bin service to residents, with 42,000 wheelie bins delivered to households during May and June.
- The property and rating module of Council's enterprise system TechOne was migrated to the Cloud and a new document management system was implemented. Both changes enable Council to be more flexible and provide a foundation for further system-based improvements in the future.
- Refurbishments were completed in the Te Awamutu annex and Cambridge offices, including a revamp of Cambridge's customer area.
- Council implemented a new form of staff survey 'Ask Your Team.' The new survey provides teams with more flexibility on survey frequency and topics. The first round of surveying was completed with pleasing results.

Focus continued on actively managing risk through the Audit and Risk Committee. Council's internal audit programme continued, with improvement programmes progressing across procurement, contract management, business continuity management and risk management. Cybersecurity and compliance maturity assessments were also undertaken by Council's internal auditors.

Council continues to be a proactive member of the Mayoral Forum contributing to work on the four key areas of planning; water, wastewater, economic development and roading.

Overall the year represented a busy and successful period for Council. It is pleasing to note our solid performance across all areas of Council and we remain committed to continuing to improve on this on behalf of the community.

Opportunities for Community Involvement in Decision Making

Engaging with our communities in a real and meaningful way is one of the most important jobs we do at Council. It helps guide our decision-making and means we can work through key issues to provide a better outcome for everyone.

This involvement can come in a variety of ways. From a formal paper submission, to a Facebook comment, Post-it note on a board or verbally at a public meeting or street stall – it's important we take them all into account.

At Waipa District Council, we use a variety of tools to inform our community including more traditional methods like our local newspapers as well as an increasing focus on digital platforms including Facebook, interactive websites and online advertising. In the past 12-months Council's Facebook page grew from 5,656 to more than 6,500 followers and continues to be a preferred method of engagement for a large section of the community.

During the 2018/19 year we ran 17 formal consultation processes to gather feedback from our community. These included consultation around the district's speed limits, how we manage our public places and new legislation surrounding earthquake-prone buildings.

But it's not only these formal processes that make up community engagement. It's important to have conversations with our community early, to bring them on the journey with us and provide a better platform for decision-making.

At the beginning of the year, Council won national praise for its successful campaign to highlight the district's heritage, including its role in the New Zealand Land Wars. The 2018 Fulton Hogan EXCELLENCE Award for Community Engagement recognised Council for its work in sharing and promoting Waipā's history. This campaign generated an important community conversation which spread well beyond the district.

Other less formal engagement processes included those around public transport, road safety and the Be Bold campaign, encouraging the Cambridge community to give input into the town concept plan for the area.

In addition to these more structured engagement campaigns, Council regularly receives feedback from the community on a wide-variety of issues and areas of interest. We encourage our community to get in touch via our call centre, social media platforms and directly with elected members and staff to have their views heard.

We also have a formal structure to enable and encourage Māori involvement in our decision-making.

Māori Involvement in Decision-Making

Council fosters 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 Waipā.

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 Waipā, a Kaumatua representative and a further nine members recommended by Ngā Iwi Toopu o Waipā are appointed by Council to represent the hapū of the Waipā district.

This committee is supported by Ngā Iwi Toopu o Waipā, 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 Waipā has in acting on behalf of Iwi and hapū of the district.

A Ngā Iwi Toopu o Waipā appointee also sits as a voting member of Council's Strategic Planning and Policy and Regulatory Committees

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

Council is assessing post Treaty settlement matters and will be working in partnership with Iwi as we move forward. Council puts priority on maintaining relationships with Iwi and other key partners to enable community and economic growth.

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 2019

	Note	Parent & Group 2019 Actual \$000	Parent 2019 Budget \$000	Parent & Group 2018 Actual \$000
REVENUE				
Rates	3	58,609	59,554	53,118
Fees and charges	3	14,026	10,200	15,045
Reserve contributions	3	463	544	447
Development contributions	3	6,591	8,834	6,991
Gain on revaluation	4	1,079	366	2,678
Vested assets	3	13,353	12,477	15,124
Discovered assets	3	16,464	-	127
Dividends	3	169	-	37
Finance revenue	3	1,008	329	1,501
Subsidies and grants	3	7,638	8,982	9,677
Other revenue	3	2,711	395	434
Total Revenue		122,111	101,681	105,179
OPERATING EXPENDITURE				
Employee benefit expenses	5	22,748	22,342	20,502
Depreciation & amortisation	12-14	22,750	22,036	21,995
Other expenses	6	41,324	34,636	33,661
Finance costs	7	1,294	873	1,326
Total Operating Expenditure	2	88,116	79,887	77,484
OPERATING SURPLUS		33,995	21,794	27,695
Other Comprehensive Revenue and Expense recognised directly in Equity				
Property Plant and Equipment Revaluation gains / (losses) taken to equity		110,731	12,736	12,266
Intangible gains / (losses) taken to equity		33	-	64
Investment gains / (losses) taken to equity		2,068	-	324
Cash flow hedges gains / (losses) taken to equity		(135)	250	11
Total Other Comprehensive Revenue and Expense for the Year		112,697	12,986	12,665
Total Comprehensive Revenue for the Year		146,692	34,780	40,360

Explanation of operating surplus and total comprehensive revenue:

Council achieved an operating surplus of \$34.0m this year against a budget of \$21.8m. Explanations of the major variations from budget are provided in note 30, pages 103 and 104. The operating surplus includes a number of items of income that are non-cash in nature including infrastructure vested by developers (\$13.4m) and assets

discovered (\$16.5m). Council's total comprehensive income includes \$110.7m of property, plant and equipment revaluation gains.

The accompanying notes form part of these financial statements, pages 47-104.

Waipa District Council
Statement of Changes in Equity
For the Year Ended 30 June 2019

	Note	Parent & Group 2019 Actual \$000	Parent 2019 Budget \$000	Parent & Group 2018 Actual \$000
Balance at 1 July		1,571,187	1,577,388	1,530,827
Total Comprehensive Revenue		146,692	34,781	40,360
Balance at 30 June		1,717,879	1,612,169	1,571,187
Equity represented by:				
Retained earnings	23	507,321	478,469	463,144
Other reserves	23	1,210,558	1,133,700	1,108,043
Total Equity		1,717,879	1,612,169	1,571,187

Explanations of the major variations from budget are provided in note 30, pages 103-104

The accompanying notes form part of these financial statements, pages 47-104.

Waipa District Council
Statement of Financial Position
As at 30 June 2019

	Note	Parent & Group 2019 Actual \$000	Parent 2019 Budget \$000	Parent & Group 2018 Actual \$000
ASSETS				
Current Assets				
Cash and cash equivalents	8	1,322	3,195	12,331
Other financial assets	10	-	112	-
Investments in CCO's	10	-	-	96
Assets held for sale	11	2,369	-	7,689
Trade and other receivables	9	8,411	3,327	6,376
Total Current Assets		12,102	6,634	26,492
Non Current Assets				
Property plant and equipment	12	1,707,373	1,637,518	1,542,901
Intangible assets	13	1,336	1,533	1,061
Forestry assets	16	2,977	1,873	2,344
Investments in CCO's	10	15,799	13,278	13,603
Investment property	17	16,591	18,126	16,145
Trade and other receivables	9	14	-	32
Total Non Current Assets		1,744,090	1,672,328	1,576,086
Total Assets		1,756,192	1,678,962	1,602,578
LIABILITIES				
Current Liabilities				
Trade and other payables	18	16,006	15,031	13,853
Provisions	19	212	40	68
Employee benefit liabilities	20	1,467	1,237	1,360
Borrowings	21	28	-	6,027
Total Current Liabilities		17,713	16,308	21,308
Non Current Liabilities				
Trade and other payables	18	3,543	-	1,123
Derivative financial instruments	22	1,321	845	1,185
Provisions	19	616	640	627
Borrowings	21	15,120	49,000	7,148
Total Non Current Liabilities		20,600	50,485	10,083
Total Liabilities		38,313	66,793	31,391
EQUITY				
Retained earnings	23	507,321	478,469	463,144
Other reserves	23	1,210,558	1,133,700	1,108,043
Total Equity		1,717,879	1,612,169	1,571,187

Explanations of the major variations from budget are provided in note 30, pages 103-104. The accompanying notes form part of these financial statements, pages 47-104.

Waipa District Council
Statement of Cash Flows
For the Year Ended 30 June 2019

	Parent & Group 2019 Actual Note	Parent 2019 Budget \$000	Parent & Group 2018 Actual \$000
Cash Flows from Operating Activities			
Receipts from rates revenue	58,545	59,554	53,263
Interest received	1,069	329	1,464
Dividends	44	-	37
Receipts from other revenue	28,788	33,653	30,604
Payments to suppliers and employees	(54,929)	(54,431)	(47,320)
Interest paid	(1,294)	(873)	(1,324)
Goods and service tax (net)	(176)	-	65
Net Cash Flow from Operating Activities	32,047	38,232	36,789
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment	11,086	1,425	7,730
Proceeds from sale of investments	(32)	-	6,800
Proceeds from sale of assets held for sale	-	-	-
Purchase of intangible assets	(399)	(170)	(148)
Purchase of property, plant and equipment	(55,684)	(77,676)	(47,825)
Purchase & development of investment property	-	(650)	(1,256)
Acquisition of investments	-	-	(4)
Net Cash Flow from Investing Activities	(45,029)	(77,071)	(34,703)
Cash Flows from Financing Activities			
Proceeds from borrowings	1,973	36,000	-
Repayment of borrowings	-	-	(24)
Net Cash Flow from Financing Activities	1,973	36,000	(24)
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	(11,009)	(2,839)	2,062
Cash, cash equivalents and bank overdrafts at the beginning of the year	12,331	6,034	10,269
Cash, cash equivalents at the end of the year	8	3,195	12,331

Explanations of the major variations from budget are provided in note 30, pages 103-104. The accompanying notes form part of these financial statements, pages 47-104.

Waipa District Council
Statement of Cash Flows
For the Year Ended 30 June 2019 (continued)

	2019 Actual \$000	2018 Actual \$000
Surplus / (deficit) after tax	33,995	27,695
<i>Add (less) non cash items</i>		
Depreciation and amortisation	22,746	21,995
Asset write-downs	-	93
Vested / discovered assets	(29,817)	(15,251)
(Gains) / losses in fair value of investment property and forestry	(1,079)	(2,678)
Add / (less) items classified as investing or financing activities	(5,658)	(2,569)
(Gains) / losses on disposal of assets	4,966	4,554
Impairment (Gain) / Loss	4,116	1,731
<i>Add / (less) movements in working capital items</i>		
Trade and other receivables	(2,035)	(2,364)
Trade and other payables	4,573	3,502
Provisions	133	(21)
Employee Benefits	107	102
Net Cash Inflow / (Outflow) from Operating Activities	32,047	36,789

Waipa District Council

Funding Impact Statement

For the Year Ended 30 June 2019 (whole of Council)

	2017/18 Annual Plan \$000	2017/18 Annual Report \$000	2018/19 Annual Plan \$000	2018/19 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	26,998	26,266	41,789	30,894
Targeted rates	23,108	26,852	17,764	27,715
Subsidies and grants for operating purposes	2,912	2,820	2,776	3,302
Fees and charges	15,134	15,045	10,200	14,026
Interest and dividends from investments	310	1,538	329	1,177
Local authorities fuel tax, fines, infringement fees, and other receipts	342	934	395	2,711
Total sources of operating funding (A)	68,804	73,455	73,253	79,825
Applications of operating funding				
Payments to staff and suppliers	47,472	44,175	53,115	53,282
Finance costs	934	1,303	873	1,150
Other operating funding applications	1,158	1,002	1,579	1,482
Total applications of operating funding (B)	49,564	46,480	55,567	55,914
Surplus (deficit) of operating funding (A - B)	19,240	26,975	17,686	23,911
Sources of capital funding				
Subsidies and grants for capital expenditure	7,117	6,857	10,857	4,336
Development and financial contributions	4,420	7,439	9,378	7,054
Increase (decrease) in debt	14,000	(24)	36,000	2,000
Gross proceeds from sale of assets	6,187	7,730	995	11,127
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	31,724	22,002	57,230	24,517
Applications of capital funding				
Capital expenditure				
- to meet additional demand	9,830	13,802	12,527	9,740
- to improve the level of service	19,985	12,559	48,811	21,109
- to replace existing assets	22,285	16,404	17,159	21,633
Increase (decrease) in reserves	(1,136)	6,212	(3,581)	(4,054)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	50,964	48,977	74,916	48,428
Surplus (deficit) of capital funding (C - D)	(19,240)	(26,975)	(17,686)	(23,911)
Funding balance ((A - B) + (C - D))	-	-	-	-

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

The funding impact statement is prepared in compliance with the requirements of clause 15, part 1, schedule 10 of the Local Government Act 2002. Unlike the statement of comprehensive revenue and expense, the funding impact statement is not compliant with generally accepted accounting standards (GAAP).

The funding impact statement is intended to show in a transparent manner how all sources of funding received by Council are applied. It does not include “non-cash” that is classified as income on the statement of revenue and expense (as required by GAAP) such as assets that are vested to Council through the subdivision process, or unrealised gains on assets. The statement of comprehensive revenue and expense also requires “non-cash” expenses such as depreciation, amortisation, and unrealised losses of assets to be reflected, whereas these are excluded from the funding impact statement. The reconciliation below identifies these differences between these two statements.

	2017/18 Annual Plan \$000	2017/18 Annual Report \$000	2018/19 Annual Plan \$000	2018/19 Actual \$000
Total prospective revenue and expense wholly attributable to District Council	35,001	40,360	34,780	145,907
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	19,240	26,975	17,686	23,911
Difference	15,761	13,385	17,094	121,996
The difference is due to:				
Capital income	11,537	14,296	15,590	13,402
Vested assets	2,580	15,124	12,477	13,353
Discovered assets	-	127	-	16,464
Revaluation of assets	23,584	15,343	13,352	112,991
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	(410)	(9,010)	(2,289)	(11,464)
Operating income received in advance	-	(500)	-	-
Depreciation and amortisation	(21,530)	(21,995)	(22,036)	(22,750)
Total explained difference	15,761	13,385	17,094	121,996

Waipa District Council

Notes to the Financial Statements

1. Statement of accounting policies for the year ended June 2019

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 2019, and were authorised for issue by Council on 24 September 2019.

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

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 has applied this standard in preparing its 30 June 2019 financial statements. Council has chosen to continue to present the approved budget comparison as a budget column in the financial statements and therefore this has not had an impact on Council Reports.

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.

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.

Impairment of Revalued Assets

The scope of PBE IPSAS 21 Impairment of Non-Cash-Generating Assets has been amended to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets ('revalued assets'). The new standards are effective for annual periods beginning on or after 1 January 2019.

Following the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model.

Where an impairment loss is recognised for an asset (or group of assets) that is revalued however, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset (or group of assets) belongs.

In addition the amendment clarifies that for revalued assets, impairment losses and reversals thereof are accounted for in the same way as revaluation decreases and increases.

Consequential amendments have also been made to PBE IPSAS 17 and PBE IPSAS 31.

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.

2018 Omnibus Amendments to PBE Standards

Applies for annual periods beginning on or after 1 January 2019.

The following standards are amended by this document:

- PBE IPSAS 4 The Effects of Changes in Foreign Exchange Rates. The changes made by the NZASB mirror changes introduced by the IASB and then the IPSASB. The changes introduce additional guidance in Appendix A plus set out the initial application requirements when applying the requirements of the guidance in Appendix A. This Appendix clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or revenue when an entity has received or paid advance consideration in a foreign currency.
- PBE IPSAS 5 Borrowing Costs. The change seeks to mirror changes made by the IASB to IAS 23. The amendments clarified that an entity includes borrowings made specifically to obtain a qualifying asset in general borrowings when that qualifying asset is ready for its intended use or sale. Putting it another way, when determining the capitalisation rate one excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.
- PBE IPSAS 16 Investment Property. The amendments mirror IASB and IPSASB changes. These amendments relate to the change in use used to determine whether there has been for a property a transfer to or from an investment property.
- PBE IPSAS 37 Joint Arrangements. This change mirrors that made by the IASB and IPSASB. That amendment clarified that when an entity obtains control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- PBE IPSAS 39 Employee Benefits. The amendments mirror those made by the IASB and IPSASB. The amendments require that an entity use the updated assumptions from the remeasurement associated with a change to a plan (an amendment, curtailment or settlement) to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.
- PBE IFRS 3 Business Combinations. The amendments mirror those made by the IASB and IPSASB. They clarify that when an entity obtains control of a business that is a joint operation prior to acquisition date, it remeasures the entire previously held interests in that business. The amendments to PBE IFRS 3 Business Combinations are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019. Earlier application is permitted.
- PBE IPSAS 38 Disclosure of Interest in Other Entities. The amendments mirror those made by the IASB and IPSASB. The amendments clarified the scope of PBE IPSAS 38 by specifying which disclosure requirements in the Standard apply to an entity's interests in other entities that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PBE IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The amendments to PBE IPSAS 38 Disclosure of

Interests in Other Entities are to be applied retrospectively for annual financial statements covering periods beginning on or after 1 January 2019.

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.

2018 Omnibus Amendments to PBE Standards

Applies for annual periods beginning on or after 1 January 2021.

The following standards are amended by this document:

- PBE IPSAS 2 Cash Flow Statements. Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.

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.

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 year 1 of the 2018-28 Long Term Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

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

	2019 Actual \$000	2019 Budget \$000	2018 Actual \$000
INCOME			
Governance	51	42	539
Planning and Regulatory	5,806	4,990	5,083
Community Services and Facilities	8,366	3,647	5,723
Roads and Footpaths	7,712	7,567	9,148
Stormwater	46	63	3
Wastewater Treatment and Disposal	713	764	503
Water Treatment and Supply	10,374	10,719	6,219
Support Services	12,146	11,923	11,046
GROSS REVENUE	45,214	39,715	38,264
Less Internal Charges	(12,013)	(11,876)	(10,977)
Total Income	33,201	27,839	27,287
EXPENDITURE			
Governance	7,693	9,042	7,730
Planning and Regulatory	7,638	7,302	6,751
Community Services and Facilities	22,914	21,911	20,052
Roads and Footpaths	23,811	20,650	21,441
Stormwater	5,260	3,617	2,909
Wastewater Treatment and Disposal	9,113	7,459	7,052
Water Treatment and Supply	11,600	11,707	11,485
Support Services	12,597	12,284	12,090
GROSS EXPENDITURE	100,626	93,972	89,510
Less Internal Charges	(12,013)	(11,876)	(10,977)
Less rates charged to Council properties	(1,123)	(1,080)	(1,049)
NET EXPENDITURE	87,490	81,016	77,484
NET COST OF SERVICE - OPERATING	(54,289)	(53,177)	(50,197)

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

	2019 Actual \$000	2018 Actual \$000
Rates consist of:		
General rates	20,944	19,528
Uniform annual general charge	12,152	10,198
Targeted ward rates	6,829	7,533
Other targeted rates:		
Metered Water Supply	8,913	2,867
Other Water Rates	18	4,271
Sewerage	6,507	6,293
Stormwater	3,114	2,688
Recycling	932	910
Other	360	322
Add Penalties	189	190
Less Remissions	(226)	(574)
	59,732	54,226
Less rates charged to Council properties	(1,123)	(1,108)
Total Rates	58,609	53,118

ii) Rate remissions

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

	2019 Actual \$000	2018 Actual \$000
Sport / community organisations	93	117
Maori land	12	11
Open space covenanted land	39	36
School waste water	43	45
Other	39	-
Uniform annual general charge	-	365
	226	574

	2019 Actual	2018 Actual
Number of rating units at start of year	22,113	21,552

	2019 Actual \$000	2018 Actual \$000
Total capital value of rating units at start of year	17,316,413	16,881,227
Total land value of rating units at start of year	9,663,824	9,551,598

iii) Breakdown of subsidies and grants

	2019 Actual \$000	2018 Actual \$000
New Zealand Transport Agency roading subsidies	6,842	8,413
Grants and Donations	613	63
External funding	183	1,201
Total subsidies and grants	7,638	9,677

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2018 nil).

iv) Breakdown of fees and charges

	2019 Actual \$000	2018 Actual \$000
Rendering of services	1,566	1,224
User Charges	5,209	6,991
Regulatory revenue	5,773	5,033
Rental income from investment properties	334	640
Other Significant Activity revenue	1,144	1,157
Total fees and charges	14,026	15,045

v) Breakdown of other revenue

	2019 Actual \$000	2018 Actual \$000
Profit on Sale	2,083	-
Insurance recoveries	10	-
Infringements and fines	33	50
Petrol tax	403	384
Miscellaneous Revenue	182	-
Total other revenue	2,711	434

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:

	2019 Actual \$000	2018 Actual \$000
Not later than one year	102	145
Later than one year and not later than five years	276	372
Later than five years	134	188
Total Non-cancellable Operating Leases	512	705

No contingent rents have been recognised during the year.

4. *Gain on revaluation*

	2019 Actual \$000	2018 Actual \$000
Gain on changes in fair value of investment property	446	2,093
Gain on changes in fair value of forestry assets	633	585
	1,079	2,678

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

	2019 Actual \$000	2018 Actual \$000
Salaries and wages	22,235	20,035
Defined contribution plan employer contributions	406	365
Increase / (decrease) in employee benefit liabilities	107	102
Total employee benefit expenses	22,748	20,502

Chief Executive remuneration

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$297,470 (2018 \$306,642) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	2019 Actual \$	2018 Actual \$
Salary	297,470	306,642
Defined contribution plan employer contributions (KiwiSaver)	22,770	12,266
Vehicle	13,760	15,092
Total Chief Executive remuneration	334,000	334,000

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2019 Actual \$	2018 Actual \$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	122,455	118,044
Grahame Webber, Deputy Mayor	54,295	53,493
Elwyn Andree-Wiltens	32,906	32,420
Judy Bannon	32,906	32,420
Hazel Barnes JP	32,906	32,420
Andrew Brown	41,133	40,525
Marcus Gower	33,043	32,420
Sue Milner	32,906	32,420
Susan O'Regan	32,906	32,420
Clare St Pierre	41,133	40,525
Liz Stolwyk	41,133	40,525
Bruce Thomas JP	40,996	40,525
Vern Wilson	32,906	32,420

Council employees remuneration by band

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

	2019 Actual	2018 Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	126	136
\$60,000 - \$79,999	78	67
\$80,000 - \$99,999	52	37
\$100,000 - \$119,999	20	19
\$120,000 - 139,999	8	6
\$140,000 - \$160,000	8	7
\$160,000 - \$340,000	7	5
Total Employees	299	277

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 227 (2018 210) full-time employees, with the balance of staff representing 32 (2018 28) 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 2019 there was no severance payments to any employees (2018 \$9,419).

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

	2019 Actual \$000	2018 Actual \$000
<i>Fees to the principal auditor:</i>		
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	159	156
Fees to Audit New Zealand for audit of the 2018-28 Long-term Plan	-	90
Fees to Audit New Zealand for audit of the Debenture Trust Deed	8	8
Total Audit Fees	167	254
Community grants	1,609	997
Loss on disposal property, plant and equipment	6,114	4,554
Impairment of property, plant and equipment	4,114	1,754
Direct expenses from investment property	188	178
Direct expenses from investment property not primarily generating income	433	442
Lease payments under operating leases	130	87
Other operating expenditure	28,569	25,395
Total Other Expenses	41,324	33,661

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:

	2019 Actual \$000	2018 Actual \$000
Not later than one year	57	62
Later than one year and not later than five years	11	46
Later than five years	-	-
Total Non-cancellable Operating Leases	68	108

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.

	2019 Actual \$000	2018 Actual \$000
Interest on borrowings	1,137	1,303
Discount unwind on provisions (note 19)	157	23
Total	1,294	1,326

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

	2019 Actual \$000	2018 Actual \$000
Cash at bank and in hand	619	1,831
Term deposits with maturities less than 3 months	703	10,500
Total	1,322	12,331

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

	2019 Actual \$000	2018 Actual \$000
Rates receivables	401	377
Community loans	15	16
Sundry debtors	7,992	5,978
Loans to Other Entities	17	37
	8,425	6,408
<i>Less non current portion</i>		
Community loans	14	15
Loans to Other Entities	-	17
Total Non-current Portion	14	32
Current Portion	8,411	6,376
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	6,066	5,263
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	2,359	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:

	2019 Actual \$000	2018 Actual \$000
Not past due	7,853	5,396
Past due 1 - 60 days	407	406
Past due 61 - 120 days	79	379
Past due > 120 days	72	195
Total	8,411	6,376

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

	2019 Actual \$000	2018 Actual \$000
Term deposits with maturities of 4 - 12 Months	-	-
LGFA - borrower notes	-	96
Total current portion	-	96

Non-current portion

Investments in CCOs

	Number of Shares	% Holding	Balance Date	2019 Actual \$000	2018 Actual \$000
Waikato Regional Airport Limited	777,110	15.63	30 June	15,205	13,137
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 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	240	112
Total non current portion of shares and investments in other organisations				15,799	13,603

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

	2019 Actual \$000	2018 Actual \$000
Assets held for sale - Land	820	6,140
Assets held for sale - Buildings	1,549	1,549
Total assets held for sale	2,369	7,689

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

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

	Components	Years
Footpaths		15 – 70
Signs		10 – 35
Railings		20 – 35
Islands		35 - Infinite
Traffic Signals		15 – 50
Buildings – not componentised		0 – 100
Building – structure		40 – 100
Building – fit-out		25 – 40
Building – services		40 – 45
Plant/motor vehicles		2 – 30
Furniture, fittings and equipment		5 – 75
Computer equipment		3 – 10
Intangibles		0 – 10
Library Books		7

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

Revaluation

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 Aon New Zealand (Aon) and the valuation is effective as at 30 June 2019. The valuation of the roading assets was performed by Beca Valuations Limited (Beca) and is effective as at 30 June 2019.

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.

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 2019.

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.

2019	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Council operational assets							
Balance at 1 July 2018							
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)
Opening carrying amount	227,367	59,888	-	1,171	1,748	13,244	303,418
Year Ended 30 June 2019							
Transfers	1,621	-	-	-	-	-	1,621
Additions	976	2,025	-	347	2,934	1,900	8,182
Additions (vested to Council)	165	-	-	-	-	-	165
Disposals	-	-	-	(191)	(693)	(59)	(943)
Accumulated depreciation prior to revaluation	-	-	-	-	-	-	-
Current year depreciation	-	(2,262)	-	(273)	(666)	(787)	(3,988)
Accumulated depreciation write off on disposal/revaluation	-	-	-	191	632	40	863
Impairment	-	(1,507)	-	-	-	-	(1,507)
Work in progress	199	5,345	-	-	11	1,856	7,411
Total movement	2,961	3,601	-	74	2,218	2,950	11,804
Balance 30 June 2019							
Cost	230,328	68,517	418	2,260	7,613	25,763	334,899
Accumulated depreciation and impairment charges	-	(5,028)	(418)	(1,015)	(3,647)	(9,569)	(19,677)
Closing Carrying Amount	230,328	63,489	-	1,245	3,966	16,194	315,222

Impairment losses of \$1,507,000 (2018 \$478,000) have been recognised for prior year capital costs. The majority of this impairment relates to Cambridge Town Hall which requires significant earthquake strengthening. This has been budgeted for in 2022/23 and 2023/24. 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 2019 is \$1,707,373,000. This is made up of total operational and infrastructure assets valued at \$315,222,000 and \$1,392,152,000 respectively.

2018	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Council operational assets							
Balance at 1 July 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
Year Ended 30 June 2018							
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
Balance 30 June 2018							
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)
Closing Carrying Amount	227,367	59,888	-	1,171	1,748	13,244	303,418

Total 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.

2019	Sewerage system treatment	Sewerage system reticulation	Water system treatment	Water system reticulation	Drainage network	Roading network	Land under roads	Total infrastructural assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Council infrastructural assets								
Balance at 1 July 2018								
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)
Opening carrying amount	25,201	77,565	32,863	85,944	71,656	711,612	234,642	1,239,483
Year Ended 30 June 2019								
Transfers	94	134	(94)	(134)	-	-	-	-
Additions (constructed by Council)	6,355	18,441	7,067	8,691	3,650	13,959	190	58,353
Additions (vested to Council)	124	1,655	730	2,338	2,458	5,883	-	13,188
Disposals	(10)	(1,682)	(314)	(6,937)	(455)	(4,900)	(194)	(14,492)
Accumulated depreciation prior to disposal/revaluation	5	123	18	1,275	13	191	-	1,625
Current year depreciation	(1,065)	(2,121)	(1,218)	(3,138)	(1,408)	(9,672)	-	(18,622)
Accumulated depreciation write off on disposal/revaluation	2,071	3,894	2,286	5,034	2,727	9,481	-	25,493
Revaluation Surplus / (deficit)	42	7,258	1,525	4,723	29,630	42,059	-	85,237
Work in progress	(7,150)	3,057	(3,120)	4,880	4,866	(646)	-	1,887
Total movement	466	30,759	6,880	16,732	41,481	56,355	(4)	152,669
Balance 30 June 2019								
Cost	25,667	108,324	39,743	102,676	113,137	767,967	234,638	1,392,152
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Closing carrying amount	25,667	108,324	39,743	102,676	113,137	767,967	234,638	1,392,152

A revaluation of the Roothing Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2019. A revaluation of the utility assets was performed by Aon New Zealand, (registered valuation experts) effective as at 30 June 2019.

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
Council infrastructural assets								
Balance at 1 July 2017								
Cost	20,848	72,104	27,187	85,924	68,872	695,232	234,642	1,204,809
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Opening carrying amount	20,848	72,104	27,187	85,924	68,872	695,232	234,642	1,204,809
Year Ended 30 June 2018								
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
Balance 30 June 2018								
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)
Closing carrying amount	25,201	77,565	32,863	85,944	71,656	711,612	234,642	1,239,483

Core infrastructure asset disclosure

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

	2019 Actual \$000	2018 Actual \$000
Sewerage system - treatment	40,384	31,290
Sewerage system - reticulation	162,951	127,017
Water system - treatment	56,125	41,084
Water system - reticulation	176,453	161,029
Drainage network	146,526	101,989
Roading network	979,549	897,600
Total	1,561,988	1,360,009

Work in progress

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

	2019 Actual \$000	2018 Actual \$000
Land and buildings	9,084	3,276
Plant	42	107
Furniture and equipment	2,774	1,104
Wastewater treatment and disposal	10,098	14,191
Water treatment and supply	10,602	8,841
Drainage network	7,795	2,930
Roading network	5,380	6,026
Total	45,775	36,475

Capital commitments

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

	2019 Actual \$000	2018 Actual \$000
<i>Capital Commitments</i>		
Roading network	10,777	17,494
Drainage network	1,370	392
Wastewater treatment and disposal	5,180	1,917
Water treatment and supply	23,948	3,495
Community Facilities	13,813	15,936
Property development	180	115
Total capital commitments	55,268	39,349

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 2019 is \$377,808 (2018 \$344,352).

Breakdown of intangible assets and further information

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

	Computer Software \$000	NZ Units \$000	Total \$000
2019			
Balance at 1 July 2018			
Cost	3,150	344	3,494
Accumulated amortisation and impairment	(2,433)	-	(2,433)
Opening carrying amount	717	344	1,061
Year ended 30 June 2019			
Additions	399	-	399
Intangible gains / (losses)	-	34	34
Disposals	(22)	-	(22)
Amortisation charge	(136)	-	(136)
Closing carrying amount	958	378	1,336
Balance at 30 June 19			
Cost	3,527	378	3,905
Accumulated amortisation and impairment	(2,569)	-	(2,569)
Closing carrying amount	958	378	1,336

	Computer Software \$000	NZ Units \$000	Total \$000
2018			
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

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

	2019 Actual \$000	2018 Actual \$000
Directly attributable depreciation and amortisation expense by group of activity		
Governance	8	8
Planning and Regulatory	6	6
Community Services and Facilities	2,850	2,643
Roads and Footpaths	9,713	9,546
Stormwater	1,408	1,333
Water Treatment and Supply	4,378	4,332
Wastewater Treatment and Disposal	3,183	2,919
Support Services	1,204	1,208
Total depreciation and amortisation expense	22,750	21,995

15. Insurance of assets

The total value of all assets of Council that are covered by insurance contracts is \$746,262,334 (2018 \$693,271,972) and the maximum amount to which they are insured, on a per loss basis, is \$232,822,264 (2018 \$232,688,161).

Insurance Class	Total Declared Value \$	Policy Limit \$
Infrastructure	451,240,592	\$80,000,000 per loss
Material Damage	292,199,478	\$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	2,822,264	2,822,264
Total	746,262,334	232,822,264

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

	2019 Actual \$000	2018 Actual \$000
Balance at 1 July	2,344	1,836
Decrease due to harvest and thinnings	-	(78)
Gains / (losses) arising from changes in fair value less estimated point of sale costs	633	586
Balance 30 June	2,977	2,344

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 2019 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2019. 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 post-tax discount rate of 6.0% 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 Group 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

	2019 Actual \$000	2018 Actual \$000
Balance at 1 July	16,145	19,386
Additions	-	1,256
Transfer to property, plant and equipment	-	(1,270)
Transfer to held for sale	-	(5,320)
Fair value gains / (losses) on valuation	446	2,093
Balance 30 June	16,591	16,145

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:

	2019 Actual \$000	2018 Actual \$000
Rental income	636	642
Expenses from investment property generating income	188	178
Expenses from investment property not primarily generating income	433	442

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

	2019 Actual \$000	2018 Actual \$000
Trade payables	8,510	7,346
Deposits and bonds	198	198
Accrued expenses	4,998	3,867
Income in advance	5,699	3,245
Taxes payable (e.g. GST and FBT)	144	320
	19,549	14,976
<i>Less non current portion</i>		
Income in advance	3,543	1,123
Total Non-current Portion	3,543	1,123
Current Portion	16,006	13,853
Total payables comprise:		
Payables under non-exchange transactions -	2,910	320
Payables under exchange transactions -	16,639	14,656

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

	2019 Actual \$000	2018 Actual \$000
<i>Current provisions are represented by:</i>		
Landfill aftercare provision and finance leases	212	68
Total Current Provisions	212	68
<i>Non current provisions are represented by:</i>		
Landfill aftercare provisions and finance leases	616	627
Total Non-current Provisions	616	627

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 4.32% (2018 4.95%).

	2019 Actual \$000	2018 Actual \$000
Opening balance	695	716
Amounts used	(223)	(71)
Unused amounts reversed	199	27
Discounting changes	157	23
Closing Balance	828	695
<i>Represented by:</i>		
Current portion	212	68
Term portion	616	627
	828	695

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.

	2019 Actual \$000	2018 Actual \$000
Accrued pay	64	75
Annual leave	1,323	1,219
Sick leave	80	66
Total Employee Benefit Liabilities	1,467	1,360
<i>Comprising:</i>		
Current	1,467	1,360
Total Employee Benefit Liabilities	1,467	1,360

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

	2019 Actual \$000	2018 Actual \$000
<i>Current</i>		
Secured loans	28	6,027
Total Current Borrowings	28	6,027
<i>Non-Current</i>		
Secured loans	15,120	7,148
Total Non-current Borrowings	15,120	7,148
Total Borrowings	15,148	13,175

\$28,000 is repayable throughout the 2019/20 year, \$7m is repayable in full on 20 September 2023, \$5m is repayable in full on 15 April 2023, \$120,000 will be repaid by 30 March 2024, and \$3m is repayable in full on 15 April 2027.

Fixed rate debt

Council currently has \$8m of secured debt issued at fixed rates of interest (2018 \$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, (2018, \$7.5m)

There was no drawdown of this facility at balance date (2018 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.

	2019 Actual \$000	2018 Actual \$000
Less than one year	28	6,027
<i>weighted average effective interest rate</i>	5.29%	2.78%
Later than one year but not more than five years	15,120	7,148
<i>weighted average effective interest rate</i>	4.33%	6.79%
	15,148	13,175

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

	2019 Actual \$000	2018 Actual \$000
Interest rate swaps - cash flow hedges	1,321	1,185
Total Derivative Financial Instrument Liabilities	1,321	1,185

Interest rate swaps

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2018 \$7,000,000). As at 30 June 2019 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2018 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

	2019 Actual \$000	2018 Actual \$000
<i>Retained earnings</i>		
As at 1 July	463,144	432,860
Transfers to:		
Reserves and special funds	(18,408)	(43,387)
Transfers from:		
Asset Revaluation reserve on disposal of property, plant and equipment	12,504	4,764
Reserves and special funds	16,086	41,212
Surplus / (deficit) for the year	33,995	27,695
Total retained earnings as at 30 June	507,321	463,144
<i>Council created reserves</i>		
As at 1 July	38,547	36,371
Transfers to:		
Retained earnings	(42,645)	(41,212)
Transfers from:		
Retained earnings	44,964	43,388
As at 30 June	40,866	38,547
Asset Revaluation Reserves		
As at 1 July	1,070,681	1,062,792
Revaluation gain / (losses)	112,836	12,653
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(12,504)	(4,764)
As at 30 June	1,171,013	1,070,681
<i>Asset revaluation reserves consist of:</i>		
Operational assets		
Land	202,523	199,439
Buildings	22,443	23,040
Intangible Assets	378	344
Investments	11,598	10,733
Infrastructural Assets		
Sewerage System	64,705	52,684
Water System	63,627	59,129
Drainage network	70,000	37,990
Roading network	735,741	687,322
Total Asset Revaluation Reserves	1,171,013	1,070,681
<i>Cash Flow Hedge Reserves</i>		
Opening balance 1 July	(1,185)	(1,196)
Fair value gains / (losses) in the year	(136)	11
Total Cash Flow Hedge Reserve	(1,321)	(1,185)
Total other reserves as at 30 June	1,210,558	1,108,043

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

	2018/19 Opening Balance \$000	2018/19 Transfer to Reserve \$000	2018/19 Transfer From Reserve \$000	2018/19 Closing Balance \$000
<i>Council created reserves consist of:</i>				
Property Reserves				
Asset Sales Cambridge	765	483	(1,248)	-
Asset Sales Te Awamutu	228	7	-	235
Asset Sales General	583	19	-	602
Endowment Land Cambridge	1,578	3,817	(1,257)	4,138
Endowment Land Pirongia	18	1	-	19
Endowment Land Te Awamutu	114	4	-	118
Endowment Land Waipa District	13	-	-	13
Residential Housing Reserve	603	615	(132)	1,086
Reserve Contributions & Development Contributions				
Cambridge North	2,243	8,212	(7,222)	3,233
District Wide Stormwater	246	562	(692)	116
District Wide Waste Water	2,745	2,511	(2,406)	2,850
District Wide Water Treatment and Supply	1,083	2,204	(2,383)	904
District Wide Rooding	1,159	774	(177)	1,756
District Wide Reserve Developments	489	16	(7)	498
District Wide Land Purchase	1,441	357	(118)	1,680
Karapiro Reserve Development	-	29	(29)	-
Te Awamutu Library/Museum	69	12		81
Special Funds				
Cemetery Paterangi	4	-	-	4
Project Funding Reserve	5,449	3,370	(1,746)	7,073
General Insurance Reserve	525	38	-	563
Infrastructure Insurance Reserve	501	44	-	545
Te Awamutu 100kv Compensation Reserve	313	10	-	323
Pavement Levies	66	2	-	68
Road Asset Technical Accord (RATA)	198	7	(8)	197
Waste Minimisation Reserve	406	67	-	473
Separate Balances				
Rooding Reserve	2,168	10,062	(9,573)	2,657
Stormwater Reserve	1,271	1,418	(2,014)	675
Water Supply Reserve	5,696	4,502	(7,497)	2,701
Waste Water Reserve	5,260	3,186	(3,299)	5,147
Depreciation Reserve - Long Term Assets	1,173	1,202	(692)	1,683
Depreciation Reserve - Medium Term Assets	2,140	1,433	(2,145)	1,428
Total Council Created Reserves	38,547	44,964	(42,645)	40,866

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

Reserve	Purpose	Activity
Property reserves		
Asset sales Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	Property
Asset sales Te Awamutu	Proceeds from Te Awamutu asset sales held in reserve to fund future asset purchases	Property
Asset sales general	Proceeds from district wide asset sales held in reserve to fund future asset purchases	Property
Endowment land Cambridge	Proceeds from sale of Cambridge endowment land held in reserve for endowment purposes	Property
Endowment land Pirongia	Proceeds from sale of Pirongia endowment land held in reserve for endowment purposes	Property
Endowment land Te Awamutu	Proceeds from sale of Te Awamutu endowment land held in reserve for endowment purposes	Property
Endowment land Waipā district	Proceeds from sale of district wide endowment land held in reserve for endowment purposes	Property
Forestry reserve	Proceeds from forestry harvesting to fund future forestry activities	Forestry
Residential housing reserve	Proceeds from residential housing rental revenue to fund the operating and capital expenditure of that activity.	Pensioner Housing & Own Your Own Housing
Reserve contributions and development contributions		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths / Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
District wide stormwater	Proceeds from development contributions to fund growth related expenditure	Stormwater
District wide wastewater	Proceeds from development contributions to fund growth related expenditure	Wastewater Treatment & Disposal
District wide water treatment and supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply

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

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

24. Contingencies

Contingent liabilities

	2019 Actual \$000	2018 Actual \$000
a) Guarantees	66	95
b) Waipa Community Trust	-	-
c) Waipa Community Facilities Trust	148	174
d) Outstanding legal matters	-	-
	214	269

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.

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 2019, NZ LGFA had borrowings totalling \$9,531m (2018 \$8,272m). This figure is made up of the face value of LGFA's bonds on issue of \$8,935m, accrued interest on bonds on issue of \$68m, the face value of bills on issue of \$505m and bonds LGFA lent to counterparties under bond repurchase transactions of \$23m.

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 Waipā District. In 2016, CHH commenced proceedings against 48 Councils, including Waipā District Council, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

28 school buildings (two in Waipā district) built outside the 10 year long stop contained within the Building Act 2004 have since been struck out by the High Court.

The court has directed that the trial be staged. The first stage will be a 6 month hearing commencing in April 2020, to determine whether shadow clad is inherently defective.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Le Quesnoy Place Slip

In April 2017 a slip occurred on Le Quesnoy Place in Cambridge and the owners of the property above the slip are claiming that the Council, during the consent process, ought to have directed water was piped off the property rather than being held in attenuation tanks.

Remedial work to stabilise the Claimants' land and the Council Reserve was estimated to be \$885,000. The Council completed the work to restore the reserve only and informed the Claimants' that they will need to complete remedial work to their own land.

In December 2018 the Claimants' Solicitor wrote to Waipa District Council demanding that it complete the stabilisation work to their land. A response, reiterating the Council's denial of liability was sent to the Claimants' Solicitor in February 2019. In further correspondence the Claimants' Solicitor has argued that permitting discharge of stormwater from a neighbouring property in the vicinity of the slope that may have contributed to the landslip was negligent. The denial of liability has been maintained by Council.

No proceedings have been issued as yet and 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

	2019 Actual \$000	2018 Actual \$000
<i>Councillors</i>		
Remuneration	572	561
Full-time equivalent members*	13	13
<i>Executive Team, including Chief Executive</i>		
Remuneration	1,092	1,032
Full-time equivalent members	6	4
Total key management personnel remuneration	1,664	1,593
Total number of members	19	17

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

26. Events after balance date

There were no significant events after balance date.

27. Financial instruments

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

	2019 Actual \$000	2018 Actual \$000
Financial Assets		
Loans and receivables		
Cash and cash equivalents excluding term deposits	619	1,831
Trade and other receivables	8,393	6,355
Other financial assets:		
- term deposits	703	10,500
- community loans	15	16
- loans to other entities	17	37
Total loans and receivables	9,747	18,739
Fair value through other comprehensive revenue and expense		
- Borrower notes	240	208
- Investments in CCO's	15,559	13,491
Total fair value through other comprehensive revenue and expense	15,799	13,699
Financial Liabilities		
Derivatives that are hedge accounted		
Derivative financial instrument liabilities	1,321	1,185
Financial liabilities at amortised cost		
Trade and other payables	13,850	11,731
Borrowings:		
- secured loans	15,148	13,175
Total financial liabilities at amortised cost	28,998	24,906

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. An initial deposit of NZ\$268,000 was paid in 2017/18 and the first progress payment was made in 2018/19 of NZ\$268,000.

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:

	2019 Actual \$000	2018 Actual \$000
Cash at bank and term deposits	1,322	12,331
Receivables	8,393	6,355
Community and related party loans	32	53
Financial guarantees	66	95
Total	9,813	18,834

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.

	2019 Actual \$000	2018 Actual \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA-	1,322	12,331
Total cash at bank and term deposits	1,322	12,331
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Community and related party loans		
Existing counterparty with no defaults in the past	32	53
Total community and related party loans	32	53

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 2019.

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 \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
Council 2019						
Creditors and other payables	13,850	13,850	13,850	-	-	-
Secured loans	15,148	18,249	692	689	13,663	3,205
Financial guarantees	-	66	66	-	-	-
Total	28,998	32,165	14,608	689	13,663	3,205

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
Council 2018						
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	-	-	-
Total	24,906	27,660	17,853	27	27	7,094

Council has derivative financial instruments in the form of one (2018 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 \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
Council 2019						
Cash at bank and term deposits	1,322	1,322	1,322	-	-	-
Debtors and other receivables	8,393	8,393	8,393	-	-	-
Community loans	15	15	1	1	3	10
Loans to other entities	17	17	17	-	-	-
Total	9,747	9,747	9,733	1	3	10

	Carrying Amount \$000	Contractual Cash Flows \$000	Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
Council 2018						
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	-	-
Total	18,739	18,739	18,706	19	3	11

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	2019 Actual \$000				2018 Actual \$000			
		-100 bps Other Profit Equity		+100 bps Other Profit Equity		-100 bps Other Profit Equity		+100 bps Other Profit Equity	
Interest rate risk									
<i>Financial assets</i>									
Cash and cash equivalents	1	(7)		7		(117)	-	117	-
<i>Financial liabilities</i>									
Derivatives-hedge accounted	2	-	-	-	-	-	(379)	-	335
Total sensitivity on interest rates		(7)	-	7	-	(117)	(379)	117	335

Explanation of sensitivity analysis:

- 1 Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$703,000 (2018 \$11,701,670) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$7,030 (2018 \$117,017).
- 2 Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$1,321,000 (2018 \$1,185,432). A movement in interest rates plus 100 bps has an effect of \$0 (2018 \$335,457) and minus 100 bps has an effect of \$0 (2018 \$378,604).

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 2019</i>				
Financial assets				
Investments in CCO's	15,799	-	240	15,559
Financial liabilities				
Derivatives	1,321	-	1,321	-
<i>30 June 2018</i>				
Financial assets				
Investments in CCO's	13,699	-	208	13,491
Financial liabilities				
Derivatives	1,185	-	1,185	-

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:

	2019 Actual \$000	2018 Actual \$000
Balance at 1 July	13,491	13,182
Investment Gain - recognised in other comprehensive revenue and expense	2,068	324
Impairment - recognised in comprehensive revenue and expense	-	(15)
Balance 30 June	15,559	13,491

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 2018/19 budgeted figures are as follows:

Statement of comprehensive revenue and expense

- Fees and charges were \$3.8 million higher than budget mainly due to \$1.4 million of revenue from the Community Facilities Trust on consolidation, \$1.1 million of revenue from Fonterra transferred from Rates, \$813,000 of additional revenue from regulatory income, \$388,000 in additional revenue mainly from Palmer Street Pensioner Housing delayed sale, \$77,000 in additional revenue from non-core paper road sales.
- Development contributions were \$2.2 million lower than budget due to timing of developments.
- Discovered assets were \$16.5 million higher than budget due to database improvement work being undertaken.
- Increase in finance revenue of \$679,000 mainly due to short term arbitrage arrangements. This has been offset by an increase in finance costs of \$421,000.
- Subsidies and grants are \$1.3 million less than budget mainly due to delay in timing of Cambridge Pool external funding.
- Other revenue is \$2.3 million higher than budget mainly due to gain on sale of Addison Street development.

- Employee benefit expenses are \$406,000 higher than budget due to growth in staff numbers. This has allowed Council to decrease reliance on external consultants and contractors.
- Depreciation is \$714,000 higher than budget. This is due to higher than anticipated asset values from valuations.
- Other expenses are \$6.7 million higher than budget. This is made up of:
 - Loss on disposal of infrastructure assets being \$4.9 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 \$4.1 million.
 - These increases have been offset by net savings in other areas.
- Increase of \$421,000 in finance costs mainly due to short term arbitrage arrangements. Finance income has increased by \$679,000.
- Gain on revaluation of Property Plant and Equipment was \$97.1 million higher than budget. This largely relates to increases in roading asset replacement costs.

Statement of financial position

- Property, plant and equipment was \$69.9 million greater than budget mainly due to higher than anticipated asset revaluations for roading.
- Borrowings at year end are \$33.9 million lower than budget. This is due to delayed 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 2018

Out of the Shadows

Council won national praise for its successful campaign to highlight the district's heritage, including its role in the New Zealand Land Wars.

The 'Out of the shadows' campaign received the Fulton Hogan Excellence Award for Community Engagement for its work in sharing and promoting Waipā's history. Judges said Waipa District Council's work had generated an important community conversation which had already spread well beyond the district.

The campaign resulted in support for heritage projects in Council's 2018-28 10-Year Plan. A proposal to invest in Waipā's heritage sites was supported by 71 percent of submitters.

AUGUST 2018

Experts drive Te Ara Wai development

The high-powered Te Ara Wai Governance Committee met for the first time in August, charged with driving the multi-million dollar museum and discovery centre development.

Located in Te Awamutu, Te Ara Wai will be a space where the community and visitors can discover the district's diverse and largely unknown social, cultural and natural history.

The committee is chaired by LeeAnn Muntz, a director of Aotearoa Experience and chair of Tainui Waka Tourism.

SEPTEMBER 2018

First water rates bills sent

The first water rates bills were received by Waipā residents, following the installation of water meters across the district.

Property owners were sent two mock invoices before their first 'real' bill to help them understand their water use.

The first bills showed that the average daily water use dropped by 20 per cent across the Waipā district following the installation of water meters.

OCTOBER 2018

Garage sale diverts 15 tonnes from landfill

More than 500 people attended the first Great DIY Garage Sale, saving 15 tonnes – around 13 skip bins – of construction waste from landfill and into the hands of keen DIYers. Construction waste makes up around 11.5 per cent of waste in the greater Waikato region.

Leftover building products from construction sites were donated by local companies and sold at the event, raising \$11,000 for Cambridge East School's PTA.

The event was driven by Cambridge-based Rob May Builders and supported by Waipa District Council.

NOVEMBER 2018

Extra Councillor confirmed

An extra Councillor was added to the Cambridge Ward, following a review of how Council is made up.

Legally, all councils in New Zealand must review their make-up every six years to ensure representation is fair and effective. Waipa District Council's review showed that, because of population growth, the Council needed one more Cambridge councillor and an additional community board member to comply with the law.

The change means following the election in October 2019 there will be five Cambridge ward councillors, four Te Awamutu ward councillors, two in Pirongia and one each in Kakepuku and Maungatautari.

DECEMBER 2018

Free buses for Cambridge swimmers

Council announced a short-term free bus service between Cambridge and Te Awamutu during the summer months so Cambridge residents could use the Livingstone Aquatic Centre.

Cambridge's public pool is currently closed for major redevelopment and will reopen mid-2020. The new complex will include a new 10-lane indoor pool and learners' pool, a hydrotherapy pool, spa and sauna and a children's splash pad.

The bus service ran three days a week to and from the Te Awamutu Pool to Cambridge i-SITE during December and January.

JANUARY 2019

Cycling festival in Waipā

Waipā welcomed the Three Peaks Ride: New Zealand Cycling Festival to the district for the first time.

The festival aims to encourage people of all ages and abilities to get out and cycle more regularly and included various opportunities for aspiring cyclists to get involved.

It was also a chance for the community to see some of the world's best riders in action, competing in the New Zealand Cycling Classic as part of the festival.

FEBRUARY 2019

Online building consents launched

Council launched its new online building consent system, enabling Waipā builders to apply for, process and finalise their building consents completely online.

The move was in response to customer feedback that the current system wasn't working for them. The new system is more efficient and easy to use.

It also enables staff to process an increasing number of building consents to cater for the district's growth.

MARCH 2019

Wheeling into Waipā

On 1 March, Council entered into a new kerbside recycling contract with Metallic Sweeping Ltd.

The contract included replacing the blue recycling crates with purpose-built wheelie bins for each household from 1 July; a 140-litre bin for glass (collected monthly) and a 240-litre bin for plastic, tins, cans, paper and cardboard (collected fortnightly).

The change was prompted by the collapse of the international recycling market which drove up recycling costs around the country. Wheelie bins are also considered best practice among the waste minimisation industry.

APRIL 2019

Drones changing leak detection

A trial project led by Council's water services team used ground-breaking drone technology to detect leaks in a Pirongia water main.

The drone, fitted with a thermal imaging camera, was flown along the water main running from the Te Tahi water treatment plant to Pirongia and Te Awamutu, spotting cold water leaks against the background of the warm soil.

The information from the drone is now being used to identify and fix the leaks until the pipe is eventually replaced. The pipe replacement project is estimated to cost \$6.6 million and is scheduled to start in 2022.

MAY 2019

Total Mobility for Waipā

A total mobility scheme was launched in Waipā, giving residents living with mobility challenges better access to their communities.

The transport scheme provides subsidised taxi and door-to-door transport with registered Total Mobility providers. Under the scheme, Waipa District Council and NZ Transport Agency will pay half the fare, up to a \$12.50 subsidy per trip. The user pays the remainder.

The scheme is already well-used with eligible residents enthusiastically embracing the new service.

JUNE 2019

New playground for Pirongia

Pirongia residents celebrated the opening of their brand new playground at Rangimarie Reserve. Several hundred excited kids braved the rain to test out the new swings, slides and balance equipment.

The playground was a collaborative effort and joint-funded by Council and the Pirongia community.

It is one of several changes planned for Pirongia including path upgrades and new public toilets to replace the existing ones.

Governance

What we do

The Governance group of activities represents the decision making function of elected officials who are supported by communications specialists, strategy advisors and the governance business unit to manage democratic processes.

Why we do it

- To enable democratic local decision-making and action.
- To focus on making sure our communities are kept up to date with council issues and activities and also make it easy for them to be involved in Council's decision making processes.
- To provide and support champion events in our district and maximise event leveraging opportunities.




The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 1: Governance community outcomes

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

Identified effects on community wellbeing

The Governance group of activities is the key area for the democratic processes of Council. A significant amount of work goes into ensuring clear communication is achieved (both to and

from Council) via the formal community representative groups - including the Iwi Consultative Committee, Community Boards, the Youth Council and the Senior Council.

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

Strategic planning processes are also included in this group of activities. The development, sharing and implementation of good plans and policies are the foundation of good governance. Of special importance is our participation in the Waikato Mayoral Forum, which works to ensure consistent local government application across communities, cost cutting through sharing of services and the provision of cohesive community leadership. Within this strategic planning role are a number of planning initiatives including the Waipā 2050 Growth Strategy and the Future Proof Sub-regional Strategy. The Waipā 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 levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Council and Community Boards.	The Community have access to timely and accurate information and are informed about Council and Community Board decisions.	The percentage of official information requests responded to within statutory timeframes.	100%	100%	100%	Achieved.
		Percent of respondents to residents perception survey ² who are satisfied with Council “for being transparent and	New measure	≥29%	30%	Achieved.

² From Waipa District Council Annual Resident Perception Survey result. Satisfied are those percent of individuals who scored Council a 8-10 on the ten point survey scale. Full working of question: “How would you rate Council for being transparent and communicating openly?”.

		communicating openly.”				
Communications and Engagement.	We respond to our communities questions and concerns in a timely manner.	Average time taken to send an initial response to new messages received through our Facebook channel is within 4 hours.	New measure	≤4 hours	0.83 hours	Achieved.
	Our digital communities continue to grow and engage with Council.	% increase year to year of all submissions to Council’s consultation processes ³ that were made online.	New measure	5% increase	31.98%	This is the first year these figures have been tracked and reported on. At the end of the 2019/20 financial year an achieved or not achieved result will be reported based on the change from 2018/19.

³ Special consultative procedure projects only.

Statement of cost of service

	2017/18 Long-term Plan Notes \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
REVENUE			
Council	-	-	10
Community Grants	39	42	39
Community Relationships	-	-	3
TOTAL REVENUE	39	42	52
OPERATING EXPENDITURE			
Council & Committees	2,446	2,587	2,621
Cambridge Community Board	181	188	188
Te Awamutu Community Board	179	184	184
Elections	7	18	34
Community Grants	379	783	705
Strategic Planning	1 2,249	3,545	2,265
Community Relationships	1,860	1,737	1,696
TOTAL EXPENDITURE	7,301	9,042	7,693
OPERATING NET COST OF SERVICE	(7,262)	(9,000)	(7,641)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	27	-	91
Debt Repayment (Internal)	579	587	587
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	606	587	678

Explanation of significant costs of service variances between LTP and Actual

1. Decrease in Strategic Planning expenditure of \$1.3m mainly due to moving Business Improvement expenditure to the Support Services area \$457,000, and timing of Town Concept Plans and Structure Plans which have been carried forward to 2019/20 year \$632,000.

Capital expenditure table

	2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
To Improve Level of Service			
Flag Tracking System	27	-	-
Council Chambers Upgrade	1 -	-	88
Major Events	-	-	3
TOTAL CAPITAL EXPENDITURE	27	-	91

Explanation of significant capital variances between LTP and Actual

1. Increase in Capital expenditure due to the final costs of the upgrade of Te Awamutu Council Chambers.

Waipa District Council funding impact statement for year ended 30 June 2019 for governance

	2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,904	6,592	5,827
Targeted rates	1,934	1,871	1,467
Subsidies and grants for operating purposes	39	42	48
Fees and charges	-	-	3
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	395	403
Total sources of operating funding (A)	7,877	8,900	7,748
Applications of operating funding			
Payments to staff and suppliers	3,698	4,875	3,520
Finance costs	80	117	98
Internal charges and overheads applied	2,787	2,829	2,844
Other operating funding applications	722	1,214	1,131
Total applications of operating funding (B)	7,287	9,035	7,593
Surplus (deficit) of operating funding (A - B)	590	(135)	155
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	27	-	3
- to replace existing assets	-	-	88
Increase (decrease) in reserves	563	(135)	64
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	590	(135)	155
Surplus (deficit) of capital funding (C - D)	(590)	135	(155)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	3,153	(587)	433	2,999	98

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 ensure animals are kept in a way that promotes animal welfare and community safety.
- To ensure buildings and swimming pools are safe for the community and related regulations and standards are met.
- To ensure the community and Council benefits from appropriate standards of development and infrastructure.
- To ensure the promotion and protection of our community's health and related regulations and standards are met.
- **Resource consents and monitoring** - To enable community aspirations through appropriate development and activities aligned with the District Plan.
- **Land information memorandums** - To ensure property owners and potential owners have access to important information about that property and any associated buildings.



The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 3: Planning and regulatory community outcomes

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

Identified effects on community wellbeing

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

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

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

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

Statement of service performance - Planning and regulatory:

What to expect from us:

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

Tracking against service performance measures:

Table 4: Planning and regulatory levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Animal control	Animal control is managed in a way that ensures support is provided to both animals and the community in a timely manner.	The percentage of urgent dog attack allegations acted upon within one hour of Council being notified. ⁴	97.62%	95%	100%	Achieved.
Building control	We ensure that buildings, including earthquake prone	Building consent applications are	99.21%	100%	100%	Achieved.

⁴ Urgent is defined as a dog attack on a human or other animal where the Council has been notified within 12 hours of the event. Acted upon is defined as a phone call or site visit.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	buildings, are safe and fit for purpose.	processed within statutory timeframes. ⁵				
Development Engineering	We are responsive to enquiries and requests for information.	Enquiries are responded ⁶ to within 4 working days.	100%	95%	89.76%	Not achieved. This result is a reflection on the resourcing pressures for Development Engineering. The volumes of consents have been high with resources also engaged with addressing a large influx of customer enquiries with the roll out of the new wheelie bins. A business case is currently being prepared which outlines options to address these pressures.
Environmental health	We ensure the public sale and supply of alcohol is undertaken safely and responsibly	All premises that sell alcohol are licensed.	New measure	100%	100%	Achieved.
	Noise and smoke control is provided to the community in a timely manner.	The percentage of excessive noise complaints investigated within 1 hour.	93.46%	95%	93.61%	Not achieved. This result is due to slower response times earlier in the year. Performance is now tracking well but not sufficient to meet the target over the full year. The contract is currently with an interim Contractor pending finalisation of a tender process.

⁵ The Building Act 2004 states the time limit is “within 20 working days after receipt by the building consent authority of the application”.

⁶ Responded to is defined as contact with the requestor (could include phone call or visit).

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
		The percentage of smoke complaints investigated within 1 hour.	96.83%	95%	98%	Achieved.
	Food premises maintain a high level of food safety.	All premises that sell food to the public are registered.	New measure	100%	100%	Achieved.
Resource consents and monitoring, and land information memorandums (LIMs)	We process all applications within agreed timeframes.	The percentage of Resource Consents processed within statutory timeframes.	100%	100%	100%	Achieved.
		The percentage of LIMs processed within statutory timeframes.	100%	100%	100%	Achieved.
	We ensure we investigate compliance with the District Plan when requested.	We respond ⁷ to requests to check compliance of the District Plan and land use consents within 4 working days.	100%	100%	100%	Achieved.

⁷ Responded to is defined as contact with the requestor (could include phone call or visit) or e-mail to the accused.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	We ensure that swimming pools and fencing that are required to be inspected are safe and compliant.	We will inspect 500 swimming pool fences per annum. ⁸	New measure	500	190	Not achieved. A revised administration and inspection regime is to be established to increase productivity in this area over the next year.

⁸ The Building Act 2004 states - All swimming pools in the District must be inspected every 3 years from 1 January 2017.

Statement of cost of service

		2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Resource Management	1	1,241	1,497	1,921
Building Control	2	1,980	2,299	2,578
Environmental Health		406	423	428
Animal Control		462	528	542
Development Engineering	3	379	243	337
TOTAL REVENUE		4,468	4,990	5,806
OPERATING EXPENDITURE				
Resource Management	1	1,779	2,431	2,572
Building Control		2,081	2,354	2,344
Environmental Health		918	1,006	1,013
Animal Control		724	811	763
Development Engineering	3	845	700	946
TOTAL EXPENDITURE		6,347	7,302	7,638
OPERATING NET COST OF SERVICE		(1,879)	(2,312)	(1,832)
CAPITAL EXPENDITURE				
Capital Expenditure (excluding Vested)		-	-	-
Debt Repayment		-	22	22
TOTAL CAPITAL EXPENDITURE		-	22	22

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 partially offset by additional costs.
2. Building Control revenue was higher than budget, the number of consents received was higher than expected.
3. Development Engineering expenditure higher than budget mainly due to higher consultancy costs to cover vacant staff positions. This has been partially offset by an increase in revenue.

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

Waipa District Council funding impact statement for year ended 30 June 2019 for planning and regulatory

	2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,586	2,107	2,120
Targeted rates	291	226	225
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,468	4,989	5,726
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	6,345	7,322	8,071
Applications of operating funding			
Payments to staff and suppliers	4,902	5,535	5,877
Finance costs	-	10	8
Internal charges and overheads applied	1,440	1,751	1,741
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,342	7,296	7,626
Surplus (deficit) of operating funding (A - B)	3	26	445
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	3	26	445
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3	26	445
Surplus (deficit) of capital funding (C - D)	(3)	(26)	(445)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	236	(22)	-	214	7

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
- 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

- **Open Space:** To ensure the provision of appropriate open spaces which provide for, and support opportunities for the community's health and recreation needs to be met.
- **Playgrounds:** To ensure the provision of playgrounds which provide for and support opportunities for the communities to engage in safe and stimulating play.
- **Public Toilets:** To ensure the provision of an adequate and accessible network of public toilets which meets the needs of the community and visitors to the district.
- **Cemeteries:** To ensure the provision of adequate and appropriate places for interment and remembrance.
- **Libraries:** To ensure the provision of accessible facilities, resources and services which support the community's learning and leisure needs.
- **Community Land & Buildings:** To ensure the provision of land and buildings within the community that supports social and recreational interaction.
- **Pensioner Housing:** To ensure the provision of suitable housing within the District for elderly of limited financial means.
- **Heritage:** To ensure the support of the identification, celebration, protection, and promotion of Waipā District's heritage which enriches the lives of current and future generations of locals and visitors.

- **Swimming pools:** To ensure the provision of appropriate Public Swimming Pools which provide for, and support opportunities for the community's health and recreation needs to be met.
- **Waste management & minimisation:** To ensure the District's waste is managed in an appropriate way that minimises waste to landfill and maximises sustainability.

The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 5: Community services and facilities community outcomes

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

Identified effects on community wellbeing

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

Statement of service performance: Community services and facilities

What to expect from us:

- **Parks and reserves** – We enhance the Waipā environment by providing multi-purpose open spaces for opportunities for health and recreation.
- **Public toilets** – We ensure an affordable network of well-maintained public toilets is available to both the community and visitors to the district.
- **Public library** – We provide opportunities and places for affordable learning and leisure which the community sees as a valuable public service.
- **Community land and buildings** – We provide venues within our communities to support social and recreational interaction.
- **Pensioner housing** – We provide secure and safe affordable housing in a communal environment for aged persons with limited means.
- **Museums** – We provide opportunities and places for affordable cultural learning and leisure which the community sees as a valuable public service.
- **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 levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Parks and reserves	Provision of an adequate network of multi-purpose open spaces which provide for passive and active recreation and sporting activities.	The number of complaints received ⁹ (per 1,000 population) regarding open spaces. ¹⁰	New measure	≤3.5	4.34	Not achieved. The number of complaints reflects continued tension between the high expectations of customers and the available resourcing to meet expectations. Additional resources in the Cambridge Parks Team from mid-January 2019 has helped reduce the number of CRM's received.
	Provision of an adequate network of playgrounds which provide for safe and stimulating play.	The number of complaints received ¹¹ (per 1,000 population) regarding playgrounds.	New measure	≤0.6	0.58	Achieved.
	Provision of an adequate and accessible network of public toilets which meets the needs of the community	The number of complaints ¹² (per 1,000 population) regarding public toilets.	New measure	≤2.0	0.93	Achieved.

⁹ Complaints defined as: public calls relating to either the condition of the facility or the quality of the service in which dissatisfaction is directly expressed or is implied.

¹⁰ Open space defined as amenity, conservation, neighbourhood, premier, and sports ground land managed by Parks and Reserve for recreational use.

¹¹ Complaints defined as: public calls relating to either the condition of the facility or the quality of the service in which dissatisfaction is directly expressed or is implied.

¹² Complaints defined as: public calls relating to either the condition of the facility or the quality of the service in which dissatisfaction is directly expressed or is implied.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment	
	and visitors while minimising public health risks and environmental impact, in a way that is most cost-effective.						
	Provision of accessible cemeteries and interment services which meets the needs of the community.	The number of complaints received ¹³ (per 1,000 population) regarding cemeteries.	New measure	≤0.3	0.25	Achieved.	
		The number of complaints received ¹⁴ (per 1,000 population) regarding burial records	New measure	≤0.3	0.06	Achieved.	
Public Libraries	Provision of library facilities with sufficient resources and services which provide the necessary support for the communities	% of population who are active ¹⁵ library users	69.57%	65%	71.95%	Achieved.	
		The number of walk-in library visitors per annum ¹⁶	Cambridge	108,502	108,000	No result.	The door counters in both Te Awamutu and Cambridge libraries are no longer operational therefore a result cannot be reported. Work is underway to investigate and select alternative technology to be implemented in the 2019/20 year.
			Te Awamutu	121,564	100,000	No result.	

¹³ Complaints defined as: public calls relating to either the condition of the facility or the quality of the service in which dissatisfaction is directly expressed or is implied.

¹⁴ Complaints defined as: public calls relating to either the quality or accuracy of the burial records in which dissatisfaction is directly expressed or is implied.

¹⁵ Active – library card used in past 2 years

¹⁶ Results previously provided as a combined total, now split by site. This is a new measure in the current year and as such this prior year result has not been audited.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	learning and leisure needs.	Size of the Library collection compared to the LIANZA standard of 3 items per resident.	3.09	2.95 to 3.05	3.09	Not achieved. The year-end measure is slightly above target as staff continue to withdraw old and unused books on an ongoing basis. There are some challenges with undertaking this work associated with staff availability and storage of items once withdrawn. Withdrawn items are recycled, and some sold on, but there is limited space to accommodate these items while waiting to sell. It is anticipated with a growing population, the current numbers will align to meet or be below this target, as library space is restricting the ability to grow the collection to meet population growth.
Property services	Council are responsive to community Land and Building related service requests	The median response time (hours) for an urgent ¹⁷ service request relating to land and buildings to be actioned.	2.07 hours	2 hours	1.53 hours	Achieved.
		The median response time (days) for a non-urgent ¹⁸ service request relating to land and buildings to be actioned.	0.87 days	2 days	0.83 days	Achieved.

¹⁷ Urgent service requests defined as a health & safety or public safety issue.

¹⁸ Non-urgent service requests defined as any other service request other than a health & safety or public safety issue.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	Council are responsive to pensioner housing related service requests	The median response time (hours) for an urgent ¹⁹ service request relating to pensioner housing to be actioned.	0.44 hours	2 hours	0.57 hours	Achieved.
		The median response time (days) for a non-urgent ²⁰ service request relating to pensioner housing to be actioned.	0.1 days	2 days	0.11 days	Achieved.
Heritage	The District's community and visitors are provided with appropriate opportunities to experience the District's heritage through interpretation, education and conservation delivered directly	The percentage of visitors surveyed who were satisfied with their Heritage Facility visit. ²¹	82.22%	85% ²²	95.05%	Achieved.
		Number of annual visitors to key Heritage sites. Te Awamutu ²³	7,510	7,800 ²⁴	6,430	Not achieved. Museum visitors continue to track below target. A number of factors may be contributing; limited parking in the area, lower pedestrian counts, isolated location and standard of facilities. The location of Te Ara Wai to which the TA Museum will be relocated is anticipated to reduce this trend.

¹⁹ Urgent service requests defined as a health & safety or public safety issue.

²⁰ Non-urgent service requests defined as any other service request other than a health & safety or public safety issue.

²¹ As identified through the Museum's survey questionnaire.

²² Increase anticipated from 2024-25 following completion of the proposed Heritage Centre.

²³ Excludes school students visiting the museum as part of the LEOTC programme.

²⁴ Significant increase anticipated from 2024-25 following completion of the proposed Heritage Centre.

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	by Council and through partnerships.		Pirongia Visitor Centre	New measure	3,500	3,277	Not achieved. The result is only marginally under target. Its location on a major tourist route (SH3) means the majority of visitors are passing tourists and so numbers will vary with changes in the tourist industry. The result seen here is likely to reflect this.
			Cambridge Museum	New measure	5,200	5,104	Not achieved. This result is only marginally under target. The Museum is currently working towards a new facility.
			Lake Ngāroto	New measure	39,500	56,200	Achieved.
		The number of school students experiencing Heritage based through the LEOTC ²⁵ programme.		3,040	4,400	4,139	Not achieved. The result is significantly higher than the 2017/18 year and only marginally under target. This is a reflection of the following factors; an Educator vacancy period of two months, teacher strike action, cost of transport and availability of parent help to assist with school trips.
Swimming pools	Safe and pleasant aquatic facilities	The percentage	Te Awamutu	82%	80%	82%	Achieved.

²⁵ Learning Experience Outside the Classroom.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment	
	are provided which offer a variety of casual and programmed activities which cater for the needs of the community.	of users satisfied with swimming pool services (via survey mechanism)	Cambridge	69%	-	-	The Cambridge pool is currently closed as it is undergoing a planned redevelopment.
		The number of admissions per annum. ²⁶	Te Awamutu	135,914 ²⁷	120,000	140,880	Achieved.
			Cambridge	20,143 ²⁸	- ²⁹	-	The Cambridge pool is currently closed as it is undergoing a planned redevelopment.
		The percentage of compliance with water quality standards. (no. of tests compliant).	Te Awamutu	98%	85%	92.29%	Achieved.
	Cambridge		98%	-	-	The Cambridge pool is currently closed as it is undergoing a planned redevelopment.	

²⁶ Results previously provided as a combined total, now split by site.

²⁷ Note the combined admissions were audited for the 2017/2018 Annual Report.

²⁸ Note the combined admissions were audited for the 2017/2018 Annual Report.

²⁹ Cambridge Pool will be closed for all of 18/19 and a portion of 19/20 due to the upgrade therefore the targets have been set to reflect this.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Waste management and minimisation	Provision of an effective waste minimisation education programme.	Annual average quantity (kg) of recycled material per household. ³⁰	New Measure ³¹	192	188	Not achieved. In the past year there has been a lot of focus in the media about recycling and the issues facing the recycling sector nationally and internationally. This may have influenced peoples behaviours, in consuming less single use plastics or in not recycling as much because they don't believe it is getting recycled. Both or either may have contributed to the slightly less recycling collected over the past year.
	Provision of a reliable kerbside recycling service.	Number of justified ³² complaints received about kerbside recycling collection services.	51	≤144	255	Not achieved. Complaint numbers exceeded the target due to a number of factors. The previous contactor's service levels dropped as their contract came to an end. When the new contractor started in March they had to use a temporary fleet of very old trucks until the new wheelie bin service began. This resulted in truck reliability issues and an increase in justified complaints. With the new wheelie bins in place this result is expected to reduce below target over the next financial year.

³⁰ Household defined as: a property rated for recycling.

³¹ 2017/18 result was 171 but was not audited as part of Annual Report as it is a new measure.

³² Justified is defined as: a missed collection of recycling due to a contractor error.

Statement of cost of services

		2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Parks and Reserves		-	-	68
Mighty River Domain	1	635	760	998
District Museums		113	96	96
District Libraries		236	191	176
District Pools	2	-	182	2,154
Cemeteries		184	188	255
Public Toilets		31	-	1
Properties	3	792	836	2,880
Pensioner Housing & Own your Own Housing	4	1,188	1,030	1,333
Rural Fire/Civil Defence		97	159	169
Waste Management		159	205	236
TOTAL REVENUE		3,435	3,647	8,366
OPERATING EXPENDITURE				
Parks and Reserves	5	4,755	6,805	6,120
Mighty River Domain		1,128	1,590	1,534
District Museums		1,036	1,144	1,216
District Libraries		1,901	1,972	1,863
District Pools	2	2,016	2,147	3,183
Heritage		499	534	304
Cemeteries		317	352	349
Public Toilets		571	645	670
Properties	6	1,479	3,680	4,706
Pensioner Housing & Own your Own Housing	4	980	1,255	1,290
Forestry		119	106	68
Rural Fire/Civil Defence		326	299	286
Waste Management	7	1,563	1,352	2,236
National Cycle Centre of Excellence		54	30	24
TOTAL EXPENDITURE		16,744	21,911	23,849
OPERATING NET COST OF SERVICE		(13,309)	(18,264)	(15,483)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		11,461	23,412	12,167
Vested Assets		-	-	-
Debt Repayment (Internal)		1,346	538	680
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		12,807	23,950	12,847

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Mighty River Domain revenue of \$238,000 due to hireage of the facilities being higher than anticipated.

2. Consolidation of the Community Facilities Trust has resulted in higher revenue and expenditure than what was budgeted in the 2018-28 Long Term Plan.
3. Increase in Properties income of \$2m mainly from profit on sale of Addison Street Development and an increase in non-core paper road sales.
4. Increased Revenue of \$303,000 and expenditure of \$35,000 in Pensioner Housing & Own your Own Housing which is mainly due to the delay in sale of Palmer Street Units.
5. Decrease of parks and reserves operating expenditure of \$685,000, mainly from savings in employee expenditure due to vacant positions, underspend in public conveniences, amenity and conservation reserves.
6. Increase in Properties operating expenditure due to impairment of earthquake prone buildings.
7. Increase in Waste Management expenditure of \$884,000 due to increased recycling costs with current market conditions and the new contract.

Capital expenditure table

		2017/18	2018/19	2018/19
	Notes	Long-term Plan \$000	Long-term Plan \$000	Actual \$000
To Meet Additional Demand				
Buffer Reserve Land Purchase		105	-	58
Property from Contribution Swap or Subdivision Developments		-	-	165
Reserve Purchases - Developments		-	150	-
Playground Reserve Land Cambridge North	1	420	431	1
Playground on Neighbourhood Reserve Cambridge North		-	57	-
Total Capital Expenditure to Meet Additional Demand		525	638	224
To Improve Level of Service				
Cambridge Town Pool Development	2	7,613	12,904	5,241
Cambridge Town Hall Upgrades		37	200	13
Reserve Developments		134	253	196
Development & Restoration of Lake Ngaroto		168	261	213
Cambridge Town Belt Development		-	50	34
Karapiro Domain Improvements		-	190	74
Peat Lake Programme		-	5	5
Discretionary Community Facility Projects		53	-	-
Storage Facilities for Climax Engine		-	100	-
Colgan Street Development - Property	3	-	650	-
Addison Street Development - Property		391	-	(67)
Karapiro Minor Assets (Don Rowlands Centre)		16	-	-
Waiari Pa - Access & Restoration Planning		-	5	-
Pukemako A & B - Planning & Restoration		-	15	-
Land Wars - Site Interpretation and Facilities		-	12	-
Flour Mill Sites - Access and Interpretation		-	15	1
Cycling - Te Awamutu/Ngaroto/Pirongia Connection	4	-	917	58
Kakepuku - Interpretation & Restoration		-	5	-
Public Conveniences - New Toilet Blocks		53	134	90
Purchase of Own Your Own Units		137	-	-
Renew Pensioner Housing - Palmer Street		682	-	-
Pensioner Housing - Upgrade and New Buildings	5	314	2,940	147
Purchase of land for Te Awamutu Western Arterial		209	300	185
Mt Pirongia - collaboration with DOC		-	45	9
Erosion Control and Amenity Enhancement		-	120	-
Design and Build Discovery Centre		32	560	764
Discovery Centre - Exhibition Planning, Design, Development & Install		-	200	30
Te Awamutu Community Hub Precinct		25	25	24
Waipuke Reserve Development		-	100	112
Lake Mangakaware Enhancement of Heritage Values		79	-	2
Matakitaki Access & Restoration		33	-	5
Rata-Tu Reserve Implementation of Management Plan		63	-	-
Recycling Bins	6	-	-	1,488
Cemeteries Health & Safety Improvement		-	-	26
Lake Ngaroto Restoration Reserve	7	-	-	391

Slip Remediation	-	-	211
Lake Rotopiko - Reserve Development	-	-	4
EOC IT Hardware Procurement (Civil Defence)	-	-	24
Mangakaware - Restoration & Development	-	-	14
Maungatautari - Hicks Rd Formation	-	-	5
Museum Minor Assets	-	-	7
Heritage Showcase Sites & Mobile App Planning Design	8	-	734
Pioneer Bike Park Skills	-	-	3
Destination Playgrounds	-	305	250
Land Acquisition - Structure Plan areas and Esplanade Reserves	9	-	350
Purchase of Land for Te Awamutu Hub Development	-	400	330
Total Capital Expenditure to Improve Level of Service	10,039	21,061	10,626
To Replace Existing Assets			
Karapiro / Arapuni Lakes Programme	26	-	-
Playground Equipment & Safety Surfaces Renewal	48	57	44
Parks Structure Renewals	72	57	52
Plant Replacement - Mighty River Domain	14	12	12
Carpark Renewals	63	126	-
Library Books Te Awamutu	171	173	173
Library Books Cambridge	171	174	174
District Pools Plant Renewals	-	724	568
Other Minor Asset Renewals	-	390	294
Total Capital Expenditure to Replace Existing Assets	565	1,713	1,317
TOTAL CAPITAL EXPENDITURE	11,129	23,412	12,167

Explanation capital expenditure variances between LTP and Actual

- Budget not spent for the purchase of Playground Reserve Land in Cambridge North of \$430,000 due to timing of the development. This project has been carried forward to 2019/20.
- Cambridge Pool Development capital expenditure is less than the 2018-28 LTP budget by \$7.66m due to the delay in timing of this project. This budget has been carried forward to the 2019/20 year.
- Budget not spent for the Colgan Street Development of \$650,000 because of the delay in rezoning due to objections.
- Spend on the Te Awamutu to Pirongia Cycling connection project is less than the 2018-28 LTP budget by \$859,000 due to the delay in obtaining landholder consents.
- Budget has not been spent for Pensioner Housing upgrade and new buildings of \$2.79m due to delay in timing of this project.
- The cost of the new Recycling Bins was not allowed for in the 2018-28 LTP.
- Lake Ngaroto Restoration Reserve is more than the 2018-28 LTP budget by \$391,000 due to a delay in the project caused by consent and regulatory delays. This has been carried forward from 2017/18.
- Heritage Showcase Sites and Mobile App Planning Design spend is higher than the 2018-28 LTP budget as this budget was brought forward from 2019/20 to align with the development of Journeys project and heritage spoke sites. The rest of the budget was transferred from another project.

9. Budget not spent for the purchase of Land Acquisition – Structure Plan areas and Esplanade Reserves of \$347,000 due to timing of the development. This project has been carried forward to 2019/20.

Waipa District Council funding impact statement for year ended 30 June 2019 for community services and facilities

	2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,626	12,393	12,489
Targeted rates	5,068	4,790	4,797
Subsidies and grants for operating purposes	53	11	29
Fees and charges	3,382	3,505	6,337
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	2,013
Total sources of operating funding (A)	18,129	20,699	25,665
Applications of operating funding			
Payments to staff and suppliers	12,644	15,380	15,838
Finance costs	525	674	533
Internal charges and overheads applied	2,404	2,779	2,695
Other operating funding applications	341	360	346
Total applications of operating funding (B)	15,914	19,193	19,412
Surplus (deficit) of operating funding (A - B)	2,215	1,506	6,253
Sources of capital funding			
Subsidies and grants for capital expenditure	2,157	2,040	708
Development and financial contributions	307	544	517
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	1,244
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,464	2,584	2,469
Applications of capital funding			
Capital expenditure			
- to meet additional demand	525	638	224
- to improve the level of service	10,371	21,061	10,626
- to replace existing assets	565	1,713	1,317
Increase (decrease) in reserves	(6,782)	(19,322)	(3,445)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	4,679	4,090	8,722
Surplus (deficit) of capital funding (C - D)	(2,215)	(1,506)	(6,253)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised 0	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	16,378	(631)	7,699	23,446	530
Total	16,378	(631)	7,699	23,446	530

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 ensure the ongoing provision of an adequate local transport network which supports the transportation of people, goods, and services as an integral part of everyday community activity.




The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 7: Roads and footpaths community outcomes

Goals	Community outcomes
 Economically progressive	<ul style="list-style-type: none">Our services are acknowledged as excellent value for money.
 Socially responsible	<ul style="list-style-type: none">Waipā offers an excellent quality of life.
 Environmental & cultural champions	<ul style="list-style-type: none">We are recognised as an environmental and cultural leader.

Identified effects on community wellbeing

The Roding and Footpaths Group of activities provides the means for the transport of goods and people throughout the district and provides major social and economic benefits. It connects communities 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 levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Roads and Footpaths	Roads are designed and managed to reduce the risk of harm to users.	Number of deaths and serious injuries on Waipā local roads per annum (five year average).	18	≤Prior Year Result	22.2	Not achieved. Increasing traffic on the road network due to population and economic growth increases the risk of death and serious injury crashes. Waipa District Council's increases are similar to the rest of NZ.
		The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. [M]	6 more	Decrease	5 more	Not achieved. Increasing traffic on the road network due to population and economic growth increases the risk of death and serious injury crashes. Waipa District Council's increases are similar to the rest of NZ.
	The existing network is well maintained.	The percentage of the sealed local road network that is resurfaced. ³³ [M]	71.90%	75%-120%	71.43%	Not achieved. High bitumen prices in the second and third quarter reduced the quantum of sealing work that could be completed within the available budget. Consequently some sealing was delayed on the basis of a risk

³³ As compared to the average annual target set in the Asset Management Plan (82.6 centre line km per year).

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
						assessment, roads with greater need were sealed and others will be caught up in the next financial year.
		The percentage of footpaths whose condition meets the desired minimum standard for condition. ³⁴ [M]	98.42%	≥90%	98.27%	Achieved.
		The percentage of vehicle kilometres travelled on smooth sealed local roads. ³⁵ [M]	95%	88.5%	93%	Achieved.
	We are responsive to roading issues raised by the community	The % of customer service requests relating to roads & footpaths within the time frame specified in the long term plan. ³⁶ [M]	90.89%	90%	83.13%	Not achieved. A combination of factors has affected Council's ability to close out requests including resource constraints, new road maintenance contractor start and council staff turnover. These factors are now reduced and service levels are expected to increase over time.

³⁴ Full wording of mandatory measure is: The percentage 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). For Council this is based on a five point scale (excellent, good, average, poor and very poor) the percentage will be the length of footpath recorded as average, good or excellent condition grade.

³⁵ 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 October 2017 and includes updates on arterial and collector roads completed in March 2019. Those results are used to determine the 30th June 2019 result.

³⁶ 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 – 10 working days.

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
		% (by length) of urban roads ³⁷ which have a footpath on at least one side		85.93%	88%	88.77%	Achieved.
	Alternative transport options are available and promoted	Usage of the ratepayer funded passenger transport services	Bus ³⁸	127,595 ³⁹	≥Prior Year Result	135,942	Achieved.
Total Mobility			New measure	-	-	Total mobility service started in 1 May 2019 and has only very small numbers to date. Hence the target was set at zero for the 2018/19 financial year. Council will be able to report meaningful numbers in the 2019/20 year.	
Length of new cycling facilities built annually ⁴⁰		New measure	4.15km	-	Not achieved. The target was set with the expectation that the Te Awa Cycleway project would be largely complete. This project has been held up by property easement negotiations and is instead likely to be completed in 2019/20.		

³⁷ Urban roads defined as those with a speed limit of 70 kilometres/hr. or less.

³⁸ Te Awamutu and Cambridge services to Hamilton.

³⁹ This is a new measure and as such this prior year result has not been audited.

⁴⁰ Council constructed only excluding vested.

Statement of cost of service

	2017/18 Long-term Plan Notes \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
REVENUE			
Fees, charges and NZTA subsidy	6,964	7,567	7,712
TOTAL REVENUE	6,964	7,567	7,712
OPERATING EXPENDITURE			
Depreciation and Amortisation	9,636	9,589	9,713
Activity Expenses	1 7,825	8,664	11,862
Internal charges and Overheads	1,495	1,513	1,615
Finance Costs	2 637	884	621
TOTAL EXPENDITURE	19,593	20,650	23,811
OPERATING NET COST OF SERVICE	(12,629)	(13,083)	(16,099)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	10,889	12,658	8,443
Vested Assets	1,465	5,401	5,879
Debt Repayment (Internal)	1,809	1,022	2,096
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	14,163	19,081	16,418

Explanation of significant costs of service variances between LTP and Actual

1. Increase in activity expenses of \$3.2m, mainly from loss on disposal of \$4.16m due to asset database improvements (offset by discovered assets). This increase has been offset by savings in maintenance budgets.
2. Finance costs are lower than expected due to reduced requirement for loans on capital work.

Capital expenditure table

		2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Capital Projects	1	389	800	185
St Ledger Road		207	-	(57)
Urban Upgrades - Development Related		52	50	-
Total Capital Expenditure to Meet Additional Demand		648	850	128
To Improve Level of Service				
Seal Extensions		518	500	492
New Footpaths		40	120	116
Car Park Improvements		83	86	7
Town Concept Plans Implementation	2	518	1,405	114
Passenger Transport Infrastructure		10	-	-
Street Light Improvements		445	350	259
Cycling Projects District Wide	3	352	1,470	318
Associated & Minor Improvements		1,019	950	669
Cambridge Bypass Roading Improvements		-	460	180
CBD Accessibility Improvements		104	139	61
Bridge Footpath Widening		20	20	-
Cambridge Gateways Project		-	-	-
Total Capital Expenditure to Improve Level of Service		3,109	5,500	2,216
To Replace Existing Assets				
Footpath Renewals		332	403	389
Amenity Lighting Renewals		2	-	5
Car Park Renewals		77	80	20
Drainage Renewals		370	380	218
Sealed Road Resurfacing		2,867	2,450	2,795
Unsealed Road Metalling		100	60	106
Pavement Rehabilitation	4	3,000	2,550	688
Structures Component Renewal	5	301	300	1,743
Traffic Services Renewals		25	25	21
Guardrail Renewals		50	50	52
Bridge Renewals		-	-	62
Bus Shelter Renewals		8	10	-
Total Capital Expenditure to Replace Existing Assets		7,132	6,308	6,099
TOTAL CAPITAL EXPENDITURE		10,889	12,658	8,443

Explanation of significant capital variances between LTP and Actual

1. The majority of the Growth projects in Cambridge North have been deferred due to timing of developments.

2. The majority of the Town Concept Plan work has been deferred to align with NZTA work in Ohaupo and Te Ara Wai in Te Awamutu.
3. The majority of the cycling projects district wide has been deferred due to delay in landholder consents for the Te Awamutu to Pirongia Cycleway and the timing of the next stage of Te Awa.
4. The Pavement Rehabilitation budget was lower than expected mainly due to \$1.66m being transferred to Structures Component Renewals in order to complete the Te Pahu Road bridge.
5. Additional capital expenditure was required for Structures component renewals in order to complete structural work on Te Pahu Road and Bowman Road Bridges.

Waipa District Council funding impact statement for year ended 30 June 2019 for roads and footpaths

	2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,355	10,949	11,018
Targeted rates	1,695	1,451	1,443
Subsidies and grants for operating purposes	2,768	2,968	3,225
Fees and charges	23	688	763
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	14,841	16,056	16,449
Applications of operating funding			
Payments to staff and suppliers	6,886	7,664	7,000
Finance costs	637	884	621
Internal charges and overheads applied	1,495	1,513	2,125
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,018	10,061	9,746
Surplus (deficit) of operating funding (A - B)	5,823	5,995	6,703
Sources of capital funding			
Subsidies and grants for capital expenditure	4,173	3,822	3,628
Development and financial contributions	686	1,207	1,261
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	925
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,859	5,029	5,814
Applications of capital funding			
Capital expenditure			
- to meet additional demand	648	850	128
- to improve the level of service	3,109	5,500	2,216
- to replace existing assets	7,132	6,308	6,099
Increase (decrease) in reserves	(207)	(1,634)	4,074
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	10,682	11,024	12,517
Surplus (deficit) of capital funding (C - D)	(5,823)	(5,995)	(6,703)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	19,164	(2,096)	491	17,559	621
Total	19,164	(2,096)	491	17,559	621

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 Waipā's public rural drains (where these are defined).

Why we do it

To ensure the adverse effects of stormwater run-off and flooding on the community and the environment are minimised.




The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 9: Stormwater community outcomes

Goal	Community outcomes
 Economically progressive	<ul style="list-style-type: none">Our services are acknowledged as excellent value for money.
 Environmental and cultural champions	<ul style="list-style-type: none">We are recognized as environmental and cultural leaders.
 Socially responsible	<ul style="list-style-type: none">Waipā offers an excellent quality of life.

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 levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment	
Stormwater	Provision of a safe and reliable stormwater system which minimises flooding and environmental impact	The number of complaints received about the performance of the stormwater system. ⁴¹ [M]	7.32	≤10	3.88	Achieved.	
		Compliance with the resource consents for discharge from the stormwater system. ⁴²	Number of Abatement notices. [M]	-	-	-	Achieved.
			Number of Infringement notices. [M]	-	-	-	Achieved.
			Number of Enforcement orders. [M]	-	-	-	Achieved.
			Number of Convictions. [M]	-	-	-	Achieved.

⁴¹ 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.

⁴² 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 prosecutions, received by the territorial authority in relation to those resource consents.

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
		The number of flooding events in the district. ⁴³ [M]	-	≤5	-	Achieved.
		For each flooding event, the number of habitable floors affected. ⁴⁴ [M]	-	≤0.09	-	Achieved.
		The median response time (hours) to attend a flooding event from the time that notification is received. ⁴⁵ [M]	No flooding events	2	No flooding events	Achieved.

⁴³ Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

⁴⁴ 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).

⁴⁵ 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

	2017/18 Long-term Plan Notes	2018/19 Long-term Plan	2018/19 Actual
	\$000	\$000	\$000
REVENUE			
Fees and Charges	-	63	46
TOTAL REVENUE	-	63	46
OPERATING EXPENDITURE			
Depreciation and Amortisation	1,320	1,343	1,408
Activity Expenses	1 1,387	1,812	3,384
Internal charges and Overheads	391	462	468
Finance Costs	-	-	-
TOTAL EXPENDITURE	3,098	3,617	5,260
OPERATING NET COST OF SERVICE	(3,098)	(3,554)	(5,214)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	1,935	6,886	5,995
Vested Assets	2 577	2,939	2,460
Debt Repayment (Internal)	-	-	-
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	2,512	9,825	8,455

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Activity Expenses of \$1.57m mainly due to impairment of assets of \$1.41m and loss on disposal of assets due to database improvement work of \$443,000. The loss on disposal of assets has been offset by discovered assets.
2. Vested assets are lower than budgeted due to timing of development and split of the assets that have been vested between the four infrastructural asset groups.

Capital expenditure table

		2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge Growth Cells (C1,C2 and C3)	1	-	600	480
Hautapu Industrial Stormwater		-	220	94
Cambridge Deferred Residential Stormwater Works	2	1,721	5,106	4,088
Kihikihi Stormwater Works		-	-	96
Bond Road Stormwater Culvert		-	300	23
Total Capital Expenditure to Meet Additional Demand		1,721	6,226	4,781
To Improve Level of Service				
Consent, Remedial and Flood Mitigation Work		-	360	(124)
Total Capital Expenditure to Improve Level of Service		-	360	(124)
To Replace Existing Assets				
Renewals	3	214	300	1,338
Total Capital Expenditure to Replace Existing Assets		214	300	1,338
TOTAL CAPITAL EXPENDITURE		1,935	6,886	5,995

Explanation of significant capital expenditure variances between LTP and Actual

1. Capital expenditure for Cambridge Growth Cells has been deferred due to development timing.
2. Capital expenditure for Cambridge Deferred Residential Stormwater works has been delayed due to timing of capital projects. This has been carried forward to 2019/20 year.
3. Renewals have increased from the 2018-28 budget, mainly due to carryforward from the 2017/18 year for Williamson Street Renewals to align with Cambridge Pool Construction and increased rates for the new District Wide Stormwater Contract.

Waipa District Council funding impact statement for year ended 30 June 2019 for stormwater

	2017/18 Long-term Plan \$000	2018/19 Long-term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	192	231	231
Targeted rates	2,852	3,114	3,132
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	46
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	3,044	3,345	3,409
Applications of operating funding			
Payments to staff and suppliers	1,323	1,602	1,515
Finance costs	-	-	-
Internal charges and overheads applied	391	462	419
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,714	2,064	1,934
Surplus (deficit) of operating funding (A - B)	1,330	1,281	1,475
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,476	4,075	2,914
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	12
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,476	4,075	2,926
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,721	6,226	4,781
- to improve the level of service	-	360	(124)
- to replace existing assets	214	300	1,338
Increase (decrease) in reserves	871	(1,530)	(1,594)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,806	5,356	4,401
Surplus (deficit) of capital funding (C - D)	(1,330)	(1,281)	(1,475)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	-	-	777	777	-
Total	-	-	777	777	-

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

To ensure the community and the environment are protected from the adverse effects of wastewater.



The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 11: Wastewater treatment and disposal community outcomes

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

Identified effects on community wellbeing

Wastewater treatment and disposal is a cornerstone of public health. The Cambridge Wastewater Treatment Plant continues to be partially non-compliant with its resource consent, as a result Waipa District Council received two Abatement Notices in April 2019. Waipa District Council is working closely with Waikato Regional Council and Iwi partners on operational improvements and remedial work to address the issue short term. An upgrade to the plant is planned to improve the quality of the discharge long-term, as well as providing capacity for the growth of Cambridge.

Historic odour issues in areas of Cambridge are being targeted with current infrastructure upgrades and chemical dosing.

The Te Awamutu Wastewater Treatment Plant has been generally compliant over the past 12 months. Plant upgrades are continuing with stages one and two already completed.

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 levels of service and performance measures

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Wastewater	Provision of a safe and reliable system for the treatment and disposal of wastewater which minimises public health risks and environmental impact.	The number of dry weather sewerage overflows. ⁴⁶ [M]		0.19	≤1	0.18	Achieved.
		Compliance with consents for discharge from the sewerage system. ⁴⁷	Number of Abatement notices. [M]	-	-	2	Not achieved. The abatement notices were associated with ongoing resource consent non-compliance at Cambridge wastewater treatment plant. The planned upgrade will address this issue.
			Number of Infringement notices. [M]	-	-	-	Achieved.
			Number of Enforcement orders. [M]	-	-	-	Achieved.

⁴⁶ 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.

⁴⁷ 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 2017/18	Target for 2018/19	Actual for 2018/19	Comment
			Number of Convictions. [M]	-	-	-	Achieved.
		The median response time for call-outs in response to a sewerage overflow. ⁴⁸	The time (hours) from notification for service personnel to reach the site. [M]	0.48 hours	2 hours	0.97 hours	Achieved.
			The time (hours) from notification that resolution of a blockage or other fault. [M]	1.82 hours	6 hours	2.43 hours	Achieved.
		The number of complaints received about any of the following: odour, system faults, blockages, and the response to any of these issues. ⁴⁹ [M]		3.7	≤10	2.12	Achieved.

⁴⁸ 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.

⁴⁹ 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

	2017/18 Long-term Plan Notes	2018/19 Long- term Plan	2018/19 Actual
	\$000	\$000	\$000
REVENUE			
Fees and Charges	501	764	713
TOTAL REVENUE	501	764	713
OPERATING EXPENDITURE			
Depreciation and Amortisation	3,486	3,013	3,183
Activity Expenses	1 2,909	3,189	4,711
Internal charges and Overheads	901	1,135	1,173
Finance Costs	64	122	47
TOTAL EXPENDITURE	7,360	7,459	9,114
OPERATING NET COST OF SERVICE	(6,859)	(6,695)	(8,401)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	16,000	13,895	11,894
Vested Assets	2 221	2,552	1,779
Debt Repayment (Internal)	120	52	52
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	16,341	16,499	13,725

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Activity Expenses of \$1.52m mainly from impairment of assets of \$516,000, loss on disposal of assets due to database improvement work of \$521,000, additional expenditure required to complete wastewater model \$363,000, and additional operating costs to desludge the Cambridge Sewer Treatment Plan \$296,000. These costs have been offset by other savings within the group. The loss on disposal of assets has been offset by discovered assets.
2. Vested assets are lower than budgeted due to timing of development and split of the assets that have been vested.

Capital expenditure table

		2017/18 Long-term Plan \$000	2018/19 Long- term Plan \$000	2018/19 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Wastewater Provision		-	30	-
Cambridge Growth Cells (C1,C2 and C3)		-	50	8
Hautapu Industrial Wastewater	1	-	500	30
Te Awamutu Growth Provision (T1)		-	80	243
Te Awamutu Wastewater Pipe Upgrades	2	-	-	(438)
Te Awamutu Wastewater Treatment Plant Upgrade	3	2,542	1,094	1,886
Total Capital Expenditure to Meet Additional Demand		2,542	1,754	1,729
To Improve Level of Service				
Waikeria Prison Expansion	4	-	6,250	2,410
Cambridge Wastewater Treatment Plant Upgrade Stage 1	5	7,891	770	1,423
District Wide Modelling and Condition Assessment		-	-	(58)
Vogel and Alpha Street Odour Control		-	50	45
Total Capital Expenditure to Improve Level of Service		7,891	7,070	3,820
To Replace Existing Assets				
Renewals	6	802	1,274	1,674
Cambridge Pipe Bridge	7	4,575	3,500	3,821
Plant and Pumps	8	190	297	850
Total Capital Expenditure to Replace Existing Assets		5,567	5,071	6,345
TOTAL CAPITAL EXPENDITURE		16,000	13,895	11,894

Explanation of significant capital expenditure variances between LTP and Actual

- Hautapu Industrial Wastewater has been deferred to the 2019/20 year due to timing of project to align with other planned works.
- Te Awamutu Wastewater Pipe Upgrades has a negative balance due to impairment loss on prior years capital expenditure.
- Te Awamutu Wastewater Treatment plant upgrade capital budget has increased due to being carried forward from the 2017/18 year and increase in budget for new contract price.
- Waikeria Prison Expansion is lower than 2018-28 LTP budget due to delay in construction while the Prison expansion scope was determined.
- Cambridge Wastewater treatment plant upgrade is higher than budgeted due to amount carried forward from the 2017/18 year to complete the project.
- Renewals are higher than budgeted, mainly due to amount carried forward from the 2017/18 to this financial year for Williamson Street Renewals.
- Cambridge Wastewater Pipe upgrades work was deferred from 2017/18 to this financial year.

8. Plant and Pumps capital expenditure has increased mostly due to work being deferred from the 2017/18 year.

Waipa District Council funding impact statement for year ended 30 June 2019 for wastewater treatment and disposal

	2017/18 Long-term Plan \$000	2018/19 Long- term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	596	542	542
Targeted rates	6,300	6,553	6,547
Subsidies and grants for operating purposes	-	-	-
Fees and charges	501	561	540
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	7,397	7,656	7,629
Applications of operating funding			
Payments to staff and suppliers	2,809	2,789	3,605
Finance costs	64	122	47
Internal charges and overheads applied	901	1,135	1,345
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,774	4,046	4,997
Surplus (deficit) of operating funding (A - B)	3,623	3,610	2,632
Sources of capital funding			
Subsidies and grants for capital expenditure	-	4,750	-
Development and financial contributions	1,079	1,964	1,220
Increase (decrease) in debt	-	-	2,000
Gross proceeds from sale of assets	-	-	1,171
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,079	6,714	4,391
Applications of capital funding			
Capital expenditure			
- to meet additional demand	2,542	1,754	1,729
- to improve the level of service	7,891	7,070	3,820
- to replace existing assets	5,567	5,071	6,345
Increase (decrease) in reserves	(11,298)	(3,571)	(4,871)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	4,702	10,324	7,023
Surplus (deficit) of capital funding (C - D)	(3,623)	(3,610)	(2,632)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	1,439	(52)	5,334	6,721	47
Total	1,439	(52)	5,334	6,721	47

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 ensure our community benefits from the ongoing provision of potable water.



The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 13: Water treatment and supply community outcomes

Goals	Community outcomes
 Economically progressive	<ul style="list-style-type: none">▪ We are financially sustainable.▪ Our services are acknowledged as excellent value for money.▪ Waipā's growth is built on its strengths.
 Socially responsible	<ul style="list-style-type: none">▪ Waipā offers an excellent quality of life.

Identified effects on community wellbeing

The annual summer peak demand period adds significant pressure on the service's ability to source and treat sufficient water. The completion of the universal water metering has increased Council's ability to understand and manage this demand.

Alert Level One restrictions were implemented for the Te Awamutu & Pirongia schemes throughout the 2018/19 summer period and continued into the early part of Autumn (18th March) when demand fell below that at the start of the restriction period. This was due to a number of factors, including the continued lower than normal rainfall, above average temperatures and occasional water quality issues in the dam.

The water meters combined with network upgrades, additional abstraction consent from Frontier Road bore and additional treatment plant capacity at Cambridge were all key in maintaining water restriction alerts, the community did well to stay on Alert Level One given the limited rainfall. The remainder of the district staying off water restrictions.

Targeted water conservation messaging saw the Pukerimu rural water scheme (Ohaupo and Kaipaki areas) narrowly avoid having restrictions imposed.

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 levels of service and performance measures

Activity	The service we provide	How we measure success			Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Water treatment and supply	Provision of wholesome potable water within specified areas via a safe and reliable treatment and supply system.	The extent to which the local authority's drinking water supply complies with the drinking-water standards. ^{50, 51, 52.}	Water Treatment Plants – compliance with bacteriological criteria [M]	Alpha Street	C ⁵³	C	C	Achieved.
				Frontier Road	C	C	C	Achieved.
				Karāpiro	C	C	C	Achieved.
				Parallel Road	C	C	C	Achieved.
				Rolleston Street	C	C	C	Achieved.
			Te Tahi	C	C	C	Achieved.	
			Water Treatment Plants – compliance with	Alpha Street	C	C	C	Achieved.
				Frontier Road	C	C	C	Achieved.
				Karāpiro	C	C	C	Achieved.

⁵⁰ 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).

⁵¹ The details of how this measure is reported against have changed (Treatment Plant element has been split out into individual plants rather than combining those supplying the same network, proposed decommission of Hick Rd, and new Maungatautari network zone), therefore the 2017/18 results were not audited split this way as part of the Annual Report 2017/18.

⁵² This is preliminary assessment of compliance with the drinking water standards until confirmation has been received from the Regulator.

⁵³ C= Compliant. NC = Not Compliant.

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
		protozoal criteria [M]	Parallel Road	C	C	C	Achieved.
			Rolleston Street	C	C	C	Achieved.
			Te Tahi	NC	C	C	Achieved.
		Network zones – compliance [M]	Cambridge	C	C	C	Achieved.
			Kihikihi	C	C	NC	Not achieved. Aug 18 - E.coli detected in Te Awamutu zone sample. Oct 18 - E.coli detected in Kihikihi zone sample. It is believed that given the significant levels of residual chlorine in the zones the contamination was post sampling, however this cannot be proven to a level that would permit notification of compliance with DWS to be issued. The safety of residents was not compromised.
			Maungatautari	C	C	C	Achieved.
			Ōhaupō	C	C	C	Achieved.
			Pirongia	C	C	C	Achieved.
			Pukerimu Rural	C	C	C	Achieved.
			Te Awamutu	C	C	C	Achieved.
			Provision of wholesome	Attendance for urgent call-out from	0.37 hours	2 hours	0.38

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	potable water within specified areas via a safe and reliable treatment and supply system		the time of notification. (hours) ⁵⁵ [M]				
		Median response time for call-outs in response to a fault or unplanned interruption to the network. ⁵⁴	Resolution of urgent call-outs from the time of notification (hours). ⁵⁶ [M]	1.5 hours	6 hours	1.35	Achieved.
			Attendance for non-urgent call-outs from the time of notification (days) ⁵⁷ [M]	0.95 days	2 days	0.91	Achieved.
			Resolution of non-urgent call-outs from the time of notification (days) ⁵⁸ [M]	1.03 days	10 days	1.00	Achieved.
			The total number of complaints received about any of the following: Drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the response to any of these issues. ⁵⁹ [M]	9.4	20	8.2	Achieved.

⁵⁴ Full wording of 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.

⁵⁵ 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.

⁵⁶ 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.

⁵⁷ 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.

⁵⁸ 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.

⁵⁹ Full wording of the 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 quality, 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 2017/18	Target for 2018/19	Actual for 2018/19	Comment
	Water supply and demand is managed to ensure prudent use of water.	The percentage of real water loss from the networked reticulation system. ⁶⁰ [M]	Cambridge & Karāpiro.	14%	≤12%	17%	Not achieved. The real water loss being higher than the target will be the result of a number of factors including; i) limited resourcing has meant reactive repairs have largely been left to external contractors to repair which can take longer resulting in greater water loss, ii) a number of accidental mains breaks by other third parties, iii) some reservoirs have been cleaned and flushed, and iv) some areas have had mains flushed in response to taste and odour issues caused by algae in the summer.
Te Awamutu & Pirongia.			6%	≤12%	12%	Achieved	
Kihikihi			14%	≤20%	26%	Not achieved As above the real water loss being higher than the target will be the result of a number of factors including; i) limited	

⁶⁰ Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system.

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
							resourcing has meant reactive repairs have largely been left to external contractors to repair which can take longer resulting in greater water loss, ii) a number of accidental mains breaks by other third parties, iii) some reservoirs have been cleaned and flushed, and iv) some areas have had mains flushed in response to taste and odour issues caused by algae in the summer.
			Ohaupo & Pukerimu.	9%	≤20%	20%	Achieved
		The average consumption of drinking water per day per resident. ⁶¹ [M]	Cambridge & Karāpiro.	211	190	219	Not achieved While this consumption is above the target some caution should be applied when interpreting the results. With the new census data still unavailable the results are having to be calculated using population projections based on 2013 census data, this is likely to be understating the

⁶¹ Full wording of the mandatory measure is: The average consumption of drinking water per day per resident within the territorial authority district.

Activity	The service we provide	How we measure success		Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
							population to a degree which in turn will result in overstated individual usage.
			Te Awamutu & Pirongia.	218	190	196	Not achieved While consumption is (just) above the target some caution should be applied when interpreting the results. With the new census data still unavailable the results are having to be calculated using population projections based on 2013 census data, this likely to be understating the population to a degree which in turn will result in overstated individual usage.
			Kihikihi	233	200	158	Achieved
			Ohaupo & Pukerimu.	164	185	152	Achieved

Statement of cost of service

		2017/18 Long-term Plan	2018/19 Long- term Plan	2018/19 Actual
	Notes	\$000	\$000	\$000
REVENUE				
Fees, charges and targeted rates for water supply	1	6,345	10,719	10,374
TOTAL REVENUE		6,345	10,719	10,374
OPERATING EXPENDITURE				
Depreciation and Amortisation		4,516	4,294	4,378
Activity Expenses	2	5,565	7,116	6,678
Internal charges and Overheads	3	409	297	543
Finance Costs		-	-	-
TOTAL EXPENDITURE		10,490	11,707	11,599
OPERATING NET COST OF SERVICE		(4,145)	(988)	(1,225)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		9,345	18,958	10,280
Vested Assets	4	317	1,586	3,070
Debt Repayment (Internal)		-	-	-
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		9,662	20,544	13,350

Explanation of significant costs of service variances between LTP and Actual

1. Fees, charges and targeted rates for water supply are less than budget due to less than expected consumption which has been offset by additional connection revenue.
2. Decrease in Activity Operating Expenses of \$438,000 which was mainly due to savings in operational costs for Parallel Road Water Treatment Plant, Hicks Road springs, and Alpha Street Water Treatment Plant.
3. Increase in internal charges and overheads mainly due to allocation of internal overheads.
4. The amount of Water Services infrastructure assets gifted from developers was \$1.48m greater than budget. This largely relates to the split of assets that has been vested.

Capital expenditure table

		2017/18 Long-term Plan \$000	2018/19 Long- term Plan \$000	2018/19 Actual \$000
	Notes			
To Meet Additional Demand				
Dedicated Main Leamington to Hautapu		-	108	11
Cambridge North Water Provision	1	-	2,000	2,338
Cambridge Growth Cells (C1,C2,C3,C4 and C7)	2	-	550	3
Pukerimu Airport Supply		-	-	(54)
Dedicated Cambridge North Water Main		-	141	-
Te Awamutu Growth Cells		-	190	237
Karapiro Water Treatment Plant Upgrade	3	2,913	-	343
Cambridge Water Reticulation Active Control		-	70	-
Total Capital Expenditure to Meet Additional Demand		2,913	3,059	2,878
To Improve Level of Service				
Hicks Road Mains Installation	4	-	-	1,269
Parallel Rd Water Treatment Plant Upgrade	5	535	4,860	608
Parallel Rd to Taylors Hill Pipeline	6	214	4,444	64
Standby Generators for Treatment Plants		137	-	83
Karapiro Rising Main		-	-	65
Raw Water Main Renewal & Inlet Pump Installation	7	-	3,800	2,783
Frontier Road Monitoring Bore		-	-	(6)
Kihikihi Water Supply - Advanced Treatment		-	55	26
Investigation of New Water Sources Te Awamutu	8	-	-	(477)
Water Meters - New and Replacement		2,224	-	-
Total Capital Expenditure to Improve Level of Service		3,110	13,159	4,415
To Replace Existing Assets				
District Wide Water Main Renewals	9	3,133	2,390	2,750
Plant & Pumps		189	350	237
Total Capital Expenditure to Replace Existing Assets		3,322	2,740	2,987
TOTAL CAPITAL EXPENDITURE		9,345	18,958	10,280

Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge North Water Provision budget was carried forward from previous years to complete this work.
2. Cambridge Growth Cells work was delayed to align with development and other planned works.
3. Karapiro Water Treatment Plant upgrade budget was carried forward from previous years to complete this work.
4. Hicks Road Mains Installation additional spend required to complete this work.
5. Parallel Rd Water Treatment Plant upgrade budget was deferred due to delay in timing of this project.

6. Parallel Rd to Taylors Hill pipeline budget was deferred due to the delay in timing of this project.
7. Raw Water Main Renewal and Inlet Pump Installation budget was deferred due to the delay in timing of this project.
8. Investigation of New Water Sources for Te Awamutu budget variance was a prior year capital project impaired.
9. District Wide Water Main Renewals spend was greater than budget mainly due to the Williamson Street water renewals being carried forward from prior years.

Waipa District Council funding impact statement for year ended 30 June 2019 for water treatment and supply

	2017/18 Long-term Plan \$000	2018/19 Long- term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	760	658	658
Targeted rates	4,548	10,330	9,006
Subsidies and grants for operating purposes	-	-	-
Fees and charges	6,345	410	386
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	11,653	11,398	10,050
Applications of operating funding			
Payments to staff and suppliers	5,437	6,616	5,147
Finance costs	-	-	-
Internal charges and overheads applied	409	297	844
Other operating funding applications	5	5	5
Total applications of operating funding (B)	5,851	6,918	5,996
Surplus (deficit) of operating funding (A - B)	5,802	4,480	4,054
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	872	1,588	1,054
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	6,805
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	872	1,588	7,859
Applications of capital funding			
Capital expenditure			
- to meet additional demand	2,913	3,059	2,878
- to improve the level of service	3,110	13,159	4,415
- to replace existing assets	3,322	2,740	2,987
Increase (decrease) in reserves	(2,671)	(12,890)	1,633
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,674	6,068	11,913
Surplus (deficit) of capital funding (C - D)	(5,802)	(4,480)	(4,054)
Funding balance ((A - B) + (C - D))	-	-	-

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

Support Services

What we do

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

Why we do it

Information Services: To provide convenient and reliable digital contact channels for customers.

Customer Support: To provide a responsive customer service to our community.


The level of service we will deliver

The level of service was maintained as planned within this group of activities as outlined in the 2018-28 10-Year Plan.

What community outcomes does it contribute to?

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

Table 15: Support services community outcomes

Goals	Community outcomes
 Socially responsible	<ul style="list-style-type: none">▪ We are connected with our community.

Statement of service performance: 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 levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2017/18	Target for 2018/19	Actual for 2018/19	Comment
Information Services	The online services Council provides are reliable.	The Council website and online forms have an availability uptime of 99% ⁶² .	New measure	99%	99.93%	Achieved.
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.	80.53%	80%	93.01%	Achieved.
		Percentage of walk in queries received by Customer Support resolved at the time.	97.49%	90%	92.64%	Achieved.

⁶² www.Waipadc.govt.nz & eservices.Waipadc.govt.nz sites only.

Statement of cost of service

	Notes	2017/18 Long-term Plan \$000	2018/19 Long- term Plan \$000	2018/19 Actual \$000
REVENUE				
Fees and Charges		7	47	139
TOTAL REVENUE		7	47	139
OPERATING EXPENDITURE				
Employee Related Expenses	1	6,538	7,514	8,017
Depreciation and Amortisation		1,170	1,246	1,204
Activity Expenses		3,161	3,330	3,199
Finance Costs		553	194	177
TOTAL EXPENDITURE		11,422	12,284	12,597
OPERATING NET COST OF SERVICE		(11,415)	(12,237)	(12,458)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		2,557	2,688	3,612
Debt Repayment		458	272	269
TOTAL CAPITAL EXPENDITURE		3,015	2,960	3,881

Explanation of significant costs of service variances between LTP and Actual

- Salaries are higher than the original LTP budget due to the transfer of Business Improvement from Strategic Planning.

Capital expenditure table

		2017/18 Long-term Plan Notes	2018/19 Long- term Plan \$000	2018/19 Actual \$000
To Improve Level of Service				
Buildings	1	804	1,521	1,214
Aerial Photography		-	-	-
Computer Hardware Upgrades		105	-	-
Computer Software Upgrades		-	140	-
Total to Improve Level of Service		909	1,661	1,214
To Replace Existing Assets				
Plant		541	663	850
Buildings	2	-	-	980
Carparks Renewals		19	-	-
Computer Hardware Renewals		657	334	249
Computer Software Renewals	3	431	30	319
Total to Replace Existing Assets		1,648	1,027	2,398
TOTAL CAPITAL EXPENDITURE		2,557	2,688	3,612

Explanation of significant capital expenditure variances between LTP and Actual

- Capital work on new buildings was lower than budget by \$307,000 mainly due to \$500,000 for the Kihikihi Pound being deferred to the 2019/20 year which has been offset by additional budget to complete Te Awamutu Staff Accommodation of \$240,000.
- Capital expenditure on building renewals was higher than original LTP Budget mainly due to upgrade of the Cambridge office staff accommodation of \$965,000.
- Capital expenditure on software renewals was higher than LTP budget mainly due to \$227,000 carried forward from the 2017/18 year.

Waipa District Council funding impact statement for year ended 30 June 2019 for support services

	2017/18 Long-term Plan \$000	2018/19 Long- term Plan \$000	2018/19 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	303	231	208
Targeted rates	-	-	22
Subsidies and grants for operating purposes	-	-	-
Fees and charges	7	47	221
Internal charges and overheads recovered	11,082	11,876	12,013
Local authorities fuel tax, fines, infringement fees, and other receipts	-	60	70
Total sources of operating funding (A)	11,392	12,214	12,534
Applications of operating funding			
Payments to staff and suppliers	9,699	10,843	10,780
Finance costs	553	194	177
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,252	11,037	10,957
Surplus (deficit) of operating funding (A - B)	1,140	1,177	1,577
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	970
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	970
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	909	1,661	153
- to replace existing assets	1,648	1,027	3,459
Increase (decrease) in reserves	(1,417)	(1,511)	(1,065)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,140	1,177	2,547
Surplus (deficit) of capital funding (C - D)	(1,140)	(1,177)	(1,577)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2018 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2019 \$000	Interest \$000
Activity Loans	4,644	(269)	2,055	6,430	(1,096)
Development Contribution Loans	15,035	(3,036)	7,074	19,073	429
Total	19,679	(3,305)	9,129	25,503	(667)

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 2018/19 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.

- Look to develop, design and build opportunities and additional non-aeronautical revenue streams.
- Land sales and property development are always subject to volatility dependent on regional and national economic conditions. Therefore, this presents a degree of risk for the Group that will be carefully managed.

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 2019: \$1.4m; 2020: \$1.5m; 2021: \$1.5m.

Strategic activities

Key activities for the 2018/19 year are:

- Optimise domestic passenger services and the customer experience;
- Maximise property lease income.
- Continue to implement the comprehensive property business plan that will address development and investment opportunities to grow long term property income for the Group.
- Finalise the most appropriate future operating model for the hotel.
- Review zoning and master planning for the WRAL farm.

Dividend policy

WRAL will review payment of an ordinary annual dividend based on the forecast Cash Flow for the year 2018–19 and propose to make a decision in the last quarter of the financial year ending 2019-20.

Performance targets as per 2018/19 Statement of Intent

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

	Year ended 30 June		
	2019 \$000	2020 \$000	2021 \$000
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) <i>of at least</i>	3,400	4,200	4,400
Net Deficit after Tax <i>of no more than</i>	127	650	800

	Year ended 30 June		
	2019 \$000	2020 \$000	2021 \$000
Net cash flow (operating and investing)			
Net operating cash flow	1,900	2,300	2,400
Net investing cash flow	(4,300)	(1,500)	(1,500)
Funding Titanium Park Limited	<u>900</u>	<u>900</u>	<u>900</u>
Total net cash flow (operating and investing)	-1,400	1,700	1,800
Net debt <i>a maximum of</i>	18,000	18,000	18,000
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	74%	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>	4.0x	4.0x	4.0x
Net profit before tax, interest, revaluations to total assets	0.5%	0.5%	0.5%
Net profit before tax, interest, revaluations to shareholder funds	0.5%	0.5%	0.5%
Net profit after tax, interest, revaluations to total assets	0.08%	0.1%	0.1%
Net profit after tax, interest, revaluations to shareholder funds	0.1%	0.1%	0.1%

Performance results as per 2018/19 Annual Report

This information was not available at the time of publication of Waipa District Council's 2018/19 Annual Report. The 2018/19 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisation's website in October 2019.

New Zealand Local Government Funding Agency Limited

The New Zealand Local Government Funding Agency Limited (LGFA), 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 main objectives of LGFA 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 LGFA.

Nature and scope of activities to be undertaken as per 2018/19 Statement of Intent

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

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

Dividend policy

LGFA 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 LGFA fixed rate bond cost of funds plus 2.00% 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 2018/19 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 2019 will be no more than 0.10%.
 - 30 June 2020 will be no more than 0.10%.
 - 30 June 2021 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 2019 will be less than \$5.67 million.
 - 30 June 2020 will be less than \$5.80 million.
 - 30 June 2021 will be less than \$5.94 million.
- Total lending to Participating Local Authorities at:
 - 30 June 2019 will be at least \$8,105 million.
 - 30 June 2020 will be at least \$8,477 million.
 - 30 June 2021 will be at least \$8,242 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 2018/19 Annual Report

This information was not available at the time of publication of Waipa District Council's 2018/19 Annual Report. The 2018/19 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.

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

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 Waipā residents and ratepayers.

The objectives of WLASS are to:

- enable the Waikato councils to collectively be more effective as a region on the national stage
- contribute to building central government’s confidence in the Waikato region, and to encourage central government investment
- achieve effectiveness and efficiency gains
- reduce duplication of effort and eliminate waste through repetition
- make it easier for customers to engage with councils in the Waikato region
- promote and contribute to the development of best practice
- promote business transformation to improve customers’ experiences.

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.

Performance targets as per 2018/19 Statement of Intent

Waikato Local Authority Shared Services Limited has the following performance targets:

- Procurement. Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.
- Collaborative Projects. Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.
- Existing WLASS Contracts. Existing contracts are managed and renegotiated as required.
- Cashflow. The company shall maintain a positive cashflow position.
- Cost Control. Administration expenditure shall be managed and monitored.
- Reporting. Six monthly reports provided to Shareholders.
- Waikato Mayoral Forum. The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.
- Shared Valuation Data Services (SVDS). The SVDS is reliable, well maintained and available to all users.
- Insurance. Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.
- Road Asset Technical Accord (RATA). Deliver better data for decision making across the Waikato Region, enabling more consistent best practice and Lead engagement and increase capability within the sector.
- Waikato Regional Transport Model (WRTM). The WRTM is reliable, well maintained and available to all users.
- Waikato Building Consent Group. Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.

- Future Proof. Planning for growth in the subregion is co-ordinated and collaborative. The Future Proof budget is well managed and monitored. Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.
- Aligned Resource Consent Planning Project. Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.
- Shareholder Survey. Shareholders are satisfied with the performance of WLASS.
- Review of benefits. Shareholders are informed of the benefits being provided to shareholding councils by WLASS.

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 targets as per 2018/19 Statement of Intent

TARGET	METHOD	MEASURE
<p>Procurement</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>The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year.</p> <p>New suppliers are awarded contracts through a competitive tender process.</p>
<p>Collaborative Projects</p> <p>Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.</p>	<p>The focus is on shared services which will benefit all councils.</p>	<p>A minimum of three priority projects for collaboration are identified per annum.</p> <p>If considered of value, business cases are developed for approval by the Board, and the projects are implemented.</p>
<p>Existing WLASS Contracts</p> <p>Existing contracts are managed and renegotiated as required.</p>	<p>Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.</p>	<p>The 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>Cashflow</p> <p>The company shall maintain a positive cashflow position.</p>	<p>The Financial Accountant reviews cashflow monthly and the WLASS Board reviews the financial statements quarterly.</p>	<p>The WLASS Board reviews the financial statements at least quarterly.</p>

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

TARGET	METHOD	MEASURE
<p>Waikato Mayoral Forum</p> <p>The company shall provide administrative support and updates on Mayoral Forum 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 20th of the month following their receipt.</p>
<p>Shared Valuation Data Services (SVDS)</p> <p>The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS.</p> <p>The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group. Risks associated with the SVDS are well managed.</p> <p>The long-term provision of SVDS services is achieved.</p>	<p>The SVDS is available to users at least 99% of normal working hours.</p> <p>The SVDS Advisory Group meets at least 6-monthly.</p> <p>The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.</p> <p>The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.</p>
<p>Insurance</p> <p>Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.</p>	<p>The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.</p>	<p>Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p> <p>The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.</p>

TARGET	METHOD	MEASURE
<p>RATA</p> <p>Deliver better data for decision making across the Waikato Region, enabling more consistent best practice</p> <p>Lead engagement and increase capability within the sector</p>	<p>Quarterly update reports are provided to all stakeholders participating in the Data Collection contracts.</p> <p>Data supplied by contractors is of good quality and meets all of the participating councils' requirements.</p> <p>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p>	<p>Reports are presented to stakeholders in October/January/April and July each year.</p> <p>Reports on progress presented to WLASS Board as at 30 December and 30 June.</p> <p>All data are reviewed for compliance and all good practice requirements are met.</p> <p>Procurement of services complies with WLASS and NZTA's procurement requirements.</p> <p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p> <p>RATA Forums are held 2-monthly to share learnings and experience.</p>

TARGET	METHOD	MEASURE
<p>Waikato Regional Transport Model (WRTM)</p> <p>The WRTM is reliable, well maintained and available to all users.</p>	<p>RATA manages the WRTM on behalf of 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 WLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>

<p>Waikato Building Consent Group</p> <p>Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.</p>	<p>Implement the strategic priorities detailed in the “Build Waikato” May 2017 strategic review document.</p> <p>Fulfil the roles and responsibilities set out in clause 9 of the WBCG’s Memorandum of Understanding, 2016.</p>	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> • Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons. • People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. • Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. • Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reducing percentages of application or building consent rejection. • Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes. <p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p>
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TARGET	METHOD	MEASURE
		<p>i. Full participation in WBCG projects and programmes</p> <p>ii. Audits demonstrating implementation and compliance with the agreed QA systems</p> <p>iii. Consistency in service delivery, measured by customer surveys.</p> <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p> <p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>

TARGET	METHOD	MEASURE
<p>Future Proof</p> <p>Planning for growth in the sub-region is co-ordinated and collaborative.</p> <p>The Future Proof budget is well managed and monitored.</p> <p>Future Proof influences and inputs into District Plan, Regional Plan, growth strategy and any other planning processes which manage growth within the sub-region and neighbouring regions.</p>	<p>Joint preparation and input into Phase 2 of the Strategy update.</p> <p>Bi-monthly reports presented to Waikato Plan and Future Proof Chief Executive Group, and six monthly and annual reports to WLASS Board.</p> <p>Future Proof works collaboratively and provides input into the planning work undertaken by all FP partners and any other relevant planning authorities.</p>	<p>Phase 2 of the Future Proof Strategy is adopted by the Future Proof Implementation Committee no later than December 2018.</p> <p>The overall Future Proof work programme is delivered within the approved budget.</p> <p>Future Proof makes submissions (using RMA and Local Government processes), on District Plans, LTPs, growth management planning documents, and any central government initiatives which have the potential to impact growth management planning in the sub-region.</p>
<p>Aligned Resource Consent Planning Project</p> <p>Implementation of the Aligned Resource Consent Planning project is underway during 2018/19.</p>	<p>Progress on implementation of common forms and other initiatives is reported to shareholders on a regular basis.</p>	<p>Common forms are in place for all Councils involved by December.</p>
<p>Shareholder Survey</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>

TARGET	METHOD	MEASURE
<p>Review of Benefits</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. The WLASS website is regularly maintained and updated.</p>

Performance results as per 2018/19 Annual Report

This information was not available at the time of publication of Waipa District Council’s 2018/19 Annual Report. The 2018/19 Annual Report of Waikato Local Authority Shared Services Limited is expected to be published in October 2019.

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

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

Term	Definition
10-Year Plan	A strategic plan, covering at least 10 years, that describes a local authorities activities and the community outcomes of the authority's district or region. A council's 10-Year Plan is the basis for its accountability to the community.

Auditor's Report

Independent Auditor's Report

To the readers of Waipa District Council and group's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Waipa District Council (the District Council) and its subsidiaries (the Group). The Auditor-General has appointed me, Leon Pieterse, 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 24 September 2019. 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 104:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019;
 - 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 Public Benefit Entity Reporting;
- the funding impact statement on page 45, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;
- the groups of activities (statement of service provision) on pages 110 to 185:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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 114 to 184, 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 115 to 185, 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 25 to 33, 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 Long-term plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

expressing an opinion on the effectiveness of the District Council and Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the groups of activities (statement of service provision), as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 24, 34 to 38, 105 to 109 and 186 to 207, 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 of the audited information and our report on the disclosure requirements, we performed a limited assurance engagement related to the District Council's debenture trust deed. Other than this engagement, we have no relationship with, or interests in, the District Council or its subsidiaries.

A handwritten signature in blue ink, appearing to read 'L. Pieterse', written in a cursive style.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand