



ANNUAL REPORT 2020





ANNUAL REPORT
2019/20

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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

Regular resident surveying is an important avenue for Council to understand residents perception of different areas of Council's performance.

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.

To help to avoid bias and detect seasonal trends the survey is carried out four times throughout the year with the aggregate results reported at year end. In relation to the potential impacts of COVID the timeframes the survey was carried was August 2019, November 2019, February/March 2020 and May 2020.

There was no specific verbatim feedback or trends in the results to indicate the aggregate results were significantly impacted by COVID. There were however a significant increase in the number of 'Don't Know' results received particularly in relation to public facilities and services. These increases may be due to residents being unable to access these services due to COVID.

The results of the survey are based on a ten 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 +/-4.2%.

Key results

The key areas of improvement from the survey are outlined below:

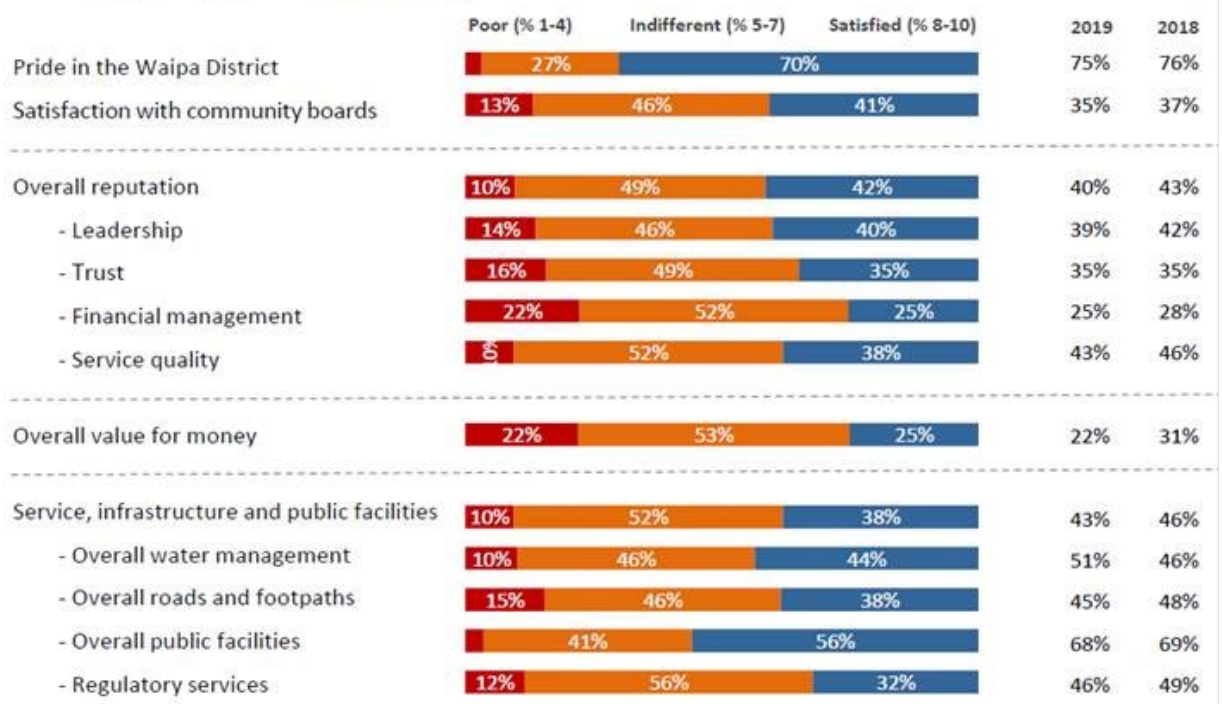
- Overall, Councils reputation remains in the 'Excellent' range and is consistent with results from the past two years with a slight increase in the percentage of respondents who are satisfied with Councils vision and leadership.
- Residents perception of Councils competency and ability to achieve good outcomes for the District, as well working in the best interests of the community has seen a significant improvement.
- Over the year there was also a significant increase in satisfaction with how queries and complaints were handled by Council staff (+11%).
- The proportion of residents who are 'Champions' of Council (have trust in and an emotional connection with Council) remains a majority.

The annual resident perception survey results also highlights areas where there are opportunities for improvement:

- Satisfaction declines were seen across users of public facilities including playgrounds, libraries, museums and public swimming pools. As above there was however a considerable increase in the proportion of respondents who selected “Don’t know” as an answer while completing questions related to public facilities and services. In the last quarter of the year satisfaction had increased back to 2018/19 levels.
- Satisfaction with water management and roading showed significant decline. Specifically road maintenance, availability of cycleways and footpaths, as well as Councils stormwater systems are areas which have showed a year-on-year decline.
- Continuing to increase residents knowledge of Council remains a focus. The proportion of residents who believe they know a great deal about the Council and what it does has reduced over the past 12months (-5%).
- Residents perception of value for money has increased slightly and continues to have a significant impact on perceptions of Council’s overall performance.

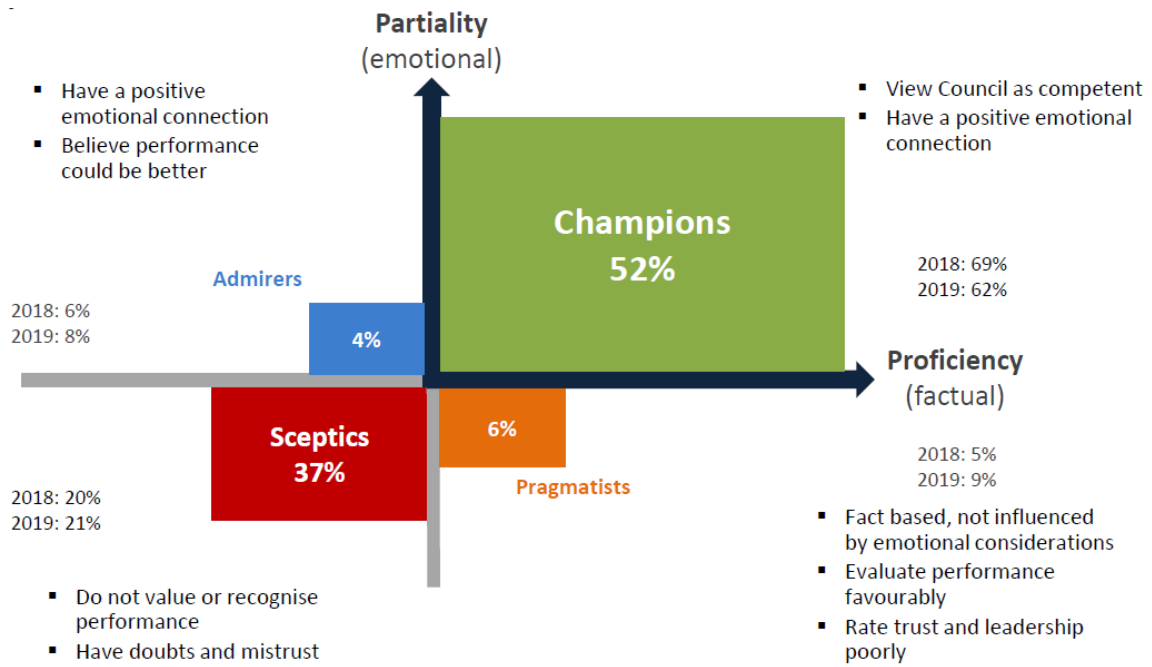
The results from the survey will be considered when establishing Council’s priorities, work program and performance measures as part of the Long Term Planning process. The results also help to inform Council’s ongoing communication and engagement with the Community.

Overall performance summary⁽¹⁾⁽²⁾⁽³⁾



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2020

Reputation profile



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2020

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

Mayor and Councillors



Mayor
Jim Mylchreest - JP



Grahame Webber
CAMBRIDGE



Mike Pettit
CAMBRIDGE



Philip Coles
CAMBRIDGE



Liz Stolwyk
Deputy Mayor
CAMBRIDGE



Roger Gordon
CAMBRIDGE



Susan O'Regan
KAKEPUKU



Elwyn Andree-Wiltens
MAUNGATAUTARI



Hazel Barnes – JP
TE AWAMUTU



Marcus Gower
TE AWAMUTU



Andrew Brown
TE AWAMUTU



Lou Brown
TE AWAMUTU



Bruce Thomas -JP
PIRONGIA



Clare St Pierre
PIRONGIA

Council Information

MAYOR Jim Mylchreest JP

DEPUTY MAYOR Liz Stolwyk

COUNCILLORS

Grahame Webber	Clare St Pierre
Mike Pettit	Bruce Thomas JP
Philip Coles	Hazel Barnes JP
Roger Gordon	Andrew Brown
Elwyn Andree-Wiltens	Marcus Gower
Susan O'Regan	Lou Brown

EXECUTIVE

Chief Executive	Garry Dyet JP
Deputy Chief Executive / Group Manager - Business Support	Ken Morris
Group Manager - Service Delivery	Dawn Inglis
Group Manager - Strategy & Community Services	Debbie Lascelles
Group Manager - District Growth & Regulatory Services	Wayne Allan

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

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Auditor-General
Office of the Auditor-General
Wellington

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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 198 to 213 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

Independent Chair: Bruce Robertson

Membership: Mayor Mylchreest, Councillor A Brown, Councillor Gordon, Councillor O'Regan, Councillor St Pierre and Bruce Robertson.

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

Chair: Mayor Mylchreest

Membership: Mayor Mylchreest, Councillor O'Regan, Councillor Stolwyk and Councillor Thomas.

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

District Licensing Committee

Membership & Chair:

Sara Grayson Commissioner (Chairperson)

Alternate Commissioner – Tegan McIntyre

Councillor Gower, Deputy Chairperson and Member

Members: Mr Ross Murphy (existing member), Ms Patsi Davies (existing member), Dr Michael Cameron (existing member), Mr Roy Johnstone (existing member) and Mr John Gower (existing member).

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

Executive Committee

Chair: Mayor Jim Mylchreest

Membership: Mayor Jim Mylchreest, the Deputy Mayor, and the Chairs of the Strategic Planning and Policy Committee, the Finance and Corporate Committee, the Service Delivery Committee and the Regulatory Committee.

Finance and Corporate Committee

Chair: Councillor A Brown

Membership: Full Council and an appointed Iwi representative once selected

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

Chair: Councillor Andree-Wiltens

Membership:

- Mayor Mylchreest
- Councillor Andree – Wiltens
- Councillor Coles
- Councillor Gordon
- Councillor Webber
- Ted Tauroa (Pohara Marae)
- Poto Davies (Maungatautari Marae/MEIT)
- Geoff Canham (Consultant)
- Phil Lyons (Maungatautari Ecological Island Trust)
- Ray Scrimgeour (Department of Conservation)
- Andrew MacPherson (Waikato Regional Council)
- [Landowners to be appointed once available]

Purpose: To facilitate Council's role in relation to the administration and management, including co-governance and management of the Maungatautari Reserve in accordance with the requirements of the Reserves Act 1977, reserve management issues as they relate to the reserve and to the ecological island project, and to oversee the services of MEIT for day-to

day management of the enclosures and to oversee the Reserve Management Plan for the reserve.

Pirongia Ward Committee

Chair: Councillor St Pierre

Membership: Two Pirongia Ward Councillors – Councillor Thomas and Councillor St Pierre, John Wood (Pirongia Community Association), Alan Rawlings (Te Pahu Residents’ and Ratepayers Association), Geoff Orchard (Kaipaki Community), Haupai Puke (Purekireki Marae) and Janet Williams (Koromatua), Chris 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, and to manage the three reserves known as Franklin Street, Rangimarie and Te Ngahere reserves in Pirongia.

Regulatory Committee

Chair: Councillor Gower

Membership: Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Iwi representative Poto Davies (interim appointment), Councillor L Brown and Councillor Gordon.

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

Service Delivery Committee

Chair: Councillor Webber

Membership: Full Council and an appointed Iwi representative once selected.

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 Transportation Management, Road Asset Technical Accord, and Water Services, including the consideration of regional integration of services.

Strategic Planning and Policy Committee

Chair: Councillor O’Regan

Membership: Full Council and Iwi representative, Poto Davies (interim appointment)

Purpose: To oversee the development and implementation of liveable spaces in our communities, with a focus on the promotion of the social, economic, environmental and cultural well-being of communities. To oversee the development and implementation of Council’s community services, plans (including long term, annual plans and district plan), bylaws, strategies and policies and where appropriate, with the exception of the district plan, to act as Council’s hearings committee for consultation submissions in relation to these.

District Promotions sub-Committee

Chair: Mayor Mylchreest

Membership: Mayor Mylchreest, Councillor Coles, Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Merv Gyde and Kevin Burgess.

Purpose: Make allocation decisions in respect of Council's District Promotions Fund and Community Event Fund.

Te Ara Wai Governance Committee

Chair: Lee-Ann Muntz

Membership: Mayor Mylchreest, Councillor A Brown, Councillor O'Regan, Councillor Stolwyk, Lee-Ann Muntz, Paraone Gloyne, Puawai Cairns and Glenda Taituha.

Purpose: To provide a governance and strategic overview for the establishment of Te Ara Wai.

Waipā Iwi Consultative Committee

Chair: Mayor Mylchreest

Membership:

- Mayor Mylchreest
- Councillor Stolwyk
- Councillor O'Regan
- Councillor A Brown
- Councillor Webber
- Councillor Gower
- Waikato Tainui Trust Board – representative to be advised
- Raukawa Settlement Trust – representative to be advised
- Maniapoto Trust Board – Barney Manaia
- Ngā Iwi Toopu o Waipa Chairperson – Gaylene Roberts
- Kaumatua – Jim Keremeta
- Wharepuhunga – Kataraina Hodge
- Ngāti Haua – Chris Riki
- Purekireki – Haupai Puke
- Puniu – Harold Maniapoto
- Kakepuku – Waitiahoaho Te Ruki
- Kaniwhaniwha – Rangiuia Riki
- Maungatautari – Josephine Taute
- Ngāti Ngawaero – Kate Searancke
- Ngāti Hikairo – Hano Ormsby
- Ngāti Apakura (Apakura Runanga Trust Board) – Bill Harris

Purpose: To facilitate communications between Council and Tangata Whenua. The Committee will consider any matter impacting on the interests of Tangata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and

resource management. The Committee will advise Council and the various Iwi on Treaty of Waitangi implications for policies and activities of Council.

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: Ange Holt

Membership: Richard Hurrell, Gary Derbyshire, Jill Taylor, Kane Titchener, Susan O'Regan (Council Kakepuku ward representative) and Lou 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: Sue Milner

Membership: Elise Badger, Jo Davies-Colley (Deputy Chairperson), Alana MacKay, Jim Goddin, Mike Montgomerie, Elwyn Andree-Wiltens (Council Maungatautari ward representative) and Grahame Webber (Council Cambridge ward representative).

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 Senior council was established in 1999/2000 and aim to provide two-way liaison between Council and senior and younger members of the community. 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 2019/2020 financial year has been a year unlike any other for Waipā District Council.

We have faced extraordinary growth in the district, inducted a new Council and Community Boards, managed an ambitious capital works programme, and responded to the economic impacts of a global pandemic. During the ups and downs, Waipā District Council has remained in a strong position to keep our district thriving.

Growth continues to have a huge impact on Waipā. Last year our population grew by 2.6 per cent, (up from 1.9 per cent in 2018/19) as our district continues to be one of the most attractive places to live in New Zealand.

With growth comes a boost to the economy. Waipā saw a 2.3 per cent growth in business units in the year to Dec 2019 with a 4.9 per cent growth in economy activity. 563 new residential consents were issued up to March 2020, down from 612 in the previous 12 months, while non-residential consents to the value of \$532.1 million were also issued, up by 54 per cent on the previous 12 months to March 2020.

As we grow, we must make rates affordable and we offset growth-related development with contributions from developers. It's also critical we partner with our neighbouring councils to collaborate on sub-regional initiatives that maximise opportunities for our communities. This year we have been part of the Hamilton to Auckland Corridor plan and the metro spatial plan, and have partnered with Hamilton Waikato Tourism and Te Waka to support economic development in the district.

We spent 48.6 per cent of our growth related capital spend and 87.4 per cent of our levels of service improvement budget. Changes in developer timeframes and levels of service due to impacts of COVID-19 were the main drivers, resulting in delays to some of our much anticipated developments, like the Cambridge Pool. Debt levels at the end of the financial year ended at \$53.5 million compared to a forecast of \$90.5m in the 2018-28 Long Term Plan. We remain in excellent financial condition with a AA- rating from international credit agency Fitch for the second year running.

2019/20 was year two of the 2018-28 Long Term Plan. We had a mammoth task of delivering \$115.2 million in capital works (excluding vested assets) to bring our water and wastewater infrastructure in line with environmental and health standards, and to cater for growth.

We were making excellent progress and were largely on track to deliver what we promised to our community. Then a global pandemic hit Waipā, New Zealand and the world.

COVID-19 caused a significant disruption to the programming and scheduling of all capital works. At Alert Level 4, all works ceased for five weeks under central government regulations. At Alert Levels 3 and 2, government regulations required contractors and

subcontractors to work in different zones and bubbles, therefore decreasing productivity levels on-site across all major projects.

In the end, it has resulted in Council completing \$84.5 million of capital works and services, which falls short of our target and means we roll over just shy of \$14 million in capital works to the 2020/21 year.

Maintenance works on existing assets is required to ensure ageing infrastructure like pipes, roads, treatment plants and reservoirs continue to do the job they were designed for. COVID-19 also impacted this programme and we completed the year delivering \$11.8 million in renewals, which equates to 67.2 per cent of the renewals budget.

On a more positive note, community engagement is always at the core of what we do. Our team has led campaigns over the last 12 months that have received national recognition and provided other Councils with a model to follow.

Two notable campaigns were the Speed Limits bylaw roll out and Te Ara Wai Journeys launch, which achieved silver awards in the annual Public Relations Institute of New Zealand awards. We're very proud of this acknowledgement and it provides you with confidence of our commitment to community engagement and achieving meaningful outcomes.

We are well underway with planning for the next 10 years, and held some fantastic community events earlier in the year to get your thoughts on the district's vision and community outcomes – "Waipā Home of Champions: Building the Future Together".

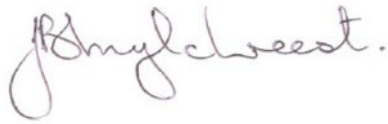
Your input steers the waka. Discussions we've had together have brought some valuable ideas and talking points to the Council table. Thank you sincerely for that. We always appreciate your input and see this process as a partnership – working together to make Waipā a great place to live, work, play and invest.

Partnering with mana whenua has been and will remain a top priority. It is a legal requirement and our responsibility to work with our Treaty partners, and we have formed Joint Management Agreements and made Iwi appointments to Council committees for collaborative, inclusive, open and transparent working relationships.

In the year ahead, we know the impacts of COVID-19 will be felt by businesses and individuals across the district, and this has prompted a reset. We have pushed out some capital projects, pulled back on those requiring external funds, and adopted a procurement strategy with a 'buy local' emphasis. We are also working through a recovery plan to ensure the economic, social, environmental and cultural wellbeing of our communities is supported and maintained.

Smart financial decision making on Council's part has never been more important - the situation is developing and may change - so we will continue to vigorously review how we deliver our services and activities, implementing measures to increase efficiencies for our community.

2020/21 will be all about continuing to successfully deliver on our vision and community outcomes during unprecedented times.



Jim Mylchreest JP
MAYOR



Garry Dyet JP
CHIEF EXECUTIVE



Financial Overview

We will all remember the 2019/20 year for a very long time. The emergence of the COVID-19 virus as a global pandemic in the early months of the 2020 calendar year had massive implications as governments and communities right across the world sought to mitigate the health and economic impacts. It is also clear that the impact of COVID-19 will be with us for some time to come with the consensus of economic prediction at this point appearing to indicate it will likely be 2023 before the level of gross domestic product (GDP) in Waipa district, and New Zealand as a whole, returns to where it was prior.

Although hitting us relatively late in the financial year, the pandemic had impact on our financial results. One of the most significant of these was the disruption to our capital spend programme and therefore the level of achievement of spend against budget at year end.

It's in times like these that the strength of our balance sheet (Statement of Financial Position) comes into play. Our Group borrowings at \$53.6 million, although increasing substantially during the year, remain relatively low relative to the wider sector. A significant operating surplus was still achieved, although at \$14.4 million this was substantially lower than the \$22.3 million budgeted and the \$34 million achieved the prior year.

Our annual credit rating review took place in the midst of the pandemic 'lockdown' period with international credit rating agency Fitch confirming a continued long-term local currency Issuer Default Rating (IDR) of 'AA-', 'Stable Outlook', and short-term local currency IDR of 'F1+'. This is a significant endorsement of the financial strength and stability of the organisation, and the soundness of our financial management.

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 is at around 58 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.

As indicated above, there was a substantial increase in debt over the year, from \$15.1 million to \$53.6 million, however 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 our capacity 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 344 per cent of the depreciation expense on those assets. This district does not shy away from ensuring that our core infrastructure is in good shape.

Council achieved a general funds cash surplus of \$442,000 for this year 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'.

Council has challenges ahead as it prepares its new 2021-31 long-term plan. An ambitious infrastructure spend is still required and this will significantly grow our debt levels. We expect the levels of growth we have experienced in recent years will diminish for a period in the post COVID-19 environment, rates increases will have to be more measured to reflect the financial pressures on our community, and our focus, and therefore a significant level of spend, will need to be on recovery.

We are in tough, unprecedented times, but we are well-placed financially to continue to achieve our vision of 'Building Champion Communities'.



Ken Morris
DEPUTY CHIEF EXECUTIVE / CHIEF FINANCIAL OFFICER

Disclosure Statement

Annual report disclosure statement for year ending 30 June 2020.

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.

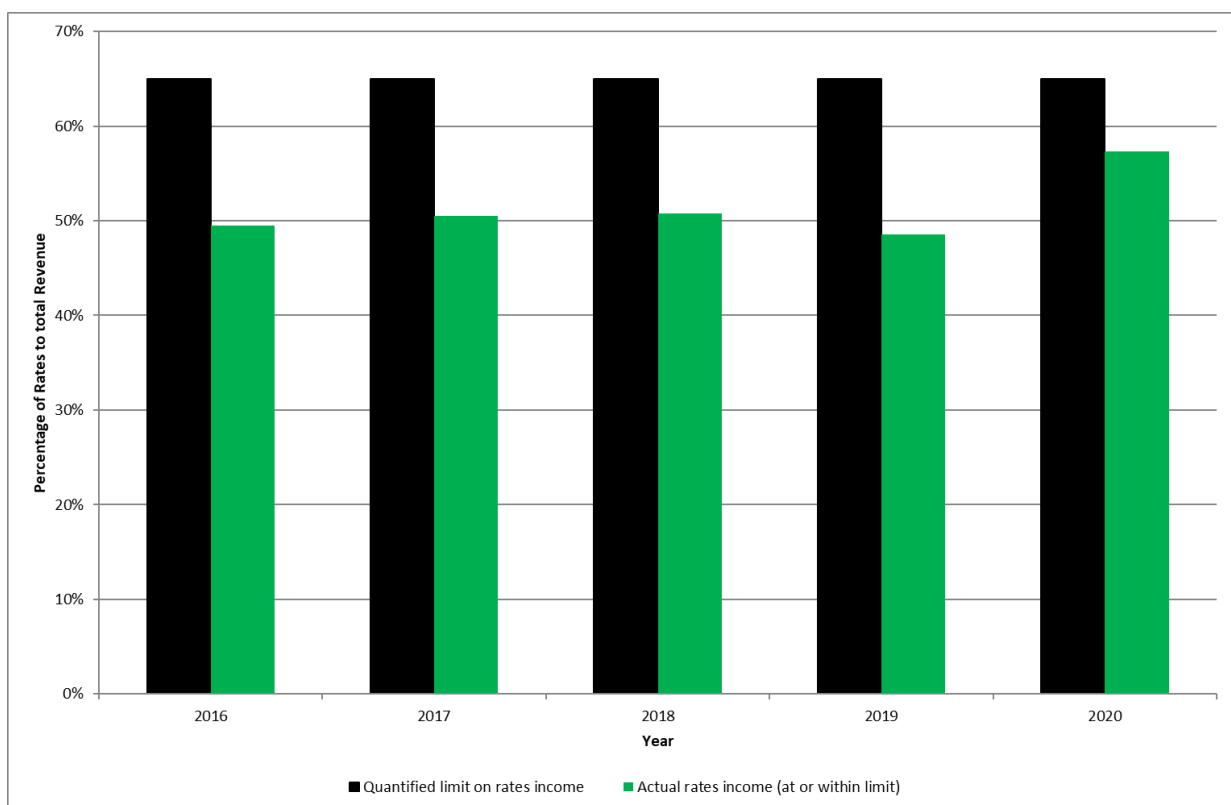
Rates affordability benchmark

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.

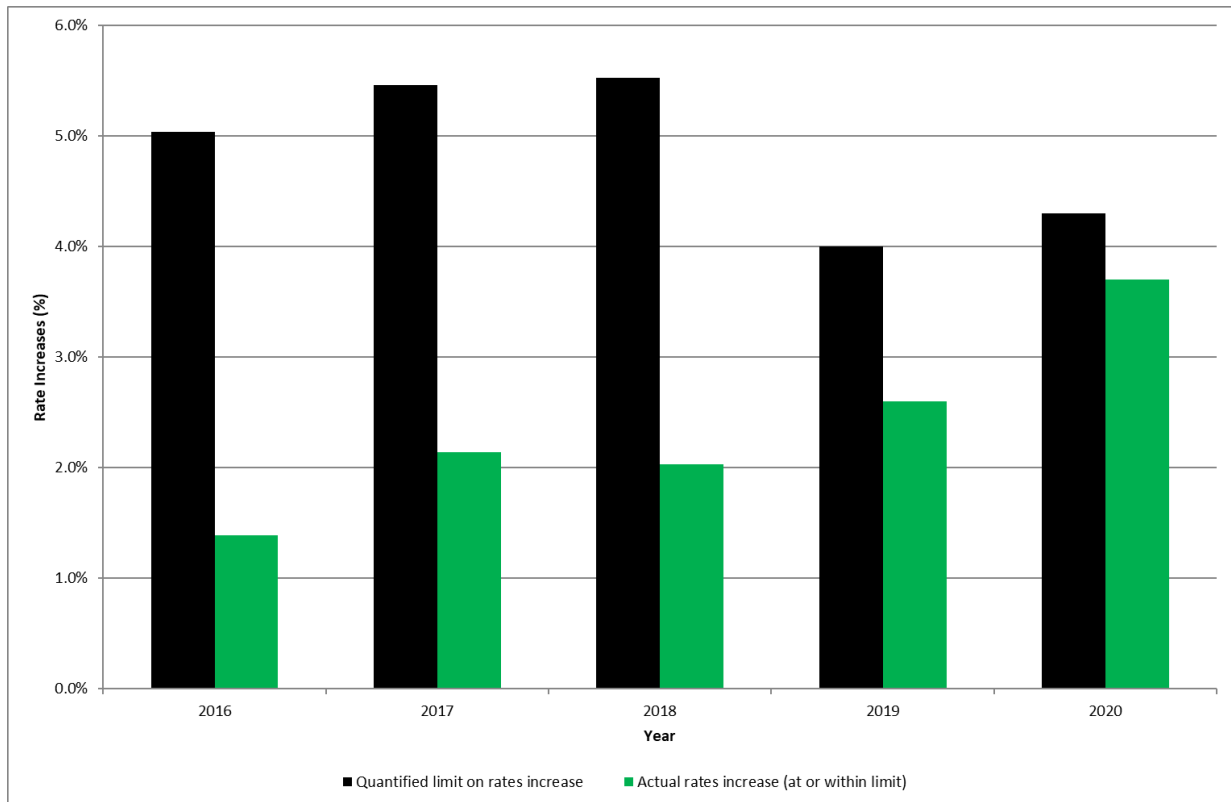
Rates (income) affordability

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

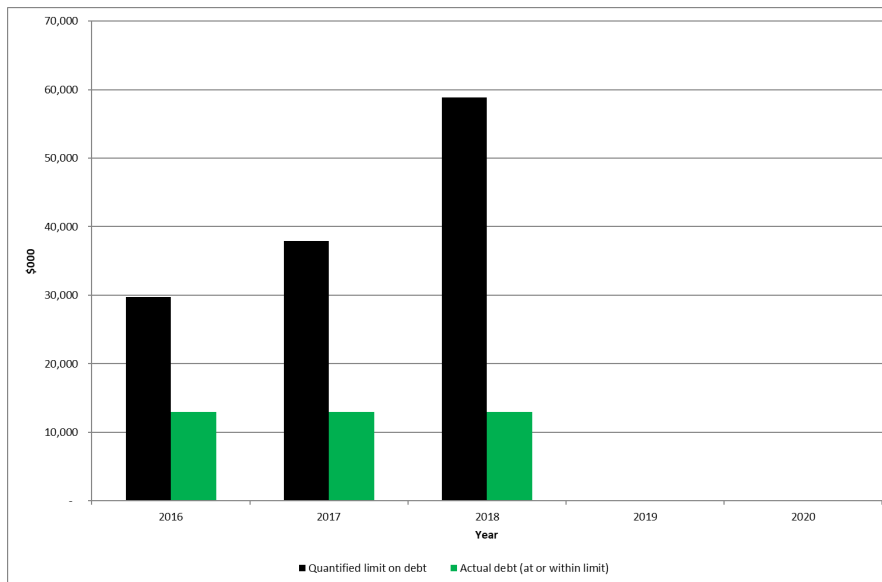
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council's long term plan. The quantified limit is council will limit annual increases in the average rate requirement (after growth) to no more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



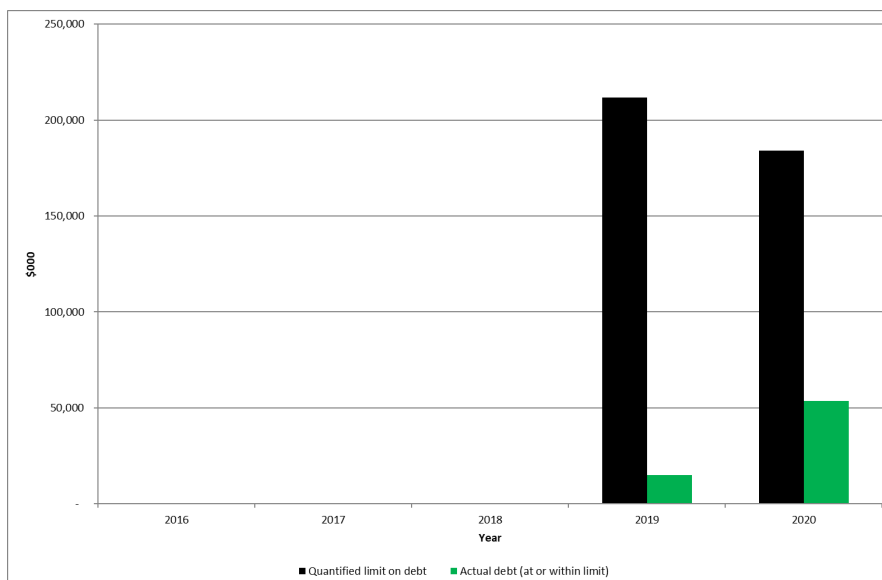
Debt affordability benchmark

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.



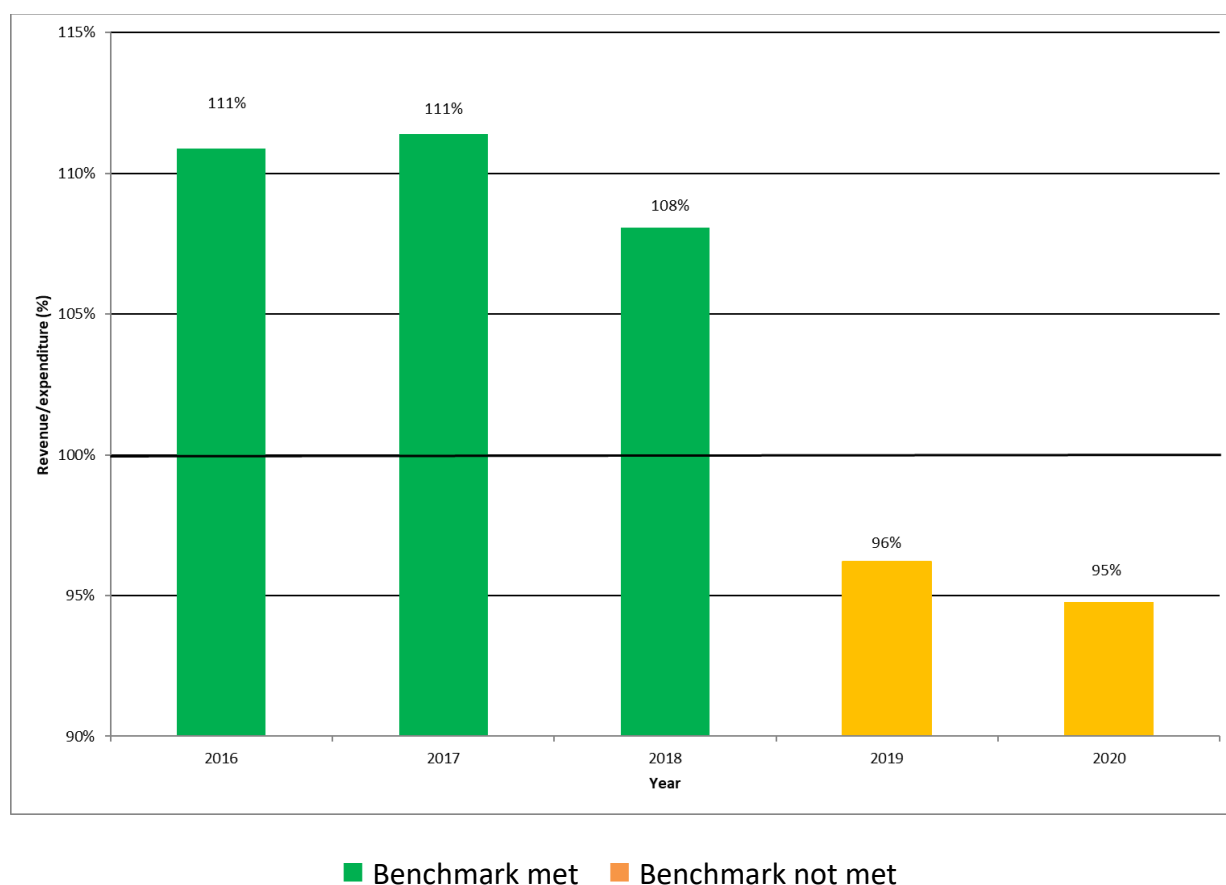
As part of the 18/28 LTP, the basis for the external debt limit changed from 110% of budgeted debt (as portrayed in the above graph) to be a more relevant limit of 175% of total revenue. This change in methodology is more in line with what other Councils use, and is portrayed in the graph below.



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.



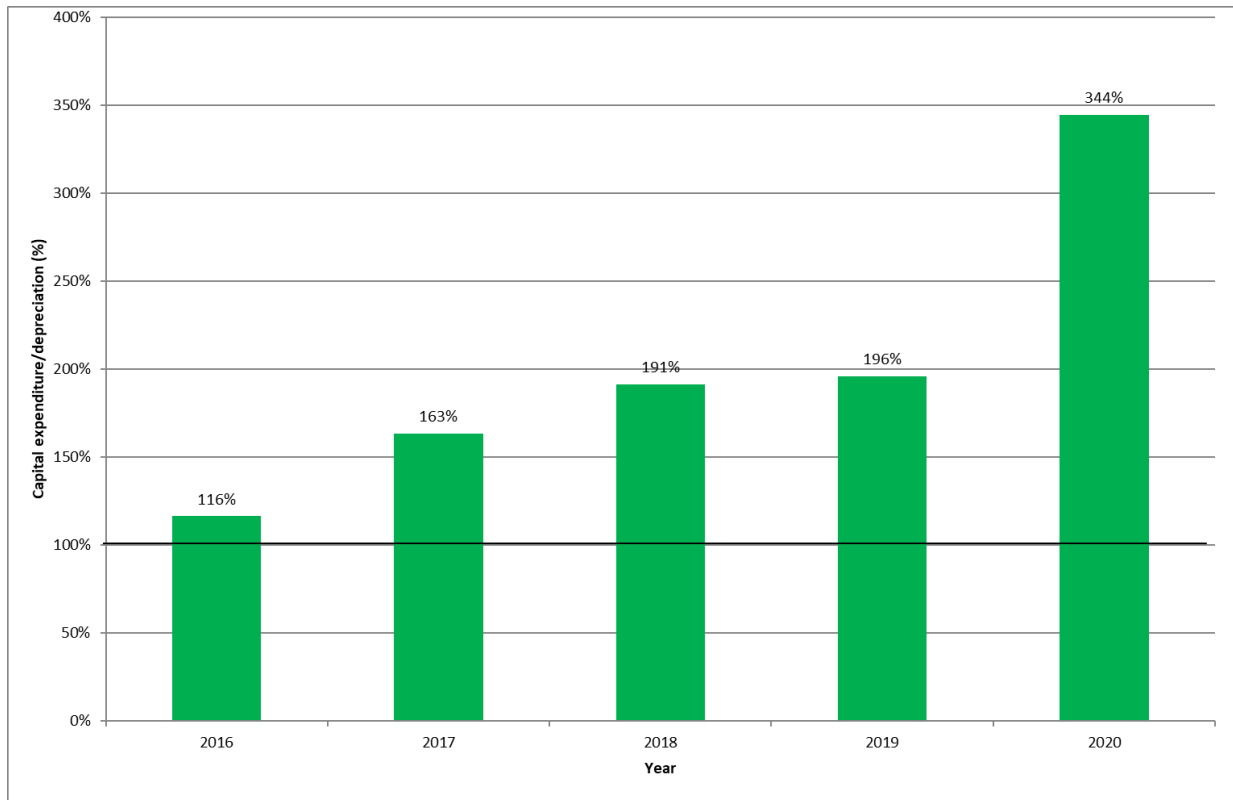
Discovered assets have been excluded from 2019 onwards, due to legislative requirements.

The balanced budget benchmark was not met due to continuous improvement on Council's databases which has resulted in increases in loss on disposal (included in this benchmark) and increases in discovered assets (excluded from the benchmark). This has resulted in Council not meeting the benchmark.

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.



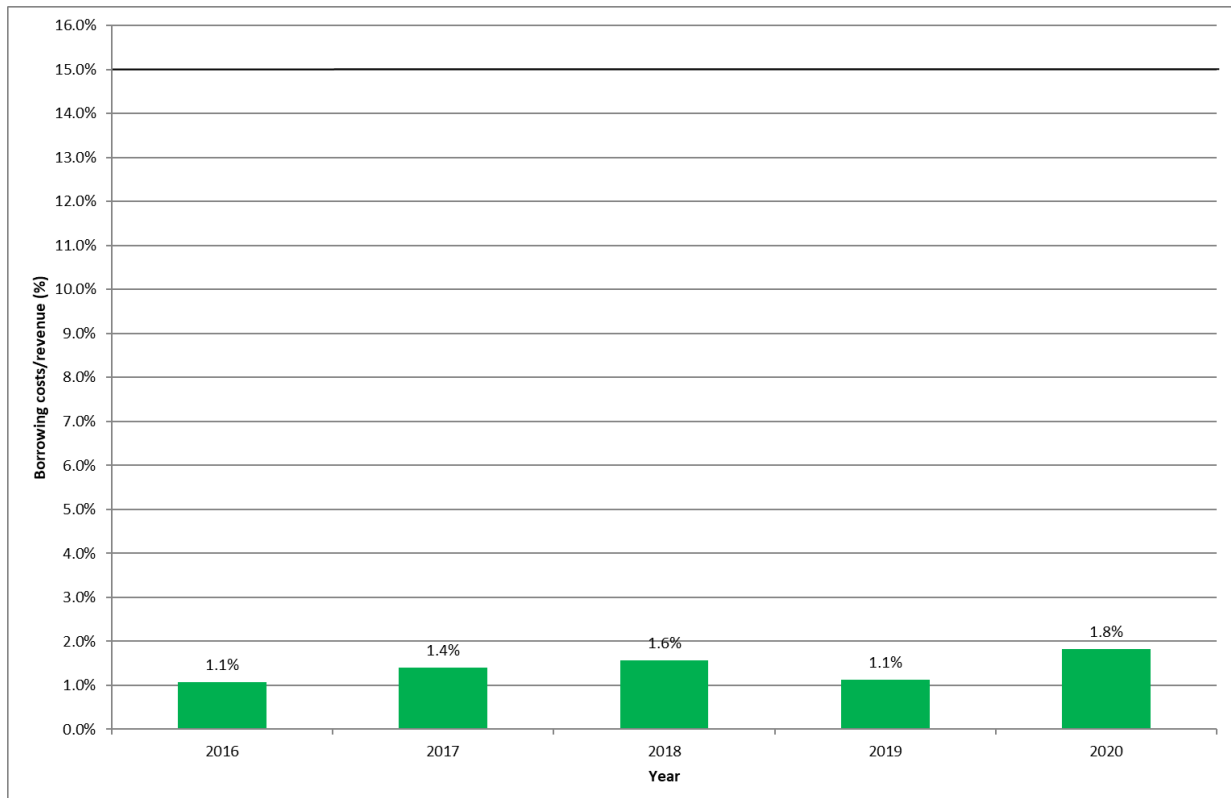
■ Benchmark met

The essential services benchmark shows a large increase from the 2019 financial year due to the increased capital works programme completed in the 2020 financial year.

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.

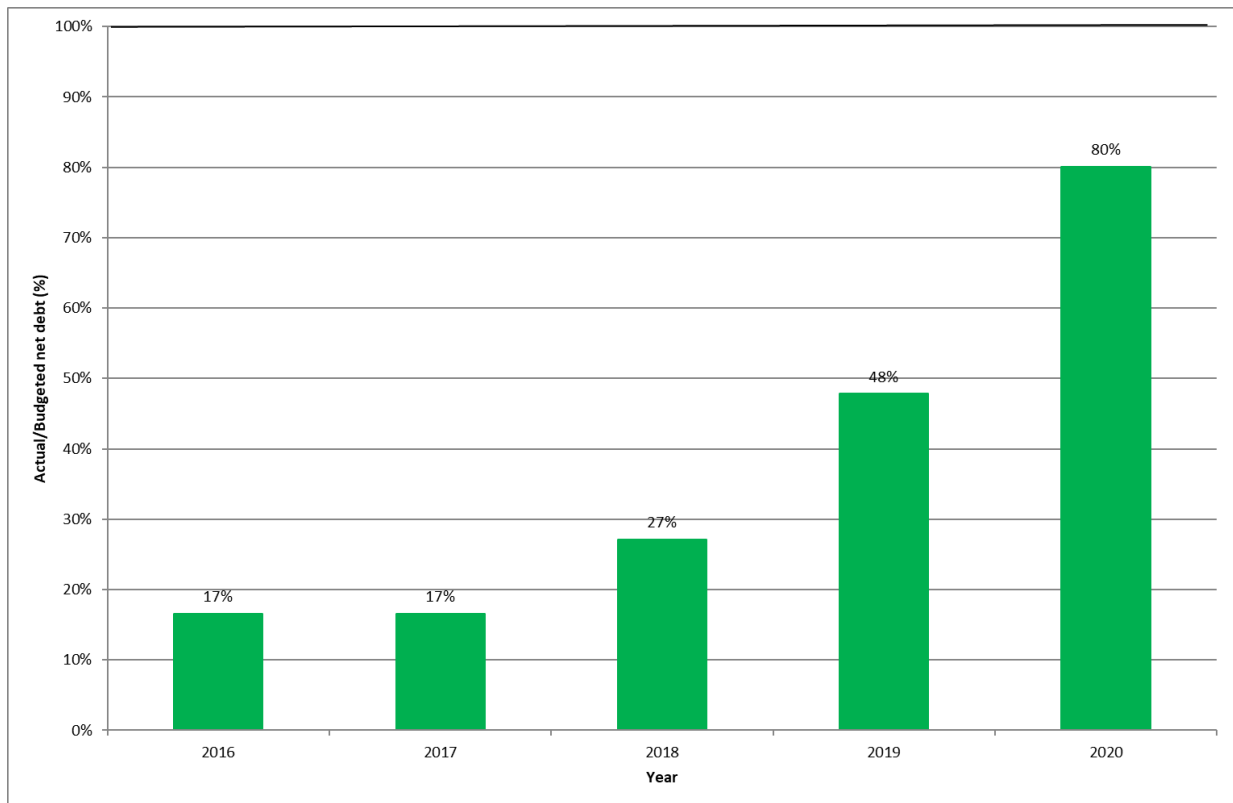


■ Benchmark met

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.

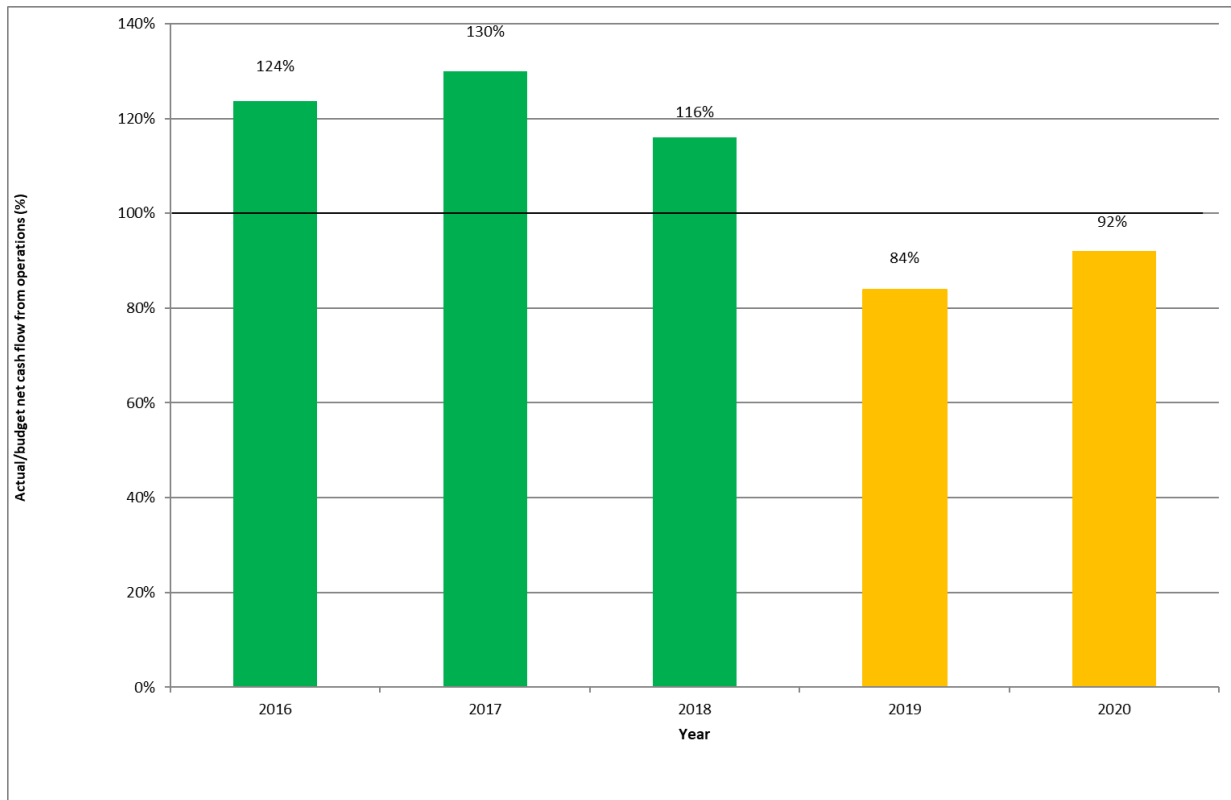


■ Benchmark met

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

The operations control benchmark was not met due to increases in cash expenditure from budget which was partially offset by increases in cash revenue received.

Non-Financial Performance

The year was one of ‘challenge’ with the emergence of COVID-19 in New Zealand.

In March 2020 Waipa District Council joined the rest of New Zealand as we entered the nationwide lockdown in response to Covid-19. WDC’s internal response was managed by Council’s Crisis Management Team with Council also contributing to the establishment and operation of the Western Waikato Emergency Operations Centre in which we saw more than 40 staff and 130 volunteers based to help our community.

Overall the response was successful with essential services continuing to be delivered throughout lockdown and the mobilisation to remote working for the majority of Council staff. Council was required to move swiftly and often reactively to announcements. The response involved significant resource from across the organisation, with the organisation as a whole displaying amazing resilience and adaptability.

As we move from response to recovery the key next steps are to focus on the changes made throughout the response and the lessons learnt. A team of representatives from across Council have formed a COVID Improvement Group to capture the innovations made and inform the potential new way of working in the future. In parallel Council is undertaking a comprehensive review of our response to the crisis and continue to monitor the situation.

Despite these challenges it was still a successful year for Waipa with some key highlights. The 2019/20 year was the second year of Council’s Long Term Plan 2018-28, with the theme “ambitious but affordable” and focus continued on delivering the significant capital works programme. Extensive planning was also completed to achieve the adoption of Council’s 2020/21 Annual Plan. Completion of the plan utilised significant resource from across Council as the assumptions and work programme required extensive review to factor in the adverse impacts of COVID.

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

Significant progress was made on a number of key capital projects with highlights including:

- Substantial progress was made on the Hanlin Road and Cambridge Road intersection with formation of the roundabout underway. Excavation work is being carried out to clear the way for the construction of new entrances and exits to the roundabout.
- The Cambridge Pool project secured funding for the critical remedial works required on the 50m outdoor pool. The final remains of the former facility were demolished and cleared to make way for the new build.
- Stages 1 & 2 of a four stage project to increase the treatment capacity and improve treatment processes at the Te Awamutu Wastewater Treatment Plant have been completed. Stage 3 is underway with the construction expected to finish late 2020.

- Cambridge celebrated a new playground in Thompson Street, the official opening invited residents to bring along their loved ones and a picnic blanket for an afternoon of live music, face painting, ice creams and sausage sizzles.

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

- Waipa's Speed Limits Bylaw was amended with new Schedules and maps for 200 speed limit changes across the district following early community engagement and formal consultation.
- The Fire Control Bylaw 2015 was amended to remove clauses which are no longer relevant to Council's responsibilities following the Fire and Emergency New Zealand Act 2019.
- Closed Circuit Television (CCTV) Policy, adopted in March 2019, was amended to enable NZ Police and official volunteers to view recorded images for the sole purpose of operational information to Police Officers responding to incidents.
- A Street Naming Policy is in development.

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

- Council's IT team carried out an upgrade to the way we operate, migrating the desktop fleet to laptops and rolling out Windows 10 and an upgrade to Office 365. This upgrade was critical in the transition to remote working throughout the COVID-19 lockdown, enabling Council to continue to offer a wide range of Council services.
- Council implemented a new website and refreshed content to provide relevant, consistent and user friendly information to the public.
- The Te Awamutu Museum Collection went digital increasing accessibility to those outside of our community and reducing the handling of fragile objects to preserve them from degradation or loss. More than 18,000 records have been published to the digital collection, containing extensive material relating to the New Zealand land wars and colonial settlement in Waipā.
- Enhancements were made to the payment gateway on Council's public facing website to prevent surcharges on debit card payments and introduce Account2Account, a real time internet banking payment.
- Antenno, a new communication app was implemented to deliver alerts and notifications to users which relate to their chosen area(s) of interest. This expands the reach of Waipa's social media platform and helps to reduce communication clutter as users can opt out of specific topics.

Focus continued on actively managing risk through the Audit and Risk Committee. Council's internal audit programme continued, with existing multi-year improvement programmes continuing in procurement and contract management, business resilience and risk management. Cybersecurity, compliance management and asset management planning programmes have commenced.

Council continues to be a proactive member of the Mayoral Forum, contributing to a series of workstreams aimed to improve joint planning, economic development and local government efficiency generally.

Overall the year was extremely challenging but still a successful period for Council. It is pleasing to note our solid performance across most 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

The community had their say

During the 2019/20 year we ran 14 formal engagement processes, including the 2020/21 Annual Plan, concept plans for Memorial Park and Lake Te Koo Utu, plans for new areas of development, proposed district-wide policies to be adopted, and others.

But formal engagement and consultation was only a small part of what we did.

We also welcomed our community's thoughts, ideas and opinions through social media, surveys, direct to our customer support team, and through online channels. During the COVID-19 lockdown period in particular, connecting with our community online enabled even more people in our community to have their say on a range of matters.

Waipā District Council's Facebook page continued to grow with 8,267 active followers. Over the year, our posts reached more than 1.4 million people (that's sets of eyes) on a huge range of topics.

Our Waipā Home of Champions Instagram page, which celebrates all things Waipā, also doubled its followers from 845 to 1,356 followers.

What's next Waipā?

In early 2020, we kicked off engagement with the community on the district's vision and community outcomes, which will help us shape our next Long Term Plan for 2021-2031.

Five community BBQs events were held across the district where residents could chat to councillors and Council staff about the issues we are collectively facing in our communities and where the district is heading in the future. Those events were supported by a wider campaign to drive people to our website and submit their feedback.

Highlights:

- 2,007 people visited our What's Next Waipā website to provide feedback
- Over 1,500 locals came along to a community BBQ
- Social media posts reached thousands of residents

Overall, more than 300 people shared their views, which will be presented to Council as they work through an action plan for the next 10 years.

Finding new ways to engage during lockdown

Despite the challenges we faced during Alert Level 4 lockdown, largely due to limitations around printing and news media over lockdown, we maintained a strong commitment to including residents in Council decision-making.

During lockdown, Waipā District Council received 42 submissions on its Annual Plan for 2020/21 – similar to the previous year. We produced a strong digital campaign (online, website, video and social media) to get as much feedback as possible.

We also kicked off consultation on a new reserve management plan and concept plans for Memorial Park and Lake Te Koo Utu during this period. Again, a strong digital engagement programme translated into over 730 submissions over an eight-week period.

Feeding back to Council

We love to hear from our community and always encourage feedback on our services, projects and activities. Whether you need information or want to share your thoughts, you can either visit one of our offices or contact us by phone, email, web chat, Antenna or social media.

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. This will be expanded to include the Service Delivery and Finance and Corporate Committees in 2020.

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 will continue to work 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 2020

	Note	Parent & Group 2020 Actual \$000	Parent 2020 Budget \$000	Parent & Group 2019 Actual \$000
REVENUE				
Rates	3	60,222	63,233	58,609
Fees and charges	3	15,754	11,618	14,026
Reserve contributions	3	561	578	463
Development contributions	3	4,887	11,534	6,591
Gain on revaluation	4	-	421	1,079
Vested assets	3	13,323	12,504	13,353
Discovered assets	3	731	-	16,464
Dividends	3	51	40	169
Finance revenue	3	859	190	1,008
Subsidies and grants	3	9,604	8,461	7,638
Other revenue	3	724	403	2,711
Total Revenue		106,716	108,982	122,111
OPERATING EXPENDITURE				
Employee benefit expenses	5	25,787	24,754	22,748
Depreciation & amortisation	13-15	25,457	23,724	22,750
Other expenses	6	38,952	36,646	41,324
Finance costs	7	1,587	1,552	1,294
Loss on revaluation	4	516	-	-
Total Operating Expenditure	2	92,299	86,676	88,116
OPERATING SURPLUS		14,417	22,306	33,995
Other Comprehensive Revenue and Expense recognised directly in Equity				
Property Plant and Equipment Revaluation gains / (losses) taken to equity		34,164	47,234	110,731
Intangible gains / (losses) taken to equity		146	-	33
Investment gains / (losses) taken to equity		1,549	-	2,068
Cash flow hedges gains / (losses) taken to equity		29	219	(135)
Total Other Comprehensive Revenue and Expense for the Year		35,888	47,453	112,697
Total Comprehensive Revenue for the Year		50,305	69,759	146,692

Explanation of operating surplus and total comprehensive revenue:

Council achieved an operating surplus of \$14.4m this year against a budget of \$22m. Explanations of the major variations from budget are provided in note 31, pages 107 and 108. The operating surplus includes a number of

items of income that are non-cash in nature including infrastructure vested by developers (\$13.3m) and assets discovered (\$731,000). Council's total comprehensive income includes \$34.1m of property, plant and equipment revaluation gains.

The accompanying notes form part of these financial statements, pages 48-108.

**Waipa District Council
Statement of Changes in Equity
For the Year Ended 30 June 2020**

		Parent & Group	Parent 2020 Budget	Parent & Group 2019 Actual
	Note	2020 Actual \$000	\$000	\$000
Balance at 1 July		1,717,879	1,599,128	1,571,187
Total Comprehensive Revenue		50,305	69,759	146,692
Balance at 30 June		1,768,184	1,668,887	1,717,879
Equity represented by:				
Retained earnings	24	524,460	506,791	507,321
Other reserves	24	1,243,724	1,162,096	1,210,558
Total Equity		1,768,184	1,668,887	1,717,879

Explanations of the major variations from budget are provided in note 31, pages 107-108

The accompanying notes form part of these financial statements, pages 48-108.

Waipa District Council
Statement of Financial Position
As at 30 June 2020

	Note	Parent & Group 2020 Actual \$000	Parent 2020 Budget \$000	Parent & Group 2019 Actual \$000
ASSETS				
Current Assets				
Cash and cash equivalents	8	2,961	1,875	1,322
Other financial assets	10	-	96	-
Assets held for sale	12	85	7,689	2,369
Trade and other receivables	9	9,982	6,473	8,411
Total Current Assets		13,028	16,133	12,102
Non Current Assets				
Property plant and equipment	13	1,809,042	1,750,153	1,707,373
Intangible assets	14	2,938	1,779	1,336
Forestry assets	17	2,559	2,419	2,977
Investments in CCO's	10	17,748	13,603	15,799
Investment property	18	15,942	15,976	16,591
Trade and other receivables	9	13	32	14
Total Non Current Assets		1,848,242	1,783,962	1,744,090
Total Assets		1,861,270	1,800,095	1,756,192
LIABILITIES				
Current Liabilities				
Trade and other payables	19	19,820	14,053	16,006
Provisions	20	252	86	212
Employee benefit liabilities	21	2,106	1,314	1,467
Borrowings	22	13,530	15,500	28
Total Current Liabilities		35,708	30,953	17,713
Non Current Liabilities				
Trade and other payables	19	15,298	15,733	3,543
Derivative financial instruments	23	1,292	716	1,321
Provisions	20	699	555	616
Borrowings	22	40,089	83,250	15,120
Total Non Current Liabilities		57,378	100,254	20,600
Total Liabilities		93,086	131,207	38,313
EQUITY				
Retained earnings	24	524,460	506,791	507,321
Other reserves	24	1,243,724	1,162,096	1,210,558
Total Equity		1,768,184	1,668,887	1,717,879

Explanations of the major variations from budget are provided in note 31, pages 107-108. The accompanying notes form part of these financial statements, pages 48-108.

Waipa District Council
Statement of Cash Flows
For the Year Ended 30 June 2020

	Parent & Group 2020 Actual Note	Parent 2020 Budget \$000	Parent & Group 2019 Actual \$000
Cash Flows from Operating Activities			
Receipts from rates revenue	60,195	63,233	58,545
Interest received	863	190	1,069
Dividends	176	40	44
Receipts from other revenue	43,581	32,520	28,788
Payments to suppliers and employees	(58,045)	(46,788)	(54,929)
Interest paid	(1,587)	(1,552)	(1,294)
Goods and service tax (net)	(1,621)	-	(176)
Net Cash Flow from Operating Activities	43,562	47,643	32,047
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment	2,672	816	11,086
Proceeds from sale of investments	-	882	(32)
Purchase of intangible assets	(1,721)	(396)	(399)
Purchase of property, plant and equipment	(80,944)	(113,716)	(55,684)
Purchase & development of investment property	-	(265)	-
Acquisition of investments	(400)	-	-
Net Cash Flow from Investing Activities	(80,393)	(112,679)	(45,029)
Cash Flows from Financing Activities			
Proceeds from borrowings	38,471	65,500	1,973
Net Cash Flow from Financing Activities	38,471	65,500	1,973
Net (decrease) / increase in cash, cash equivalents and bank overdrafts	1,640	464	(11,009)
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,322	1,411	12,331
Cash, cash equivalents at the end of the year	8	1,875	1,322

Explanations of the major variations from budget are provided in note 31, pages 107-108. The accompanying notes form part of these financial statements, pages 48-108.

Waipa District Council
Statement of Cash Flows
For the Year Ended 30 June 2020 (continued)

	2020 Actual \$000	2019 Actual \$000
Surplus / (deficit) after tax	14,417	33,995
<i>Add (less) non cash items</i>		
Depreciation and amortisation	25,456	22,746
Asset write-downs	-	-
Vested / discovered assets	(14,054)	(29,817)
(Gains) / losses in fair value of investment property and forestry	516	(1,079)
Add / (less) items classified as investing or financing activities	(2,220)	(5,658)
(Gains) / losses on disposal of assets	4,559	4,966
Impairment (Gain) / Loss	127	4,116
<i>Add / (less) movements in working capital items</i>		
Trade and other receivables	(1,570)	(2,035)
Trade and other payables	15,724	4,573
Provisions	123	133
Employee Benefits	484	107
Net Cash Inflow / (Outflow) from Operating Activities	43,562	32,047

Waipa District Council

Funding Impact Statement

For the Year Ended 30 June 2020 (whole of Council)

	2018/19 Annual Plan \$000	2018/19 Annual Report \$000	2019/20 Annual Plan \$000	2019/20 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	41,789	30,894	45,861	35,363
Targeted rates	17,764	27,715	17,372	24,859
Subsidies and grants for operating purposes	2,776	3,302	3,041	3,548
Fees and charges	10,200	14,026	11,618	15,754
Interest and dividends from investments	329	1,177	190	910
Local authorities fuel tax, fines, infringement fees, and other receipts	395	2,711	403	724
Total sources of operating funding (A)	73,253	79,825	78,485	81,158
Applications of operating funding				
Payments to staff and suppliers	53,115	53,282	57,481	58,094
Finance costs	873	1,150	1,552	1,464
Other operating funding applications	1,579	1,482	2,076	2,057
Total applications of operating funding (B)	55,567	55,914	61,109	61,615
Surplus (deficit) of operating funding (A - B)	17,686	23,911	17,376	19,543
Sources of capital funding				
Subsidies and grants for capital expenditure	10,857	4,336	5,304	6,056
Development and financial contributions	9,378	7,054	12,112	5,448
Increase (decrease) in debt	36,000	2,000	65,500	38,471
Gross proceeds from sale of assets	995	11,127	1,698	4,896
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	57,230	24,517	84,614	54,871
Applications of capital funding				
Capital expenditure				
- to meet additional demand	12,527	9,740	32,652	15,863
- to improve the level of service	48,811	21,109	65,065	56,933
- to replace existing assets	17,159	21,633	17,507	11,766
Increase (decrease) in reserves	(3,581)	(4,054)	(13,234)	(10,148)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	74,916	48,428	101,990	74,414
Surplus (deficit) of capital funding (C - D)	(17,686)	(23,911)	(17,376)	(19,543)
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.

	2018/19 Annual Plan \$000	2018/19 Annual Report \$000	2019/20 Annual Plan \$000	2019/20 Actual \$000
Total prospective revenue and expense wholly attributable to District Council	34,780	145,907	69,759	50,305
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	17,686	23,911	17,376	19,543
Difference	17,094	121,996	52,383	30,762
The difference is due to:				
Capital income	15,590	13,402	17,572	11,504
Vested assets	12,477	13,353	12,504	13,323
Discovered assets	-	16,464	-	731
Revaluation of assets	13,352	112,991	47,874	35,372
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	(2,289)	(11,464)	(1,843)	(4,711)
Operating income received in advance	-	-	-	-
Depreciation and amortisation	(22,036)	(22,750)	(23,724)	(25,457)
Total explained difference	17,094	121,996	52,383	30,762

Waipa District Council

Notes to the Financial Statements

1. Statement of accounting policies for the year ended June 2020

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 2020, and were authorised for issue by Council on 29 September 2020.

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, severance payment, and related party transaction disclosures are rounded to the nearest dollar. The functional currency of Council is New Zealand dollars.

Changes in accounting policies

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 has applied this standard in preparing its 30 June 2020 financial statements. The main changes relate to the accounting treatment and disclosures for subsidiaries, associates, and

joint ventures. This has had impact on these financial statements which has been disclosed in note 11.

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 has applied this standard in preparing its 30 June 2020 financial statements. The main changes relate to the removal of options for the recognition and presentation of actuarial gains and losses arising from defined benefit plans and replacing interest cost and expected return on plan assets with a single net interest component. Council does not have defined benefit plans so these changes have not had a material impact on these financial statements.

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 has applied this standard in preparing its 30 June 2020 financial statements. The amendments bring revalued property, plant and equipment and intangible assets within the scope of PBE IPSAS 21 and PBE IPSAS 26. The amendments clarify that an impairment of an individual asset outside of the revaluation cycle will not necessitate the revaluation of the entire class of assets to which the impaired asset belongs. Council has assessed the impairment of these additional asset classes while preparing these financial statements.

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 has applied this standard in preparing its 30 June 2020 financial statements. The changes are minor in nature and these changes have not had a material impact on these financial statements.

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:

Financial instruments

In January 2017, the XRB issued PBE IFRS 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.

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.

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.
- PBE IPSAS 40 Combinations. The change is to be applied prospectively to PBE combinations for which the amalgamation date or acquisition date is on or after 1 January 2021. This new PBE Standard will supersede PBE IFRS 3 Business Combinations, the current PBE Standard dealing with business combinations. PBE IFRS 3 is based on New Zealand IFRS 3 Business Combinations, which in turn is based in IFRS 3 Business Combinations issued by the International Accounting Standards Board. Key differences: Broader scope – there are fewer scope exclusions, classify each combination as an amalgamation or an acquisition – PBE IFRS 3 requires that an acquirer be identified, pooling of interests method used for amalgamations and acquisitions – additional restrictions on the recognition of goodwill.

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 (WCFT) is not a significant component for the current year, the consolidated position has been presented via a 'parent and group' column.

Waipa District Council has retained ownership of the majority of the assets that WCFT uses for their operations and provide a major source of funding for the trust. The assets that are held within WCFT are not available for access or use by Council and Council is unable to settle liabilities of WCFT with the exception of the ASB Bank loan which is guaranteed by Council.

There is minimal risk for Council with its interest in WCFT due to Council retaining ownership of the majority of the assets that WDC use for their operations and as a source of funding for the trust. This risk remains unchanged.

Council is unlikely to lose control of WCFT due to Council being a settlor of the Trust and irreversibly pre-determining the material operating and financing policies of the Trust. Council also owns most of the assets that WCFT use for their operations and provide a major source of funding for WCFT. If Council were to lose control during the reporting period, this would not have a material impact on the Council's performance.

Goods and services taxation (GST)

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by Council at the beginning of the year in the 2019/20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

Covid-19 Impacts

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained at Alert Level 3 until 13 May inclusive.

During Alert Levels 4 and 3, most staff worked either remotely or on site (for essential services), with the balance of staff unable to work due to the nature of their roles. We suspended all non-urgent maintenance and capital works. After 13 May 2020, we resumed most of our operations.

There was no significant impact for our essential services under Levels 4 and 3. The deferral of our maintenance and capital works programme was caught up in the remainder of the 2019/20 year or is expected to be caught up in the 2020/21 financial year.

Management have considered the current and future impacts on the Council caused either directly or indirectly by Covid-19. The impact on the overall results was not material due to the nature of Waipa District Council as a territorial authority and a lot of the work unable to be performed over lockdown being caught up within the current financial year.

In the current environment it is challenging to predict the potential future effects of this pandemic on Waipa District Council. Management believe that any potential negative effects would likely be limited, unless there is a sustained economic downturn, which has been predicted by some economic commentators. In that event, Management believe the effect on the key elements in the financial statements would be:

- 1) Rates Revenue – unlikely to change significantly due to powers under the Rating Act 2002. Rates growth is likely to flatten out.
- 2) Fees & Charges – may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
- 3) Development Contributions - may decrease significantly by up to 15 percent in the case of a sustained economic downturn.

- 4) Vested Assets - may decrease significantly by up to 15 percent in the case of a sustained economic downturn.
- 5) Subsidies and grants – unlikely to change significantly due to the large proportion of our subsidies and grants coming from Central Government funding (NZTA subsidy) which is likely to remain unchanged.
- 6) Operating Expenses – unlikely to change significantly. Significant costs such as employee benefits and depreciation are unlikely to be materially affected. Bad debts have not been material to Council in prior years but there is a potential for a slight increase from the default of payment from non-rating debtors.
- 7) Property plant and equipment are valued at fair value and therefore have the ability to move significantly based on market factors. Management consider that the values may increase in market prices for our infrastructural assets of between 2-4% due to the construction market and an increase in Central Government spending in this area.
- 8) Trade receivables are accounted for at net realisable value, these are likely to increase slightly due to a reduction in penalties for ratepayers but will remain collectable due to powers under the Rating Act 2002. Non rates receivables are likely to increase slightly also with a small increase in bad debts likely.
- 9) The carrying value of most other assets and liabilities is unlikely to change significantly.

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 13.
- Estimating the landfill aftercare provision – see Note 20.
- Estimating the carrying value of certain capital work in progress projects – see Note 13.

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

	2020 Actual \$000	2020 Budget \$000	2019 Actual \$000
INCOME			
Governance	104	108	51
Planning and Regulatory	5,749	5,675	5,806
Community Services and Facilities	5,868	3,969	8,366
Roads and Footpaths	10,100	8,511	7,712
Stormwater	29	17	46
Wastewater Treatment and Disposal	774	712	713
Water Treatment and Supply	10,858	11,455	10,374
Support Services	14,096	13,954	12,146
GROSS REVENUE	47,578	44,401	45,214
Less Internal Charges	(14,021)	(13,887)	(12,013)
Total Income	33,557	30,514	33,201
EXPENDITURE			
Governance	8,391	8,909	7,693
Planning and Regulatory	8,103	8,462	7,638
Community Services and Facilities	24,637	24,444	22,914
Roads and Footpaths	23,225	21,212	23,811
Stormwater	3,939	3,922	5,260
Wastewater Treatment and Disposal	11,723	8,366	9,113
Water Treatment and Supply	12,962	12,657	11,600
Support Services	14,575	14,460	12,597
GROSS EXPENDITURE	107,555	102,432	100,626
Less Internal Charges	(14,021)	(13,887)	(12,013)
Less rates charged to Council properties	(1,131)	(1,103)	(1,123)
NET EXPENDITURE	92,403	87,442	87,490
NET COST OF SERVICE - OPERATING	(58,846)	(56,928)	(54,289)

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

	2020 Actual \$000	2019 Actual \$000
Rates consist of:		
General rates	21,940	20,944
Uniform annual general charge	14,582	12,152
Targeted ward rates	4,948	6,829
Other targeted rates:		
Metered Water Supply	7,356	8,913
Other Water Rates	20	18
Sewerage	7,209	6,507
Stormwater	3,420	3,114
Recycling	1,493	932
Other	416	360
Add Penalties	211	189
Less Remissions	(242)	(226)
	61,353	59,732
Less rates charged to Council properties	(1,131)	(1,123)
Total Rates	60,222	58,609

ii) Rate remissions

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

	2020 Actual \$000	2019 Actual \$000
Sport / community organisations	115	93
Maori land	14	12
Open space covenanted land	48	39
School waste water	33	43
Other	32	39
Uniform annual general charge	-	-
	242	226

	2020 Actual	2019 Actual
Number of rating units at start of year	22,559	22,113

	2020 Actual \$000	2019 Actual \$000
Total capital value of rating units at start of year	17,728,009	17,316,413
Total land value of rating units at start of year	9,777,893	9,663,824

iii) Breakdown of subsidies and grants

	2020 Actual \$000	2019 Actual \$000
New Zealand Transport Agency roading subsidies	9,270	6,842
Grants and Donations	194	613
External funding	140	183
Total subsidies and grants	9,604	7,638

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2019 nil).

iv) Breakdown of fees and charges

	2020 Actual \$000	2019 Actual \$000
Rendering of services	1,427	1,566
User Charges	7,024	5,209
Regulatory revenue	5,713	5,773
Rental income from investment properties	329	334
Other Significant Activity revenue	1,261	1,144
Total fees and charges	15,754	14,026

v) Breakdown of other revenue

	2020 Actual \$000	2019 Actual \$000
Profit on Sale	-	2,083
Insurance recoveries	-	10
Infringements and fines	36	33
Petrol tax	384	403
Miscellaneous Revenue	304	182
Total other revenue	724	2,711

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:

	2020 Actual \$000	2019 Actual \$000
Not later than one year	136	102
Later than one year and not later than five years	322	276
Later than five years	85	134
Total Non-cancellable Operating Leases	543	512

No contingent rents have been recognised during the year.

4. *Gain / (Loss) on revaluation*

	2020 Actual \$000	2019 Actual \$000
Gain / (Loss) on changes in fair value of investment property	(98)	446
Gain / (Loss) on changes in fair value of forestry assets	(418)	633
	(516)	1,079

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

	2020 Actual \$000	2019 Actual \$000
Salaries and wages	25,303	22,235
Defined contribution plan employer contributions	-	406
Increase / (decrease) in employee benefit liabilities	484	107
Total employee benefit expenses	25,787	22,748

Chief Executive remuneration

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$294,831 (2019 \$297,470) in terms of his contract. The Chief Executive's total remuneration included other benefits as follows:

	2020 Actual \$	2019 Actual \$
Salary	294,831	297,470
Defined contribution plan employer contributions (KiwiSaver)	24,741	22,770
Vehicle	14,428	13,760
Total Chief Executive remuneration	334,000	334,000

Elected representatives' remuneration

Elected representatives received the following remuneration:

	2020 Actual \$	2019 Actual \$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	132,822	122,455
Liz Stolwyk, Deputy Mayor	42,038	41,133
Elwyn Andree-Wiltens	33,291	32,906
Judy Bannon	10,223	32,906
Hazel Barnes JP	33,291	32,906
Andrew Brown	39,974	41,133
Lou Brown	23,068	-
Philip Coles	23,068	-
Roger Gordon	23,068	-
Marcus Gower	39,974	33,043
Sue Milner	10,223	32,906
Susan O'Regan	37,418	32,906
Mike Pettit	23,068	-
Clare St Pierre	35,847	41,133
Bruce Thomas JP	33,291	40,996
Grahame Webber	44,063	54,295
Vern Wilson	10,223	32,906

Council employees remuneration by band

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

	2020 Actual	2019 Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	121	126
\$60,000 - \$79,999	87	78
\$80,000 - \$99,999	49	52
\$100,000 - \$119,999	24	20
\$120,000 - 139,999	9	8
\$140,000 - \$160,000	12	8
\$160,000 - \$340,000	6	7
Total Employees	308	299

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 250 (2019 277) full-time employees, with the balance of staff representing 35 (2019 32) 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 2020 there was no severance payments to any employees (2019 \$0).

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

	2020 Actual \$000	2019 Actual \$000
<i>Fees to the principal auditor:</i>		
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	160	159
Fees to Audit New Zealand for audit of the 2018-28 Long-term Plan		-
Fees to Audit New Zealand for audit of the Debenture Trust Deed	8	8
Total Audit Fees	168	167
Community grants	2,057	1,609
Loss on disposal property, plant and equipment	4,459	6,114
Impairment of property, plant and equipment	127	4,114
Direct expenses from investment property	178	188
Direct expenses from investment property not primarily generating income	435	433
Lease payments under operating leases	96	130
Other operating expenditure	31,432	28,569
Total Other Expenses	38,952	41,324

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. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2020 Actual \$000	2019 Actual \$000
Not later than one year	42	57
Later than one year and not later than five years	84	11
Later than five years	-	-
Total Non-cancellable Operating Leases	126	68

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.

	2020 Actual \$000	2019 Actual \$000
Interest on borrowings	1,307	1,137
Discount unwind on provisions (note 20)	280	157
Total	1,587	1,294

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

	2020 Actual \$000	2019 Actual \$000
Cash at bank and in hand	797	619
Term deposits with maturities less than 3 months	2,164	703
Total	2,961	1,322

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

	2020 Actual \$000	2019 Actual \$000
Rates receivables	575	401
Community loans	14	15
Sundry debtors	9,270	7,992
Loans to Other Entities	-	17
	9,859	8,425
<i>Less non current portion</i>		
Community loans	13	14
Loans to Other Entities	-	-
Total Non-current Portion	13	14
Current Portion	9,846	8,411
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	3,522	6,066
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	6,324	2,359

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:

	2020 Actual \$000	2019 Actual \$000
Not past due	8,972	7,853
Past due 1 - 60 days	614	407
Past due 61 - 120 days	242	79
Past due > 120 days	18	72
Total	9,846	8,411

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

Non-current portion

Investments in CCOs

	Number of Shares	% Holding	Balance Date	2020 Actual \$000	2019 Actual \$000
Waikato Regional Airport Limited	777,110	15.63	30 June	16,754	15,205
Civic Financial Services Limited	149,082	1.35	31 Dec	141	141
Waikato Local Authority Shared Services Limited - called	1	8.33	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	640	240
Total non current portion of shares and investments in other organisations				17,748	15,799

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. Investments in subsidiaries, associates, and joint ventures

Accounting policy

The Council and group has adopted the new group standards, PBE IPSAS 34 to 37, in preparing these financial statements. In adopting these new standards, the Council and group has updated its accounting policies for its investments in subsidiaries, associates, and joint ventures. Disclosures have also been updated for the new disclosure requirements of PBE IPSAS 38.

Further information about the initial adoption of these standards is provided in note 29.

Subsidiaries

The Council consolidates in the group financial statements those entities it controls. Control exists where the Council is exposed, or has rights, to variable benefits (either financial or non-financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council.

Associate

An associate is an entity over which the Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for in the group financial statements using the equity method of accounting.

Investments in associates are measured at cost in the Council's parent financial statements.

Equity method of accounting in group financial statements

Investments in associates and joint ventures are accounted for in the group financial statements using the equity method of accounting.

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the change in net assets of the entity after the date of acquisition. The group's share of the surplus or deficit is recognised in the group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

12. 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

	2020 Actual \$000	2019 Actual \$000
Assets held for sale - Land	85	820
Assets held for sale - Buildings	-	1,549
Total assets held for sale	85	2,369

Council is still proposing to sell 263m² of land being part of the Karapiro Hall site at Karapiro Road to Karapiro Motors (1975) Limited.

13. *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
Footpaths		15 – 70
Signs		10 – 35
Railings		20 – 35
Islands		35 - Infinite
Traffic Signals		15 – 50
Buildings – not componentised		0 – 100
Building – structure		35 – 100
Building – fit-out		20 – 40
Building – services		30 – 45
Plant/motor vehicles		15 – 25

	Components	Years
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 2020.

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

Property, plant, and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. 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 other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of an 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.

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.

2020	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 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)
Opening carrying amount	230,328	63,489	-	1,245	3,966	16,194	315,222
Year Ended 30 June 2020							
Transfers	-	(3,230)	-	-	-	3,230	-
Additions	123	593	-	310	240	2,674	3,940
Additions (vested to Council)	71	-	-	-	-	-	71
Disposals	(45)	(16)	-	(211)	(69)	(125)	(466)
Accumulated depreciation write off on disposal	-	-	-	211	8	58	277
Current year depreciation	-	(2,393)	-	(293)	(791)	(1,014)	(4,491)
Accumulated depreciation write off on revaluation	-	6,678	-	-	-	-	6,678
Revaluation Surplus / (deficit)	23,308	2,186	-	-	-	-	25,494
Impairment	-	(168)	-	-	-	-	(168)
Loss on Accumulated Impairment on revaluation	-	1,985	-	-	-	-	1,985
Work in progress	175	8,556	-	(1)	79	(1,229)	7,580
Total movement	23,632	14,191	-	16	(533)	3,594	40,900
Balance 30 June 2020							
Cost	253,960	76,606	418	2,358	7,863	30,313	371,518
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,430)	(10,525)	(15,396)
Closing Carrying Amount	253,960	77,680	-	1,261	3,433	19,788	356,122

Impairment losses of \$168,000 (2019 \$1,507,000) have been recognised for prior year capital costs. The majority of this impairment relates to Cambridge Museum and Ohaupo Town Hall which requires significant earthquake strengthening. This has been budgeted for in 2020/21 and 2022/23. 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 2020 is \$1,809,042,000. This is made up of total operational and infrastructure assets valued at \$356,122,000 and \$1,452,920,000 respectively.

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 write off on disposal	-	-	-	-	-	-	-
Current year depreciation	-	(2,262)	-	(273)	(666)	(787)	(3,988)
Accumulated depreciation write off on revaluation	-	-	-	191	632	40	863
Revaluation Surplus / (deficit)							-
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

Total 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.

2020	Sewerage system treatment \$000	Sewerage system reticulation \$000	Water system treatment \$000	Water system reticulation \$000	Drainage network \$000	Roading network \$000	Land under roads \$000	Total infrastructural assets \$000
Council infrastructural assets								
Balance at 1 July 2019								
Cost	25,667	108,324	39,743	102,676	113,137	767,967	234,638	1,392,152
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Opening carrying amount	25,667	108,324	39,743	102,676	113,137	767,967	234,638	1,392,152
Year Ended 30 June 2020								
Transfers	-	-	-	-	-	-	-	-
Additions (constructed by Council)	188	1,071	346	2,636	3,902	8,013	-	16,156
Additions (vested to Council)	-	1,842	-	2,395	3,166	5,864	-	13,267
Disposals	(191)	(281)	(1,242)	(477)	(103)	(2,167)	-	(4,461)
Accumulated depreciation write off on disposal	6	20	5	49	3	212	-	295
Current year depreciation	(1,287)	(2,400)	(1,161)	(3,177)	(1,692)	(10,982)	-	(20,699)
Accumulated depreciation write off on revaluation	-	-	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-	-
Work in progress	13,675	16,371	10,186	11,460	(38)	4,556	-	56,210
Total movement	12,391	16,623	8,134	12,886	5,238	5,496	-	60,768
Balance 30 June 2020								
Cost	39,339	127,327	49,033	118,690	120,064	784,233	234,638	1,473,324
Accumulated depreciation and impairment charges	(1,281)	(2,380)	(1,156)	(3,128)	(1,689)	(10,770)	-	(20,404)
Closing carrying amount	38,058	124,947	47,877	115,562	118,375	773,463	234,638	1,452,920

A fair value assessment of the Roding Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2020. A fair value assessment of the utility assets was performed by WSP, (registered valuation experts) effective as at 30 June 2020.

2019	Sewerage system treatment \$000	Sewerage system reticulation \$000	Water system treatment \$000	Water system reticulation \$000	Drainage network \$000	Roding network \$000	Land under roads \$000	Total infrastructural assets \$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 write off on disposal	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 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

Core infrastructure asset disclosure

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

	2020 Actual \$000	2019 Actual \$000
Sewerage system - treatment	40,362	40,384
Sewerage system - reticulation	164,352	162,951
Water system - treatment	54,523	56,125
Water system - reticulation	171,906	176,453
Drainage network	153,380	146,526
Roading network	990,044	979,549
Total	1,574,567	1,561,988

Work in progress

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

	2020 Actual \$000	2019 Actual \$000
Land and buildings	18,410	9,773
Plant	189	119
Furniture and equipment	846	2,007
Wastewater treatment and disposal	40,137	10,098
Water treatment and supply	32,247	10,602
Drainage network	7,760	7,795
Roading network	9,943	5,380
Total	109,532	45,774

Capital commitments

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

	2020 Actual \$000	2019 Actual \$000
<i>Capital Commitments</i>		
Roading network	9,293	10,777
Drainage network	503	1,370
Wastewater treatment and disposal	26,597	5,180
Water treatment and supply	9,821	23,948
Community Facilities	6,427	13,813
Property development	-	180
Total capital commitments	52,641	55,268

14. 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 13. 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 2020 is \$523,872 (2019 \$377,808).

Breakdown of intangible assets and further information

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

2020	Computer Software \$000	NZ Units \$000	Total \$000
Balance at 1 July 2019			
Cost	3,527	378	3,905
Accumulated amortisation and impairment	(2,569)	-	(2,569)
Opening carrying amount	958	378	1,336
Year ended 30 June 2020			
Additions	2,018		2,018
WIP Movement	(297)		(297)
Intangible gains / (losses)		146	146
Disposals	(95)		(95)
Accumulated depreciation write off on disposal/revaluation	95		95
Amortisation charge	(266)		(266)
Closing carrying amount	2,413	524	2,937
Balance at 30 June 2020			
Cost	5,153	524	5,677
Accumulated amortisation and impairment	(2,740)	-	(2,740)
Closing carrying amount	2,413	524	2,937

2019	Computer Software \$000	NZ Units \$000	Total \$000
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 2019			
Cost	3,527	378	3,905
Accumulated amortisation and impairment	(2,569)	-	(2,569)
Closing carrying amount	958	378	1,336

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

15. Depreciation and amortisation expense by group of activity

	2020 Actual \$000	2019 Actual \$000
Directly attributable depreciation and amortisation expense by group of activity		
Governance	8	8
Planning and Regulatory	6	6
Community Services and Facilities	3,130	2,850
Roads and Footpaths	11,055	9,713
Stormwater	1,692	1,408
Water Treatment and Supply	4,342	4,378
Wastewater Treatment and Disposal	3,688	3,183
Support Services	1,536	1,204
Total depreciation and amortisation expense	25,457	22,750

16. Insurance of assets

The total value of all assets of Council that are covered by insurance contracts is \$885,999,826 (2019 \$746,242,334) and the maximum amount to which they are insured, on a per loss basis, is \$233,222,233 (2019 \$232,822,264).

Insurance Class	Total Declared Value \$	Policy Limit \$
Infrastructure	559,315,787	\$80,000,000 per loss
Material Damage	323,461,806	\$150,000,000 each and every loss and in the annual aggregate (\$30,000,000 any one loss and in the aggregate for the period of insurance for fire)
Motor Vehicle	3,222,233	3,222,233
Total	885,999,826	233,222,233

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.

17. 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

	2020 Actual \$000	2019 Actual \$000
Balance at 1 July	2,977	2,344
Decrease due to harvest and thinnings	-	-
Gains / (losses) arising from changes in fair value less estimated point of sale costs	(418)	633
Balance 30 June	2,559	2,977

Council owns 284 hectares of forest land with 229 hectares of mainly pinus radiata and 4.8 hectares of mixed species. The pinus are at varying stages of maturity ranging from 8 years to 38 years.

There has been no harvesting in the 2020 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2020. 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.

18. 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

	2020 Actual \$000	2019 Actual \$000
Balance at 1 July	16,591	16,145
Additions	40	-
Disposals	(824)	-
Gain / (loss) on sale	233	-
Revaluation loss on Disposal	(322)	-
Revaluation loss on Impairment	(39)	-
Fair value gains / (losses) on revaluation	263	446
Balance 30 June	15,942	16,591

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:

	2020 Actual \$000	2019 Actual \$000
Rental income	607	636
Expenses from investment property generating income	205	188
Expenses from investment property not primarily generating income	435	433

19. 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

	2020 Actual \$000	2019 Actual \$000
Trade payables	6,414	8,510
Deposits and bonds	-	198
Accrued expenses	10,257	4,998
Income in advance	17,945	5,699
Taxes payable (e.g. GST and FBT)	502	144
	35,118	19,549
<i>Less non current portion</i>		
Income in advance	15,298	3,543
Total Non-current Portion	15,298	3,543
Current Portion	19,820	16,006
Total payables comprise:		
Payables under non-exchange transactions -	1,638	2,910
Payables under exchange transactions -	33,480	16,639

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.

20. 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

	2020 Actual \$000	2019 Actual \$000
<i>Current provisions are represented by:</i>		
Landfill aftercare provision and finance leases	252	212
Total Current Provisions	252	212
<i>Non current provisions are represented by:</i>		
Landfill aftercare provisions and finance leases	699	616
Total Non-current Provisions	699	616

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 1.76% (2019 4.32%).

	2020 Actual \$000	2019 Actual \$000
Opening balance	828	695
Amounts used	(256)	(223)
Unused amounts reversed	99	199
Discounting changes	280	157
Closing Balance	951	828
<i>Represented by:</i>		
Current portion	252	212
Term portion	699	616
	951	828

21. 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.

	2020 Actual \$000	2019 Actual \$000
Accrued pay	-	64
Annual leave	1,994	1,323
Sick leave	112	80
Total Employee Benefit Liabilities	2,106	1,467
<i>Comprising:</i>		
Current	2,106	1,467
Total Employee Benefit Liabilities	2,106	1,467

22. 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 109 to 197 of Council's annual report. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

Breakdown of borrowings

	2020 Actual \$000	2019 Actual \$000
<i>Current</i>		
Secured loans	13,530	28
Total Current Borrowings	13,530	28
<i>Non-Current</i>		
Secured loans	40,089	15,120
Total Non-current Borrowings	40,089	15,120
Total Borrowings	53,619	15,148

\$13.5m is repayable throughout the 2020/21 year, \$7m is repayable in full on 20 September 2023, \$5m is repayable in full on 15 April 2023, \$15m is repayable in full on 15 April 2023, \$89,000 will be repaid by 30 March 2024, \$5m is repayable in full on 15 April 2025, \$5m is repayable in full on 15 April 2027 and \$3m is repayable in full on 15 April 2027.

Fixed rate debt

Council currently has \$46.5m of secured debt issued at fixed rates of interest (2019 \$8m). Council utilises interest rate swap arrangements to provide fixed rate cover on debt. Note 23 provides detail of the interest rate swaps that are in place.

Committed cash advance facilities

Council has the following committed cash advance facilities in place:

- A \$5m revolving committed cash advance facility with ANZ Bank New Zealand Limited, (2019, \$7.5m)

There was no drawdown of this facility at balance date (2019 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.

	2020 Actual \$000	2019 Actual \$000
Less than one year	13,530	28
<i>weighted average effective interest rate</i>	0.14%	5.29%
Later than one year but not more than five years	32,089	12,119
<i>weighted average effective interest rate</i>	1.38%	3.84%
More than five years	8,000	3,000
<i>weighted average effective interest rate</i>	0.26%	0.49%
	53,619	15,147

23. 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

	2020 Actual \$000	2019 Actual \$000
Interest rate swaps - cash flow hedges	1,292	1,321
Total Derivative Financial Instrument Liabilities	1,292	1,321

Interest rate swaps

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2019 \$7,000,000). As at 30 June 2020 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2019 6.01%).

Council deems the hedges held to be effective. Gains and losses are recognised in the hedging reserve in equity (note 24) 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. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most mark parameters are implied from instrument prices.

24. 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

	2020 Actual \$000	2019 Actual \$000
<i>Retained earnings</i>		
As at 1 July	507,321	463,144
Transfers to:		
Reserves and special funds	(54,252)	(18,408)
Transfers from:		
Asset Revaluation reserve on disposal of property, plant and equipment	2,162	12,504
Reserves and special funds	54,812	16,086
Surplus / (deficit) for the year	14,417	33,995
Total retained earnings as at 30 June	524,460	507,321
<i>Council created reserves</i>		
As at 1 July	40,866	38,547
Transfers to:		
Retained earnings	(54,812)	(42,645)
Transfers from:		
Retained earnings	54,252	44,964
As at 30 June	40,306	40,866
Asset Revaluation Reserves		
As at 1 July	1,171,013	1,070,681
Revaluation gain / (losses)	35,859	112,836
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(2,162)	(12,504)
As at 30 June	1,204,710	1,171,013
<i>Asset revaluation reserves consist of:</i>		
Operational assets		
Land	225,787	202,521
Buildings	32,851	22,443
Intangible Assets	524	378
Investments	13,286	11,598
Infrastructural Assets		
Sewerage System	64,339	64,705
Water System	62,958	63,627
Drainage network	69,908	70,000
Roading network	735,059	735,741
Total Asset Revaluation Reserves	1,204,710	1,171,013
<i>Cash Flow Hedge Reserves</i>		
Opening balance 1 July	(1,321)	(1,185)
Fair value gains / (losses) in the year	29	(136)
Total Cash Flow Hedge Reserve	(1,292)	(1,321)
Total other reserves as at 30 June	1,243,724	1,210,558

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

	2019/20 Opening Balance \$000	2019/20 Transfer to Reserve \$000	2019/20 Transfer From Reserve \$000	2019/20 Closing Balance \$000
<i>Council created reserves consist of:</i>				
Property Reserves				
Asset Sales Cambridge	-	845	(845)	-
Asset Sales Te Awamutu	235	8	-	243
Asset Sales General	602	20	-	622
Endowment Land Cambridge	4,138	136	(1,494)	2,780
Endowment Land Pirongia	19	-	(7)	12
Endowment Land Te Awamutu	118	3	-	121
Endowment Land Waipa District	13	1	-	14
Residential Housing Reserve	1,086	2,549	(204)	3,431
Reserve Contributions & Development Contributions				
Cambridge North	3,233	5,263	(4,887)	3,609
District Wide Stormwater	116	1,337	(1,321)	132
District Wide Waste Water	2,850	6,374	(7,482)	1,742
District Wide Water Treatment and Supply	904	5,405	(5,890)	419
District Wide Roding	1,756	1,512	(1,143)	2,125
District Wide Reserve Developments	498	160	(159)	499
District Wide Land Purchase	1,680	365	(79)	1,966
Karapiro Reserve Development	-	-	-	-
Te Awamutu Library/Museum	81	5	-	86
Special Funds				
Cemetery Paterangi	4	1	-	5
Project Funding Reserve	7,073	3,148	(2,199)	8,022
General Insurance Reserve	563	18	(36)	545
Infrastructure Insurance Reserve	545	18	-	563
Te Awamutu 100kv Compensation Reserve	323	11	-	334
Pavement Levies	68	23	-	91
Road Asset Technical Accord (RATA)	197	6	(82)	121
Waste Minimisation Reserve	473	22	-	495
Separate Balances				
Roding Reserve	2,657	10,371	(10,447)	2,581
Stormwater Reserve	675	1,484	(1,562)	597
Water Supply Reserve	2,701	8,604	(9,165)	2,140
Waste Water Reserve	5,147	3,289	(5,882)	2,554
Depreciation Reserve - Long Term Assets	1,683	1,707	(503)	2,887
Depreciation Reserve - Medium Term Assets	1,428	1,567	(1,425)	1,570
Total Council Created Reserves	40,866	54,252	(54,812)	40,306

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

25. Contingencies

Contingent liabilities

	2020 Actual \$000	2019 Actual \$000
a) Guarantees	46	66
b) Waipa Community Trust	-	-
c) Waipa Community Facilities Trust	119	148
d) Outstanding legal matters	-	-
	165	214

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 54 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 2020, NZ LGFA had borrowings totalling \$11,908m (2019 \$9,531m). This figure is made up of the face value of LGFA's bonds on issue of \$10,990m, accrued interest on bonds on issue of \$76m, the face value of bills on issue of \$648m and bonds LGFA lent to counterparties under bond repurchase transactions of \$194m.

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 were subsequently struck out by the High Court. In August 2020, 11 further school buildings were removed from CHH's claim against the Council. 16 further buildings were to be removed if Council confirmed that no other building work had been consented to by the Council (other than those already identified).

The court had directed that the trial be staged. The first stage was to be a 6 month hearing due to commence in August 2020 (delayed due to COVID-19), to determine whether shadow clad is inherently defective.

Uncertainty existed at the end of the current and preceding period but the notice of discontinuance signed on 3 September 2020 has now removed the uncertainty and the Council is no longer subject to this legal proceeding and no settlement by the Council was involved.

Covid-19-related Variations under NZS 3910/3917

A number of Contractors have requested a Variation under certain construction contracts with the Council (specifically under NZS 3910/3917 forms of contract), as a result of the

government-imposed lock-down due to the Covid-19 pandemic. As part of this, they have claimed costs of idle labour and plant.

The Council is currently working through the details of whether a) the Contractors are entitled to a Variation, and b) if so, how that Variation will be costed, particularly for idle labour and plant. There are currently 10 outstanding proposed Variations, with potentially \$800,000 payable.

At present, there is still insufficient information to conclude on final potential liability.

Erinic Investments Limited v Waipa District Council

In August 2020, proceedings were initiated in the High Court by Erinic Investments Limited against the Council (as first defendant) and four other defendants. The claimants allege that the Council was negligent in issuing building consents, inspecting the building work and issuing Code Compliance Certificates in respect of a building owned by the claimant. The claimant seeks at least \$1,000,000 in damages with additional consequential losses to be quantified, interest and costs.

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

Monavale Blueberries Limited

On 31 July 2020, the Council received a letter from Monavale Blueberries Limited seeking \$44,514.90 from the Council in compensation for business disruption caused by the Council's pipeline works on Cambridge Road from 1 October 2019 – 23 March 2020.

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.

26. 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

	2020 Actual \$000	2019 Actual \$000
<i>Councillors</i>		
Remuneration	595	572
Full-time equivalent members*	14	13
<i>Executive Team, including Chief Executive</i>		
Remuneration	1,203	1,092
Full-time equivalent members	5	6
Total key management personnel remuneration	1,798	1,664
Total number of members	19	19

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

27. Events after balance date

On 11 August 2020, four cases of community transmission were discovered in Auckland, New Zealand. They were all from the same family, who had no link to overseas travel or quarantine measures in the country. Prime Minister Jacinda Ardern announced that the entire Auckland Region would move back up to Alert Level 3 on 12 August and the rest of the country would move up to Alert Level 2. On the 30 August, Auckland moved to Alert Level 2.5, and in the week of 21 September Auckland moved back to Alert Level 2, while the rest of New Zealand moved to Alert Level 1.

These most recent changes had no significant impact on Council Services with all staff working either remotely or on site and most of our operations continuing.

28. Financial instruments

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

	2020 Actual \$000	2019 Actual \$000
Financial Assets		
Loans and receivables		
Cash and cash equivalents excluding term deposits	797	619
Trade and other receivables	9,981	8,393
Other financial assets:		
- term deposits	2,164	703
- community loans	14	15
- loans to other entities	-	17
Total loans and receivables	12,956	9,747
Fair value through other comprehensive revenue and expense		
- Borrower notes	640	240
- Investments in CCO's	17,108	15,559
Total fair value through other comprehensive revenue and expense	17,748	15,799
Financial Liabilities		
Derivatives that are hedge accounted		
Derivative financial instrument liabilities	1,292	1,321
Financial liabilities at amortised cost		
Trade and other payables	16,825	13,850
Borrowings:		
- secured loans	53,619	15,148
Total financial liabilities at amortised cost	70,444	28,998

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 22.

Fair value interest rate risk

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

Cash flow interest rate risk

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

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

Credit risk

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

Council is exposed to credit risk as a guarantor of community organisation loans and LGFA borrowings. Information about this exposure is explained in note 25.

Maximum exposure to credit risk

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

	2020 Actual \$000	2019 Actual \$000
Cash at bank and term deposits	2,961	1,322
Receivables	9,981	8,393
Community and related party loans	14	32
Financial guarantees	46	66
Total	13,002	9,813

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.

	2020 Actual \$000	2019 Actual \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA-	2,961	1,322
Total cash at bank and term deposits	2,961	1,322
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Community and related party loans		
Existing counterparty with no defaults in the past	14	32
Total community and related party loans	14	32

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 \$5.0 million. There are no funds drawn as at 30 June 2020.

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 25.

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 2020						
Creditors and other payables	16,825	16,825	16,825	-	-	-
Secured loans	53,619	56,933	14,418	906	33,361	8,246
Financial guarantees	-	46	46			
Total	70,444	73,804	31,289	906	33,361	8,246

	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

Council has derivative financial instruments in the form of one (2019 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 2020						
Cash at bank and term deposits	2,961	2,961	2,961	-	-	-
Debtors and other receivables	9,981	9,981	9,981	-	-	-
Community loans	14	14	1	1	3	10
Loans to other entities	-	-	-	-	-	-
Total	12,956	12,956	12,943	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 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

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	2020 Actual \$000				2019 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	(22)		22		(7)	-	7	-
<i>Financial liabilities</i>									
Derivatives-hedge accounted	2	-	(236)	-	227	-	-	-	-
Total sensitivity on interest rates		(22)	(236)	22	227	(7)	-	7	-

Explanation of sensitivity analysis:

- 1 Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$2,164,000 (2019 \$703,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$21,640 (2019 \$7,030).
- 2 Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$1,291,519 (2019 \$1,321,000). A movement in interest rates plus 100 bps has an effect of \$226,970 (2019 \$0) and minus 100 bps has an effect of \$235,780 (2019 \$0).

29. 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.

	Valuation technique			
	Total	Quoted	Observable	Significant non-observable
	\$000	price	inputs	inputs
	\$000	\$000	\$000	\$000
<i>30 June 2020</i>				
Financial assets				
Investments in CCO's	17,748	-	640	17,108
Financial liabilities				
Derivatives	1,292	-	1,292	-
<i>30 June 2019</i>				
Financial assets				
Investments in CCO's	15,799	-	240	15,559
Financial liabilities				
Derivatives	1,321	-	1,321	-

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:

	2020	2019
	Actual	Actual
	\$000	\$000
Balance at 1 July	15,559	13,491
Investment Gain - recognised in other comprehensive revenue and expense	1,549	2,068
Impairment - recognised in comprehensive revenue and expense	-	-
Balance 30 June	17,108	15,559

30. 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.

31. Explanation of major variances against budget

Explanations for major variances from the 2019/20 budgeted figures are as follows:

Statement of comprehensive revenue and expense

- Fees and charges were \$4.1 million higher than budget mainly due to \$2.9 million of revenue from the Community Facilities Trust on consolidation, \$304,000 of additional revenue from regulatory income, \$202,000 in additional revenue from Rata cost recovery for roading services, \$136,000 increase in Pensioner Housing Rent, \$99,000 increase in cemetery charges and burials.
- Development contributions were \$6.6 million lower than budget due to timing of developments.
- Discovered assets were \$731,000 higher than budget mainly due to database improvement work being undertaken. We do not budget for discovered assets.
- Increase in finance revenue of \$669,000 mainly due to short term arbitrage arrangements.
- Subsidies and grants are \$1.1 million higher than budget mainly due to extra funding received from NZTA for Hanlin Road development.
- Employee benefit expenses are \$1 million higher than budget due to growth in staff numbers. This has allowed Council to decrease reliance on external consultants and contractors.
- Depreciation is \$1.7 million higher than budget. This is mainly due to higher than anticipated asset values from 2019 valuations and vested assets.

- Other expenses are \$2.3 million higher than budget. This is made up of:
 - Loss on disposal of infrastructure assets being \$2 million higher than budget.
 - Increase in recycling costs of \$1.1 million higher in budget.
 - These increases have been offset by net savings in other areas.

Statement of financial position

- Property, plant and equipment was \$58.9 million greater than budget mainly due to higher than anticipated asset revaluations for roading in 2019.
- Borrowings at year end are \$45 million lower than budget. This is mainly 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).

The impact of Covid-19 on performance results

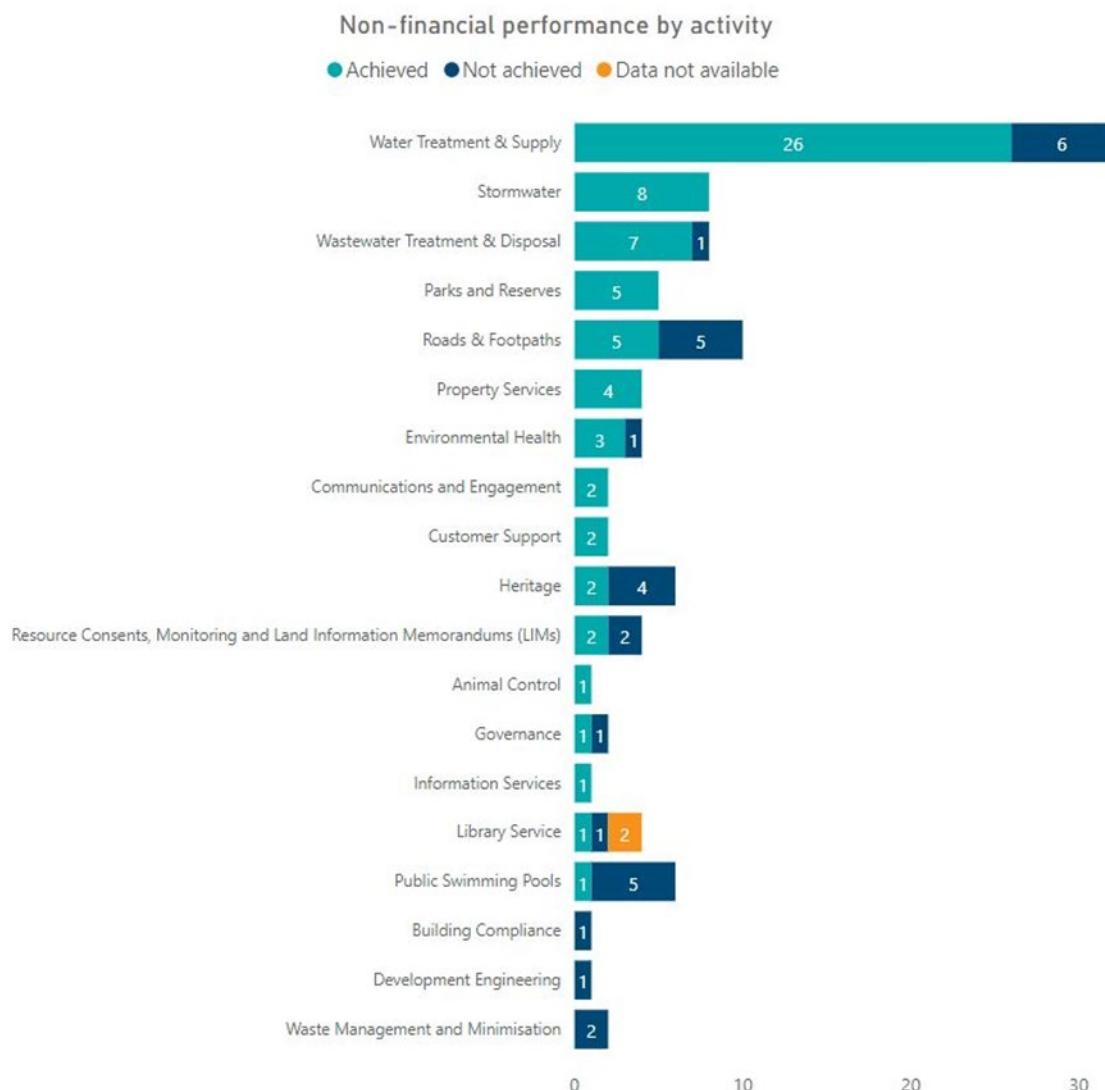
A number of performance measures were impacted by COVID-19. An additional column has been added into the level of service and performance measures table to show if a COVID-19 related impact was considered to occur and a comment has been provided to outline the type of impact. Where a target has not been met as a direct result of COVID-19, details of such have been included in the commentary column.

Non-financial performance summary

Targets were met by 69.9% of Council’s non-financial performance measures. This is from a total of 103 performance measures, which span 19 activity groups. A total of five measures were unable to be reported on;

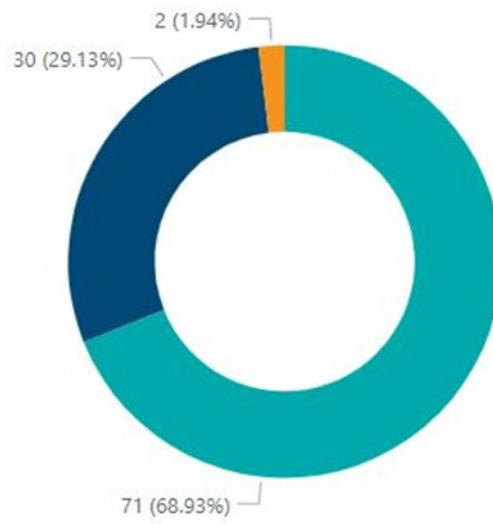
- Library door counters are not currently operating and therefore no data was available for two measures within this activity group
- Three performance measures surrounding the Cambridge public swimming pool could not be reported due to the extended closure of the facility while an upgrade is completed. These however are marked as not achieved under the group of activity as targets were included for this time period.

Of the remaining 101 performance measures, 71 were achieved which equates to a total of 68.9%.



Non-financial performance summary

● Achieved ● Not achieved ● Data not available



A 12-Month Snapshot

JULY 2019

Funding boost for local events

Waipā events received a funding injection from Council's two major event funds. More than \$95,000 was allocated from the District Promotion Fund to support 23 events that promote the Waipā district as an attractive place to live, work, invest in or visit. A further \$24,000 was allocated from the Community Event Fund to support ten smaller scale grassroots events which celebrate community pride.

AUGUST 2019

Lower speed limits for Waipā

Councillors voted to lower more than 200 speed limits across Waipā to reduce the number of crashes and fatalities on local roads.

The changes included reducing the speed to 40km/h in Cambridge and Te Awamutu town centres, reducing speeds near schools, adding more 50 and 60km/h zones in urban areas and reducing speeds to 60 and 80km/h zones in some rural areas.

SEPTEMBER 2019

Waikeria wastewater pipeline project kicked off

Kaumātua from local iwi blessed the first stage of the Waikeria wastewater pipeline project. The project will deliver significant improvements to the wastewater network which will accommodate the expected increase in flows from the Waikeria Correctional Facility and increased capacity for Te Awamutu's projected growth.

OCTOBER 2019

Cambridge 'Most Beautiful Large Town'

Cambridge was crowned the Most Beautiful Large Town in New Zealand in the Keep New Zealand Beautiful annual awards.

Judges were impressed with the warm welcome from locals, environmental efforts, community achievements and the town's culinary and retail scene.

NOVEMBER 2019

New Council inducted

The Waipā mayor, councillors and community board members were sworn in at a pōwhiri. The same month, Council announced Iwi representatives with full voting rights would sit on two more of Waipā District Council's decision-making committees.

DECEMBER 2019

Te Ara Wai Journeys officially launched

Stories silenced until now were finally heard with the launch of Te Ara Wai Journeys, a unique self-guided tour of culturally significant sites in Waipa, including battle sites.

Those narratives include stories of the New Zealand Land Wars told by those with direct links to the bloody battles which helped shaped Aotearoa-New Zealand. Other story tellers include historians, writers, military experts, archaeologists and more.

Te Ara Wai Journeys is accessed through a free mobile tour at www.tearawai.nz.

JANUARY 2020

Facelift for Williamson Street

Council announced Williamson Street, outside the Cambridge Pool, would get a major makeover.

Work included replacing the road, installing new pedestrian crossings and signage, and landscaping.

The improvements would dramatically enhance the street and make it safer for pedestrians and residents.

FEBRUARY 2020

Council's first move to Water Alert 4

Car washing, hosing and pool top-ups were banned in Te Awamutu, Pirongia, and Ōhaupō with the district's first move to Water Alert 4. Only essential water use was allowed.

The stream supplying Te Awamutu and Pirongia struggled under a severe meteorological drought with no prospect of rain in sight. Waipā District Council is building the new Te Awamutu Water Supply pipeline to address water shortages in this area.

MARCH 2020

Council responded to Covid-19

Council responded to Covid-19 by closing offices, halls, playgrounds, pounds and other community facilities across the district.

Essential services such as recycling, road safety, water, customer support and animal control continued to operate throughout the lockdown. Council meetings carried on via Zoom.

A raft of events were cancelled or postponed, including Anzac Day – and residents were asked to instead mark the day from home.

Council established the Crisis Management Team and Western Waikato Emergency Operation Centre to carry out Civil Defence Emergency Management across three districts.

APRIL 2020

Change in recycling service

Waipā announced it would stop collecting plastics types 3, 4, 6 and 7 from June as part of its recycling service, only collecting plastic types 1, 2 and 5.

The change to the recycling service, prompted by a shift in international recycling markets, saw Waipā join dozens of other councils, including Taupo District, Whakatane District and Nelson City Council, moving away from collecting these plastic types.

MAY 2020

Draft plan for future of Memorial Park and Lake Te Koo Utu

A major revamp of Te Awamutu’s Memorial Park and Cambridge’s Lake Te Koo Utu was announced. Plans for Memorial Park included relocating the amphitheatre, strengthening connections to two streams, replacing the existing pond with a purpose-built play area, improving car-parking and creating new memorial features. Plans for Te Koo Utu include a new wetland area, boardwalk, educational signage, restorative planting, a playground and upgraded walkways and entrances to the reserve.

JUNE 2020

New community facility opened in Ohaupo

The Ohaupō Community, Sport and Recreation Centre on Forkert Road opened to the community.

The new facility includes a community room, kitchen and bar facilities, a separate clubroom, changing rooms and a gym.

The centre will be well-equipped to host local and national events and will be available for all community, sport and recreation groups to use.

Council contributed a \$703,000 grant to the project.

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, 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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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%	No	Achieved.
		Percent of respondents to residents perception survey ² who are satisfied with Council “for being transparent and communicating openly.”	30%	≥prior year’s results	27%	No	Not achieved. The aggregate yearly results showed a 3% drop for this perception measure, however this drop is not statistically significant (the difference between years is not large enough to warrant concern).

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?”.

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.	0.83 hours	≤4 hours	0.73 hours	No	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.	31.98%	5% increase	68.02% increase	Yes – Residents were unable to make paper based submissions throughout the COVID-19 lockdown period.	Achieved. One Special Consultative Procedure Project closed throughout the 2019/20 year. The 2020/21 Annual Plan submission period opened 20th March 2020 as NZ entered alert level 3 and shortly after, alert level 4. Therefore, 100% of submission were submitted digitally.

³ Special consultative procedure projects only.

Statement of cost of service

	2018/19 Long-term Plan Notes \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
REVENUE			
Council	-	-	3
Elections	-	66	55
Community Grants	42	42	48
Community Relationships	-	-	(2)
TOTAL REVENUE	42	108	104
OPERATING EXPENDITURE			
Council & Committees	2,587	2,680	2,843
Cambridge Community Board	188	193	216
Te Awamutu Community Board	184	189	204
Elections	18	221	163
Community Grants	1 783	533	1,186
Strategic Planning	2 3,545	2,840	2,203
Community Relationships	1,737	1,867	1,576
TOTAL EXPENDITURE	9,042	8,523	8,391
OPERATING NET COST OF SERVICE	(9,000)	(8,415)	(8,287)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	-	-	-
Debt Repayment (Internal)	587	548	536
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	587	548	536

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Community Grants expenditure of \$653,000 due to the Ohaupo Rugby Clubrooms upgrade timing brought forward.
2. Decrease in Strategic Planning expenditure of \$637,000 mainly due to the reduction in salary costs of \$466,000 from the restructure of Business Improvement to Support Services in 2018/19 year, a reduction in internal interest of \$46,000 due to lower interest rates and the deferral of the Te Awamutu Structure Plan of \$40,000 to the 2020/21 year.

Capital expenditure table

	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
To Improve Level of Service			
Flag Tracking System	-	-	-
Council Chambers Upgrade	-	-	-
Major Events	-	-	-
TOTAL CAPITAL EXPENDITURE	-	-	-

Waipa District Council funding impact statement for year ended 30 June 2020 for governance

	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	6,592	7,422	5,602
Targeted rates	1,871	1,318	1,012
Subsidies and grants for operating purposes	42	42	48
Fees and charges	-	66	58
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	395	65	-
Total sources of operating funding (A)	8,900	8,913	6,720
Applications of operating funding			
Payments to staff and suppliers	4,875	4,463	3,589
Finance costs	117	137	97
Internal charges and overheads applied	2,829	2,940	3,078
Other operating funding applications	1,214	977	1,619
Total applications of operating funding (B)	9,035	8,517	8,383
Surplus (deficit) of operating funding (A - B)	(135)	396	(1,663)
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	(135)	396	(1,663)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(135)	396	(1,663)
Surplus (deficit) of capital funding (C - D)	135	(396)	1,663
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	2,999	(536)	212	2,675	97

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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	100%	95%	97.22%	No	Achieved.
Building compliance	We ensure that buildings, including earthquake	Building consent applications are processed	100%	100%	99.10%	Yes – It is likely that the volumes	Not achieved. 14 of 1517 building consents did not meet the statutory

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
	prone buildings, are safe and fit for purpose.	within statutory timeframes. ⁵				were affected during the COVID-19 lockdown period, as per the commentary there were also some initial technical challenges when moving to remote working.	timeframes for processing. This was due to poor quality applications being submitted which resulted in the need for multiple Requests for Further Information (RFI's), as well as technical challenges moving into the COVID-19 lockdown. Building Control have introduced further processes to assist in improving the RFI process in the future.
Development Engineering	We are responsive to enquiries and requests for information.	Enquiries are responded ⁶ to within 4 working days.	89.76%	95%	87.92%	Yes – Volumes were significantly reduced during the COVID-19 lockdown.	Not achieved. Levels of Service have been impacted by resource constraints. Additional resources were recruited in January, however training was interrupted by COVID-19. Service levels are expected to continue to increase over time as the team is fully staffed and trained.

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
Environmental health	We ensure the public sale and supply of alcohol is undertaken safely and responsibly	All premises that sell alcohol are licensed.	100%	100%	100%	No	Achieved.
	Noise and smoke control is provided to the community in a timely manner.	The percentage of excessive noise complaints investigated within 1 hour.	93.61%	95%	92.62%	No	Not achieved. 678 out of 732 noise complaints were responded to within the timeframe. This result is due to slower response times earlier in the year. Performance tracked better later in the year but not sufficient to recover the target over the full year.
		The percentage of smoke complaints investigated within 1 hour.	98%	95%	97.37%	No	Achieved.
	Food premises maintain a high level of food safety.	All premises that sell food to the public are registered.	100%	100%	100%	No	Achieved.
Resource consents and monitoring, and land information	We process all applications within agreed timeframes.	The percentage of Resource Consents processed within statutory timeframes.	100%	100%	99.52%	Yes – Volumes were reduced during the	Not achieved. 3 resource consents of a total 630 did not meet the statutory timeframes. This was as a result of miscommunication

Activity	The service we provide	How we measure success	Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
memorandums (LIMs)						COVID-19 lockdown.	surrounding sign off dates; Planning are monitoring due dates closely moving forward.
		The percentage of LIMs processed within statutory timeframes.	100%	100%	100%	Yes – Volumes were reduced during the COVID-19 lockdown.	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%	Yes – Volumes were reduced during the COVID-19 lockdown.	Achieved.
	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	190	500	436	Yes – Inspections were unable to occur throughout levels 4 and 3.	Not achieved. Based on the average monthly number of inspections in the months prior to COVID-19, inspection levels were expected to meet target by the end of the year.

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

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

		2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Resource Management	1	1,497	1,528	1,757
Building Control		2,299	2,346	2,506
Environmental Health		423	428	430
Animal Control		528	538	566
Development Engineering	2	243	248	490
TOTAL REVENUE		4,990	5,088	5,749
OPERATING EXPENDITURE				
Resource Management		2,431	2,586	2,458
Building Control	3	2,354	2,461	2,976
Environmental Health		1,006	1,043	1,059
Animal Control		811	792	763
Development Engineering		700	732	847
TOTAL EXPENDITURE		7,302	7,614	8,103
OPERATING NET COST OF SERVICE		(2,312)	(2,526)	(2,354)
CAPITAL EXPENDITURE				
Capital Expenditure (excluding Vested)		-	-	(3)
Debt Repayment		22	23	23
TOTAL CAPITAL EXPENDITURE		22	23	20

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.
2. Development Engineering revenue is higher than budget due to higher cost recoveries . This has been partially offset by an increase in expenditure.
3. Building Control expenditure was higher than budget due to additional consultancy costs required for higher consent activity. The higher costs are partially offset by higher revenue.

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

Waipa District Council funding impact statement for year ended 30 June 2020 for planning and regulatory

	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,107	2,453	2,725
Targeted rates	226	94	102
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4,989	5,088	5,750
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	36
Total sources of operating funding (A)	7,322	7,635	8,613
Applications of operating funding			
Payments to staff and suppliers	5,535	5,720	5,874
Finance costs	10	9	7
Internal charges and overheads applied	1,751	1,878	2,204
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,296	7,607	8,085
Surplus (deficit) of operating funding (A - B)	26	28	528
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	-	-	(3)
Increase (decrease) in reserves	26	28	531
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	26	28	528
Surplus (deficit) of capital funding (C - D)	(26)	(28)	(528)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	214	(24)	-	190	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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
	Provision of an adequate network of	The number of complaints received ⁹ (per 1,000	4.34	≤3.5	1.65	Yes –	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.

Parks and reserves	multi-purpose open spaces which provide for passive and active recreation and sporting activities.	population) regarding open spaces. ¹⁰				Some open spaces were closed to public and the public were unable to drive to open spaces during the COVID-19 lockdown.	
	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.	0.58	≤0.6	0.35	Yes – Playgrounds were closed to the public during levels 4 and 3.	Achieved.
	Provision of an adequate and accessible network of public toilets which meets the needs of the community and visitors while minimising public health risks and environmental impact, in a way that is most cost-effective.	The number of complaints ¹² (per 1,000 population) regarding public toilets.	0.93	≤2.0	0.96	Yes - Only 15 public toilets remained open during levels 4 and 3. All others were closed.	Achieved.

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.

	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.		0.25	≤0.3	0.17	Yes - Burial services were not operating as per usual – limited numbers for funerals and limited access to cemetery grounds.	Achieved.
		The number of complaints received ¹⁴ (per 1,000 population) regarding burial records		0.06	≤0.2	0.00	No	Achieved.
Public Libraries	Provision of library facilities with sufficient resources and services which provide the necessary support for the communities learning and leisure needs.	% of population who are active ¹⁵ library users		71.95%	65%	66.29%	Yes – Closure during levels 4 and 3 allowed time for staff to undertake a data audit of library users.	Achieved.
		The number of walk-in library visitors per annum ¹⁶	Te Awamutu	No result	97,000	No result	Yes – Library facilities were closed to public	The door counters in both Te Awamutu and Cambridge libraries are no longer operational, therefore a result cannot be

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.

							throughout levels 4 and 3.	reported. Work is underway to investigate and select alternative technology that incorporates broader security requirements for the libraries.
		Cambridge	No result	106,000	No result	Yes – Library facilities were closed to public throughout levels 4 and 3.		
		Size of the Library collection compared to the LIANZA standard of 3 items per resident.		3.09	2.95 to 3.05	2.67	Yes – Closure during levels 4 and 3 allowed time for staff to undertake a book stocktake.	Not achieved. A book stocktake identified a number of books which were unable to be accounted for, this lowered the collection size to below target.
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.		1.53 hours	2 hours	0.00	No	Achieved.
		The median response time (days) for a non-urgent ¹⁸ service request relating to land and buildings to be actioned.		0.83 days	2 days	0.97 days	Yes – Unable to act on non-essential requests throughout COVID-19 lockdown.	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.

		The median response time (hours) for an urgent ¹⁹ service request relating to pensioner housing to be actioned.	0.57 hours	2 hours	0.84 hours	No	Achieved.
	Council are responsive to pensioner housing related service requests	The median response time (days) for a non-urgent ²⁰ service request relating to pensioner housing to be actioned.	0.11 days	2 days	0.82 days	Yes – Unable to act on non-essential requests throughout COVID-19 lockdown.	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 by Council and through partnerships.	The percentage of visitors surveyed who were satisfied with their Heritage Facility visit. ²¹	95.05%	85%	97.83%	No	Achieved.
		Number of annual visitors to key Heritage sites.	Te Awamutu Museum ²²	6,430	7,900	4,764	Yes – Facility was closed throughout COVID-19 alert levels 4 and 3.

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

			Pirongia Visitor Centre	3,277	3,700	2,534	Yes – Facility was closed throughout COVID-19 and did not reopen until 20 June. Borders also remained closed to international visitors.	Not achieved. Its location on a major tourist route (SH3) means the majority of visitors are passing tourists. It appeared to be tracking near target for the first half of 2019/20 with numbers increasingly dropping off as the impacts of COVID-19 were beginning to be felt on the tourism industry.
			Cambridge Museum	5,104	5,450	4,566	Yes – Facility was closed throughout COVID-19 alert levels 4 and 3.	Not achieved. This measure was tracking above target prior to the COVID-19 lockdown therefore we believe that this has not met target as a direct result of COVID-19.
			Lake Ngāroto	56,200	41,400	64,730	Yes – Residents were unable to drive to the lake during COVID-19 lockdown.	Achieved.
		The number of school students experiencing Heritage based through the LEOTC ²³ programme.		4,139	4,400	1,388	Yes – Facility was closed throughout COVID-19 to students until	Not achieved. There have been changes to staffing in the Educator role which will have impacted on the ability to deliver classes. The service is also competing with other providers

²³ Learning Experience Outside the Classroom.

							level1, however some remote learning opportunities were offered to reduce the impact.	who have been more successful in securing school bookings. COVID-19 also reduced the number of bookings during levels 4 and 3.
Swimming pools	Safe and pleasant aquatic facilities are provided which offer a variety of casual and programmed activities which cater for the needs of the community.	The percentage of users satisfied with swimming pool services (via survey mechanism).	Te Awamutu	82%	80%	78%	No	Not achieved. Customer satisfaction is marginally below target. GoWaipa will continue to reinvest in facilities offering a wide range of services and address areas identified by customers which need improving.
			Cambridge	0	80%	0	No	Not achieved. The Cambridge pool redevelopment has experienced delays and therefore the pool facility has remained closed throughout the entire 2019/20 year. The target was set based on earlier completion date.
		The number of admissions per annum. ²⁴	Te Awamutu	140,880	130,000	117,420	Yes – Facility was closed throughout COVID-19 alert levels 4 and 3.	Not achieved. Admissions were tracking above target prior to COVID-19, therefore likely that COVID has prevented this measure from meeting target due to closure.

²⁴ Results previously provided as a combined total, now split by site.

			Cambridge	0	60,000	0	No	Not achieved. The Cambridge pool redevelopment has experienced delays and therefore the pool facility has remained closed throughout the entire 2019/20. The target was set based on earlier completion date.
		The percentage of compliance with water quality standards. (no. of tests compliant).	Te Awamutu	92.29%	85%	93.89%	Yes – Facility was closed throughout COVID-19 alert levels 4 and 3. Tests were not undertaken during this time.	Achieved.
			Cambridge	-	85%	-	No	Not achieved. The Cambridge pool redevelopment has experienced delays and therefore the pool facility has remained closed throughout the entire 2019/20. The target was set based on earlier completion date.
Waste management and minimisation	Provision of an effective waste minimisation education programme.	Annual average quantity (kg) of recycled material per household. ²⁵		188	200	178.28	Yes – It is likely that recycling quantities have	Not achieved. There continues to be a focus in the media about recycling and the issues facing the recycling sector

²⁵ Household defined as: a property rated for recycling.

						been impacted by changes to shopping and household habits driven by COVID-19 lockdown.	nationally and internationally. This may have influenced peoples behaviours, in consuming less single use plastics and/or in not recycling as much because they don't believe it is getting recycled. In addition some materials went to landfill during COVID due to excessive contamination.
	Provision of a reliable kerbside recycling service.	Number of justified ²⁶ complaints received about kerbside recycling collection services.	255	≤144	245	Yes – Some narrow rural roads were not collected as it could not be completed without contact within the COVID-19 safe distancing restrictions.	Not achieved. Complaints were particularly high as both customers and the contractor took time to adjust to the new wheelie bin service. Use of relief drivers at times has produced additional complaints due to their unfamiliarity with routes.

²⁶ Justified is defined as: a missed collection of recycling due to a contractor error.

Statement of cost of services

		2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Parks and Reserves		-	-	14
Mighty River Domain		760	706	770
District Museums		96	98	101
District Libraries		191	196	123
District Pools		182	422	1,921
Cemeteries		188	192	289
Public Toilets		-	-	100
Properties	1	836	778	903
Pensioner Housing & Own your Own Housing	2	1,030	1,093	1,230
Rural Fire/Civil Defence		159	162	195
Waste Management		205	212	222
TOTAL REVENUE		3,647	3,859	5,868
OPERATING EXPENDITURE				
Parks and Reserves		6,805	7,113	6,944
Mighty River Domain		1,590	1,590	1,568
District Museums	3	1,144	1,913	1,184
District Libraries		1,972	2,044	1,979
District Pools	4	2,147	4,147	3,403
Heritage	5	534	541	364
Cemeteries		352	357	354
Public Toilets		645	634	540
Properties	6	3,680	3,207	3,444
Pensioner Housing & Own your Own Housing	7	1,255	1,412	1,229
Forestry		106	179	72
Rural Fire/Civil Defence		299	310	338
Waste Management	8	1,352	1,335	3,195
National Cycle Centre of Excellence		30	31	23
TOTAL EXPENDITURE		21,911	24,813	24,637
OPERATING NET COST OF SERVICE		(18,264)	(20,954)	(18,769)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		23,412	11,769	12,270
Vested Assets		-	-	-
Debt Repayment (Internal)		538	931	842
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		23,950	12,700	13,112

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Properties revenue of \$125,000 from increased sales of non-core paper roads.

2. Increase in Pensioner Housing & Own your Own Housing revenue of \$137,000 rent received due to delayed timing of selling Palmer Street Units and Blundell Place .
3. Decrease of \$729,000 in District Museums expenditure, \$750,000 from the Cambridge Museum Charitable Trust grant deferred to the 2020/21 year.
4. The opening date of the Cambridge Pool has been delayed compared to the 18/28 LTP. Therefore there is no operating costs for Cambridge Pool in the 19/20 year. There was also a reduction in management fees for the Te Awamutu Pool due to the Covid-19 lockdown period.
5. Decrease in Heritage expenditure mainly from lower salary costs, with positions transferred to other activities.
6. Increase in Properties operating expenditure of \$237,000 mainly due to the loss on sale of 955 Maungatautari Road.
7. Decrease in Pensioner Housing & Own your Own Housing operating expenditure mainly due to savings in interest expense and reduced refurbishment spend.
8. Increase in Waste Management expenditure of \$1.86 million mainly due to increased recycling costs of \$1.5m from market conditions and a new contract. Increase in landfills expenditure of \$252,000 due to higher maintenance and monitoring costs , with \$77,000 costs for the landfill provision.

Capital expenditure table

	Notes	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
To Meet Additional Demand				
Buffer Reserve Land Purchase		-	-	2
Property from Contribution Swap or Subdivision Developments		-	-	70
Reserve Purchases - Developments		150	153	7
Playground Reserve Land Cambridge North		431	-	1
Playground on Neighbourhood Reserve Cambridge North		57	59	-
Cambridge Growth Cells Reserves (C1, C2 and C3)	1	-	1,000	215
Total Capital Expenditure to Meet Additional Demand		638	1,212	295
To Improve Level of Service				
Cambridge Town Pool Development	2	12,904	2,000	7,883
Cambridge Town Hall Upgrades		200	-	155
Reserve Developments		253	369	214
Development & Restoration of Lake Ngaroto		261	117	-
Cambridge Town Belt Development		50	-	-
Karapiro Domain Improvements		190	41	96
Peat Lake Programme		5	5	-
Cambridge Pool Playground		-	15	-
Storage Facilities for Climax Engine	3	100	408	-
Colgan Street Development - Property		650	-	-
Te Rahu Road Development - Property		-	265	5
Libraries Website Development and E Resources		-	-	21
Waiari Pa - Access & Restoration Planning		5	-	2
Pukemako A & B - Planning & Restoration		15	17	-
Land Wars - Site Interpretation and Facilities		12	117	153
Flour Mill Sites - Access and Interpretation		15	15	-
Cycling - Te Awamutu/Ngaroto/Pirongia Connection		917	-	119
Kakepuku - Interpretation & Restoration		5	2	6
Public Conveniences - New Toilet Blocks		134	414	434
Lake Rotopiko - Heritage Development		-	5	-
Lake Mangakaware - Restoration & Development		-	26	-
Pensioner Housing - Upgrade and New Buildings	4	2,940	2,755	194
Purchase of land for Te Awamutu Western Arterial		300	-	-
Mt Pirongia - collaboration with DOC		45	-	37
Erosion Control and Amenity Enhancement		120	-	-
Design and Build Discovery Centre	5	560	1,489	662
Discovery Centre - Exhibition Planning, Design, Development & Install	6	200	524	15
Te Awamutu Community Hub Precinct		25	10	-
Waipuke Reserve Development		100	122	114
Cambridge Gasworks Site		-	-	24
Matakitaki Access & Restoration		-	-	41
Cambridge Motor Park Development		-	-	6
Recycling Bins		-	-	(6)
Cemeteries Health & Safety Improvement		-	-	-
Lake Ngaroto Restoration Reserve		-	-	50

Slip Remediation	-	-	102
Maungatautari Project	-	-	124
Maungatautari - Hicks Rd Formation	-	-	159
Museum Minor Assets	-	-	3
Heritage Showcase Sites & Mobile App Planning Design	-	249	456
Destination Playgrounds	305	138	287
Land Acquisition - Structure Plan areas and Esplanade Reserves	7	350	357
Purchase of Land for Te Awamutu Hub Development	400	-	3
Total Capital Expenditure to Improve Level of Service	21,061	9,460	11,359
To Replace Existing Assets			
Karapiro / Arapuni Lakes Programme	-	-	-
Playground Equipment & Safety Surfaces Renewal	57	58	61
Parks Structure Renewals	57	58	23
Plant Replacement - Mighty River Domain	12	36	4
Carpark Renewals	126	39	12
Library Books Te Awamutu	173	177	154
Library Books Cambridge	174	177	155
District Pools Plant Renewals	724	154	146
Other Minor Asset Renewals	390	398	61
Total Capital Expenditure to Replace Existing Assets	1,713	1,097	616
TOTAL CAPITAL EXPENDITURE	23,412	11,769	12,270

Explanation capital expenditure variances between LTP and Actual

1. Budget not spent for the Cambridge Growth Cells Reserves (C1, C2 and C3) of \$785,000 due to timing of the development. This project has been carried forward to 2020/21.
2. Cambridge Pool Development capital expenditure is higher than the 2018-28 LTP budget by \$5.9m due to the delay in timing of this project.
3. The Storage Facilities for Climax Engine of \$408,000 has been deferred to 2021-31 LTP due to timing delays.
4. The construction of new Pensioner Housing units \$2.56m has had timing delays. This has been carried forward to the 2020/21 year.
5. The Design and Build Discovery Centre had a delay in the design stage. The \$827,000 has been carried forward to the 2021/31 LTP.
6. Spend on the Discovery Centre – Exhibition Planning, Design, Developments & Install project is less than the 2018-28 LTP budget by \$509,000. This budget has been carried forward to the 2021/31 LTP to align with the Design and Build Discovery Centre project.
7. The Land Acquisition – Structure Plans areas and Esplanade Reserve were carried forward to the 2020/21 year.

Waipa District Council funding impact statement for year ended 30 June 2020 for community services and facilities

	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	12,393	14,144	14,246
Targeted rates	4,790	5,360	4,944
Subsidies and grants for operating purposes	11	11	28
Fees and charges	3,505	3,760	5,167
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	304
Total sources of operating funding (A)	20,699	23,275	24,689
Applications of operating funding			
Payments to staff and suppliers	15,380	17,128	16,315
Finance costs	674	1,328	757
Internal charges and overheads applied	2,779	3,013	3,110
Other operating funding applications	360	326	439
Total applications of operating funding (B)	19,193	21,795	20,621
Surplus (deficit) of operating funding (A - B)	1,506	1,480	4,068
Sources of capital funding			
Subsidies and grants for capital expenditure	2,040	449	261
Development and financial contributions	544	504	647
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	2,284
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,584	953	3,192
Applications of capital funding			
Capital expenditure			
- to meet additional demand	638	1,212	295
- to improve the level of service	21,061	9,460	11,359
- to replace existing assets	1,713	1,097	616
Increase (decrease) in reserves	(19,322)	(9,336)	(5,010)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	4,090	2,433	7,260
Surplus (deficit) of capital funding (C - D)	(1,506)	(1,480)	(4,068)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised 0	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	23,446	(832)	7,812	30,426	746
Total	23,446	(832)	7,812	30,426	746

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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).	24.6 ²⁷	≤Prior Year Result	25.2	Yes – There was a reduction in traffic throughout the COVID-19 lockdown period, therefore you could expect a potential reduction in crashes.	Not Achieved. The total number of crashes and injuries in any one year is beyond the control of Council and the relatively low numbers mean that it will move up and down between years.
		The change from the previous financial year in the number of fatalities and serious injury	No change ²⁸	Decrease	8 more ²⁹	Yes – There was a reduction in traffic	Not achieved. The total number of crashes and injuries in any one year is beyond
			6 less ³⁰	Decrease	8 more ³¹		

²⁷ This figure differs from that reported in the 2018/19 Annual Report as data cleansing by NZTA/RAMM has resulted in changes to the base data. Previously reported as 22.2.

²⁸ This figure differs from that reported in the 2018/19 Annual Report as data cleansing by NZTA/RAMM has resulted in changes to the base data. Previously reported as 5 more.

²⁹ The result provided is provisional as the source crash data is still to be validated by NZTA/RAMM. This figure excludes those which occurred within 10m of a State Highway.

³⁰ This figure includes those which occurred within 10m of a State Highway.

³¹ This figure includes those which occurred within 10m of a State Highway.

Activity	The service we provide	How we measure success	Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
		crashes on the local road network. [M]	No change	Decrease	5 more ³²	throughout the COVID-19 lockdown period, therefore you could expect a potential reduction in crashes.	the control of Council and the relatively low numbers mean that it will move up and down between years.
			2 less ³³	Decrease	5 more ³⁴		
	The existing network is well maintained.	The percentage of the sealed local road network that is resurfaced. ³⁵ [M]	71.43%	75%-120%	79.54%	Yes – Some resurfacing was deferred due to the COVID-19 lockdown.	Achieved.
		The percentage of footpaths whose condition meets the desired minimum standard for condition. ³⁶ [M]	98.27%	≥90%	98.28%	No	Achieved.
		The percentage of vehicle kilometres travelled on smooth sealed local roads. ³⁷ [M]	93%	88%	94%	No	Achieved.

³² Number of crashes which resulted in fatality and/or serious injury, excluding those which occurred within 10m of a State Highway.

³³ Number of crashes which resulted in fatality and/or serious injury, including those which occurred within 10m of a State Highway.

³⁴ Number of crashes which resulted in fatality and/or serious injury, including those which occurred within 10m of a State Highway.

³⁵ As compared to the average annual target set in the Asset Management Plan (82.6 centre line km per year).

³⁶ 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.

³⁷ 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.

Activity	The service we provide	How we measure success		Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
	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. ³⁸ [M]		83.13%	90%	64.41%	Yes – Volume of service requests reduced throughout the COVID-19 lockdown.	Not achieved. Staff continue to clear a backlog of open CRMs in the system. Often work has been completed in good time but the CRM has not been closed off in the system. This is an administrative issue which staff are working to correct.
		% (by length) of urban roads ³⁹ which have a footpath on at least one side		88.77%	88.5%	89.25%	Yes – New footpath work was deferred due to COVID-19.	Achieved.
	Alternative transport options are available and promoted	Usage of the ratepayer funded passenger transport services	Bus ⁴⁰	135,942	≥Prior Year Result	107,499 ⁴¹	Yes – Public services were not available throughout the COVID-19 lockdown.	Not achieved. Based on average monthly usage in the months prior to COVID-19, usage levels were expected to meet target. May results post COVID-19 lockdown are noticeably lower than pre-COVID levels.
			Total Mobility	0	≥Prior Year Result	1,591	Yes – Public services were not available throughout the	Achieved.

³⁸ 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.

³⁹ Urban roads defined as those with a speed limit of 70 kilometres/hr. or less.

⁴⁰ Te Awamutu and Cambridge services to Hamilton.

⁴¹ Data extends to end of May 2020, June 2020 data is expected from Waikato Regional Council in due course.

Activity	The service we provide	How we measure success	Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
						COVID-19 lockdown.	
		Length of new cycling facilities built annually ⁴²	0	4.15km	1.83km	No	Not achieved. Shortfall is due to funding and land purchase delays relating to the Te Awa Cycleway project.

⁴² Council constructed only excluding vested.

Statement of cost of service

		2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
	Notes			
REVENUE				
Fees, charges and NZTA subsidy	1	7,567	8,227	10,100
TOTAL REVENUE		7,567	8,227	10,100
OPERATING EXPENDITURE				
Depreciation and Amortisation	2	9,589	9,800	11,055
Activity Expenses	3	8,664	8,550	9,716
Internal charges and Overheads		1,513	1,533	1,885
Finance Costs	4	884	998	569
TOTAL EXPENDITURE		20,650	20,881	23,225
OPERATING NET COST OF SERVICE		(13,083)	(12,654)	(13,125)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		12,658	15,613	12,173
Vested Assets		5,401	5,408	5,850
Debt Repayment (Internal)		1,022	1,028	748
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		19,081	22,049	18,771

Explanation of significant costs of service variances between LTP and Actual

1. Increase in roading revenue of \$1.87m due to the additional NZTA funding for the Hanlin Road intersection.
2. Deprecation is higher than LTP 2018-28 from the higher valuation cost for the roading infrastructure assets revalued at the end of the 2019 year.
3. Increase in activity expenses of \$1.16m, \$593,400 from asset write offs, sealed Pavement maintenance \$347,000, bridge inspections \$110,000 speed management \$85,000
4. Finance costs are lower than expected from reduced interest rates.

Capital expenditure table

		2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Capital Projects		-	256	2
Cambridge Growth Cells (C1,C2 and C3) incl Land Purchase	1	-	1,789	624
Hautapu Structure Plan and Cycleway	2	800	818	189
St Ledger and Kihikihi Road		-	256	-
Picquet Hill Plan Change Roading		-	77	24
Urban Upgrades - Development Related		50	51	139
Total Capital Expenditure to Meet Additional Demand		850	3,247	978
To Improve Level of Service				
Seal Extensions		500	500	489
New Footpaths		120	123	53
Car Park Improvements		86	51	3
Town Concept Plans Implementation	3	1,405	1,482	852
Passenger Transport Infrastructure		-	-	-
Street Light Improvements		350	358	270
Cycling Projects District Wide	4	1,470	710	203
Associated & Minor Improvements		850	885	958
Cambridge Bypass Roading Improvements		460	1,533	1,863
CBD Accessibility Improvements		139	20	58
Bridge Footpath Widening		20	-	56
Major Improvements		100	202	132
Total Capital Expenditure to Improve Level of Service		5,500	5,864	4,937
To Replace Existing Assets				
Footpath Renewals		403	426	410
Amenity Lighting Renewals		-	-	36
Car Park Renewals		80	36	63
Drainage Renewals		380	363	479
Sealed Road Resurfacing		2,450	2,606	3,529
Unsealed Road Metalling		60	61	60
Pavement Rehabilitation	5	2,550	2,606	838
Structures Component Renewal	6	300	307	747
Traffic Services Renewals		25	26	74
Guardrail Renewals		50	51	22
Cycleway Renewals		-	20	-
Bus Shelter Renewals		10	-	-
Total Capital Expenditure to Replace Existing Assets		6,308	6,502	6,258
TOTAL CAPITAL EXPENDITURE		12,658	15,613	12,173

Explanation of significant capital variances between LTP and Actual

1. The majority of Cambridge North Growth projects have been deferred due to timing of developers.
2. The Hauptau Structure Plan and Cycleway has a lower spend of \$629,000 due to the delay in development. This budget has been carried forward to the 2020/21 year.
3. The majority of the Town Concept Plan work has been deferred due to delayed timing of developments and to align with work on Te Ara Wai in Te Awamutu.
4. The majority of the cycling projects district wide has been deferred, the main project being a delay in construction for Te Awa River Ride.
5. \$1.2m budget from the Pavement Rehabilitation budget transferred to Sealed Road Resurfacing and \$540,000 was carried forward to 2020/21 due to timing delays.
6. Additional capital expenditure was required for Structures component renewals in order to complete structural work on Te Pahu Road Bridge and Shanel Place Footbridge.

Waipa District Council funding impact statement for year ended 30 June 2020 for roads and footpaths

	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	10,949	11,748	11,864
Targeted rates	1,451	728	719
Subsidies and grants for operating purposes	2,968	2,912	3,474
Fees and charges	688	724	722
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	16,056	16,112	16,779
Applications of operating funding			
Payments to staff and suppliers	7,664	7,528	8,143
Finance costs	884	998	569
Internal charges and overheads applied	1,513	1,533	1,935
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,061	10,059	10,647
Surplus (deficit) of operating funding (A - B)	5,995	6,053	6,132
Sources of capital funding			
Subsidies and grants for capital expenditure	3,822	4,496	5,795
Development and financial contributions	1,207	1,912	865
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,029	6,408	6,660
Applications of capital funding			
Capital expenditure			
- to meet additional demand	850	3,247	978
- to improve the level of service	5,500	5,864	4,937
- to replace existing assets	6,308	6,502	6,258
Increase (decrease) in reserves	(1,634)	(3,152)	619
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	11,024	12,461	12,792
Surplus (deficit) of capital funding (C - D)	(5,995)	(6,053)	(6,132)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	17,559	(748)	489	17,300	569
Total	17,559	(748)	489	17,300	569

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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. ⁴³ [M]	3.88	≤10	3.12	Yes – Potential minor drop in complaint volumes throughout the COVID-19 lockdown.	Achieved.	
		Compliance with the resource consents for discharge from	Number of Abatement notices. [M]	0	0	0	No	Achieved.
			Number of Infringement notices. [M]	0	0	0	No	Achieved.
			Number of Enforcement orders. [M]	0	0	0	No	Achieved.

⁴³ 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.

Activity	The service we provide	How we measure success		Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
		the stormwater system. ⁴⁴	Number of Convictions. [M]	0	0	0	No	Achieved.
		The number of flooding events in the district. ⁴⁵ [M]		0	≤5	0	No	Achieved.
		For each flooding event, the number of habitable floors affected. ⁴⁶ [M]		0	≤0.09	0	No	Achieved.
		The median response time (hours) to attend a flooding event from the time that notification is received. ⁴⁷ [M]		No flooding events	2	No flooding events	No	Achieved.

⁴⁴ 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.

⁴⁵ Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

⁴⁶ 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).

⁴⁷ 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

	2018/19 Long-term Plan Notes \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
REVENUE			
Fees and Charges	63	72	29
TOTAL REVENUE	63	72	29
OPERATING EXPENDITURE			
Depreciation and Amortisation	1,343	1,493	1,692
Activity Expenses	1 1,812	1,807	1,671
Internal charges and Overheads	462	480	551
Finance Costs	-	-	25
TOTAL EXPENDITURE	3,617	3,780	3,939
OPERATING NET COST OF SERVICE	(3,554)	(3,708)	(3,910)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	6,886	9,496	4,240
Vested Assets	2,939	2,946	3,165
Debt Repayment (Internal)	-	-	607
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	9,825	12,442	8,012

Explanation of significant costs of service variances between LTP and Actual

1. Decrease in Activity Expenses of \$136,000 mainly due the delay in some operating contracts from the Covid-19 shutdown.

Capital expenditure table

		2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge Growth Cells (C1,C2 and C3)	1	600	2,945	1,196
Hautapu Industrial Stormwater	2	220	820	54
Cambridge Deferred Residential Stormwater Works	3	5,106	4,809	1,880
Cambridge Park Stormwater Provision		-	256	-
Kihikihi Stormwater Works		-	256	26
Bond Road Stormwater Culvert		300	-	6
Total Capital Expenditure to Meet Additional Demand		6,226	9,086	3,162
To Improve Level of Service				
Consent, Remedial and Flood Mitigation Work		360	-	299
Total Capital Expenditure to Improve Level of Service		360	-	299
To Replace Existing Assets				
Renewals	4	300	410	779
Total Capital Expenditure to Replace Existing Assets		300	410	779
TOTAL CAPITAL EXPENDITURE		6,886	9,496	4,240

Explanation of significant capital expenditure variances between LTP and Actual

1. The Cambridge Growth Cells has been deferred due to timing delays, with the land purchases being carried forward to the 2020/21 year.
2. Capital expenditure for Hautapu Industrial Stormwater works has been delayed due to timing of Hannon Road Construction land purchase. This has been carried forward to 2020/21 year.
3. Cambridge Deferred Residential Stormwater Works is less due to capital projects being carried forward into 2020/21 because of timing delays of the developments.
4. Renewals have increased from the 2018-28 budget, mainly due to Lake View Drive work and increased rates for the District Wide Stormwater contract.

Waipa District Council funding impact statement for year ended 30 June 2020 for stormwater

	2018/19 Long-term Plan \$000	2019/20 Long-term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	231	258	280
Targeted rates	3,114	3,236	3,425
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	3
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	3,345	3,494	3,708
Applications of operating funding			
Payments to staff and suppliers	1,602	1,592	1,601
Finance costs	-	-	25
Internal charges and overheads applied	462	480	551
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,064	2,072	2,177
Surplus (deficit) of operating funding (A - B)	1,281	1,422	1,531
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	4,075	4,105	2,215
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,075	4,105	2,215
Applications of capital funding			
Capital expenditure			
- to meet additional demand	6,226	9,086	3,163
- to improve the level of service	360	-	299
- to replace existing assets	300	410	779
Increase (decrease) in reserves	(1,530)	(3,969)	(495)
Increase (decrease) of investments		-	-
Total applications of capital funding (D)	5,356	5,527	3,746
Surplus (deficit) of capital funding (C - D)	(1,281)	(1,422)	(1,531)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	777	(607)	314	484	25
Total	777	(607)	314	484	25

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. Since that date Waipa District Council has undertaken a large body of work to upgrade the plant and address the non-compliant issues. The planned date for these works to be in place was 1 July 2020 but due to the Covid-19 shutdown Waikato Regional Council has extended the compliance date to 31 January 2021. Waipa District Council is working closely with Waikato Regional Council and Iwi partners on operational improvements and remedial work. Various options to cater for growth in the Cambridge region are being considered including a sub-regional plant located between Hamilton and 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 and Stage three well underway with December 2020 being the completion month.

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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. ⁴⁸ [M]		0.18	≤1	0.17	No	Achieved.
		Compliance with consents for discharge from the sewerage system. ⁴⁹	Number of Abatement notices. [M]	2	0	1	No	Not achieved. The abatement notice is associated with ongoing resource consent non-compliance at the Cambridge wastewater treatment plant. The planned upgrade will address this issue.
			Number of Infringement notices. [M]	0	0	0	No	Achieved.

⁴⁸ 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.

⁴⁹ 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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
			Number of Enforcement orders. [M]	0	0	0	No	Achieved.
			Number of Convictions. [M]	0	0	0	No	Achieved.
		The median response time for call-outs in response to a sewerage overflow. ⁵⁰	The time (hours) from notification for service personnel to reach the site. [M]	0.97 hours	2 hours	0.73 hours	No	Achieved.
			The time (hours) from notification that resolution of a blockage or other fault. [M]	2.43 hours	6 hours	2.71 hours	No	Achieved.
		The number of complaints received about any of the following: odour, system faults, blockages, and the response to any of these issues. ⁵¹ [M]	2.12	≤10	2.74	No	Achieved.	

⁵⁰ 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.

⁵¹ 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

	2018/19 Long-term Plan Notes	2019/20 Long- term Plan \$000	2019/20 Actual \$000
REVENUE			
Fees and Charges	764	828	774
TOTAL REVENUE	764	828	774
OPERATING EXPENDITURE			
Depreciation and Amortisation	3,013	3,297	3,688
Activity Expenses	1 3,189	3,414	6,302
Internal charges and Overheads	1,135	1,214	1,518
Finance Costs	122	299	215
TOTAL EXPENDITURE	7,459	8,224	11,723
OPERATING NET COST OF SERVICE	(6,695)	(7,396)	(10,949)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	13,895	30,040	30,909
Vested Assets	2 2,552	2,557	1,842
Debt Repayment (Internal)	52	116	138
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	16,499	32,713	32,889

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Activity Expenses of \$2.89m mainly due to the amount carried forward from 2018/19 of \$1.5m and an additional budget of \$1.1m for the desludge the Cambridge Sewer Treatment Plant.
2. Vested assets are lower than budgeted due to timing of development and split of the assets that have been vested.

Capital expenditure table

	Notes	2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
To Meet Additional Demand				
Cambridge North Wastewater Provision	1	30	718	-
Cambridge Growth Cells (C1,C2 and C3)		50	513	298
Hautapu Industrial Wastewater	2	500	2,673	1,379
Te Awamutu Growth Provision (T1)		80	247	7
Te Awamutu Wastewater Pipe Upgrades		-	-	-
Te Awamutu Wastewater Treatment Plant Upgrade	3	1,094	10,045	6,334
Total Capital Expenditure to Meet Additional Demand		1,754	14,196	8,018
To Improve Level of Service				
Waikeria Prison Expansion	4	6,250	12,813	14,062
Cambridge Wastewater Treatment Plant Upgrade Stage 1	5	770	1,261	7,121
District Wide Modelling and Condition Assessment		-	-	-
Vogel and Alpha Street Odour Control		50	51	-
Total Capital Expenditure to Improve Level of Service		7,070	14,125	21,183
To Replace Existing Assets				
Renewals	6	1,274	1,468	-
Cambridge Pipe Bridge		3,500	-	38
Plant and Pumps	7	297	251	1,670
Total Capital Expenditure to Replace Existing Assets		5,071	1,719	1,708
TOTAL CAPITAL EXPENDITURE		13,895	30,040	30,909

Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge North Wastewater capital has been deferred to the 2020/21 year due to developer delays.
2. Hautapu Industrial Wastewater has been deferred to the 2020/21 year due to timing of development.
3. Te Awamutu Wastewater Treatment plant upgrade has been impacted by delays including covid lockdown. Budget has been deferred to the 2020/21 year.
4. Waikeria Prison Expansion is higher than 2018-28 LTP budget mainly due to timing with budget carried over from 2018/19 year.
5. Cambridge Wastewater treatment plant upgrade is higher than budgeted due to \$4.7m brought forward from the 2020/21.
6. Spending has not occurred against renewals, instead the expenditure is against the Plant and Pumps budget.
7. Plant and Pumps expenditure is higher than budget, using the budget recorded against Renewals.

Waipa District Council funding impact statement for year ended 30 June 2020 for wastewater treatment and disposal

	2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	542	640	666
Targeted rates	6,553	6,785	7,233
Subsidies and grants for operating purposes	-	-	-
Fees and charges	561	575	577
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	7,656	8,000	8,476
Applications of operating funding			
Payments to staff and suppliers	2,789	3,004	5,856
Finance costs	122	299	215
Internal charges and overheads applied	1,135	1,214	1,518
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,046	4,517	7,589
Surplus (deficit) of operating funding (A - B)	3,610	3,483	887
Sources of capital funding			
Subsidies and grants for capital expenditure	4,750	9,738	-
Development and financial contributions	1,964	2,798	823
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,714	12,536	823
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,754	14,196	8,018
- to improve the level of service	7,070	14,125	21,183
- to replace existing assets	5,071	1,719	1,708
Increase (decrease) in reserves	(3,571)	(14,021)	(29,199)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	10,324	16,019	1,710
Surplus (deficit) of capital funding (C - D)	(3,610)	(3,483)	(887)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	6,721	(138)	9,159	15,742	215
Total	6,721	(138)	9,159	15,742	215

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

District growth in Te Awamutu and climate conditions continue to put pressure on Council's ability to source and treat sufficient water during peak summer demands.

The universal water meters have enabled Council to manage demand along with water conservation strategies, including the upgrade of a water treatment plant and new water main to feed from the Waikato River to supplement Te Awamutu, Pirongia and Pukerimu Rural water supplies.

Alert level 4 water restrictions were imposed for Te Awamutu, Pirongia and Pukerimu Rural water schemes during summer to meet demand through the meteorological drought. These restrictions were in place from 12 February to 24 March 2020.

Cambridge and Kihikihi moved to alert level one water restrictions due the limited rainfall over the previous 12 months and extended drought conditions this summer.

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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. ^{52, 53, 54}	Water Treatment Plants – compliance with bacteriological criteria [M]	Alpha Street	C ⁵⁵	C	C	No	Achieved.
				Frontier Road	C	C	C	No	Achieved.
				Karāpiro	C	C	C	No	Achieved.
				Parallel Road	C	C	C	No	Achieved.
				Rolleston Street	C	C	C	No	Achieved.
				Te Tahi	C	C	C	No	Achieved.
		Water Treatment	Alpha Street	C	C	C	No	Achieved.	
			Frontier Road	C	C	C	No	Achieved.	

⁵² 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).

⁵³ 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.

⁵⁴ This is preliminary assessment of compliance with the drinking water standards until confirmation has been received from the Regulator.

⁵⁵ C = Compliant. NC = Not Compliant.

Activity	The service we provide	How we measure success		Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
		Plants – compliance with protozoal criteria [M]	Karāpiro	C	C	C	No	Achieved.
			Parallel Road	C	C	C	No	Achieved.
			Rolleston Street	C	C	C	No	Achieved.
			Te Tahī	C	C	C	No	Achieved.
		Network zones – compliance [M]	Cambridge	C	C	NC	No	Not achieved. Technical non-compliances due to sampling deficiencies. No impact on the safety of the water being supplied to public.
			Kihikihi	NC	C	C	No	Achieved.
			Maungatautari	C	C	NC	No	Not Achieved. Maungatautari zone was reconfigured to receive water direct from the Karapiro Water Treatment Plant (WTP) part way through the compliance year, Maungatautari zone became part of Cambridge zone. As Maungatautari zone has been renamed/rezoned its

Activity	The service we provide	How we measure success		Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
								deemed by Public Health as being non-compliant.
			Ōhaupō	C	C	C	No	Achieved.
			Pirongia	C	C	C	No	Achieved.
			Pukerimu Rural	C	C	NC	No	Not achieved. There were two instances of technical non-compliance. There was no impact on the water quality, therefore no risk to the public.
			Te Awamutu	C	C	NC	No	Not achieved. Technical non-compliances due to sampling deficiencies. No impact on the safety of the water being supplied to public.
	Provision of wholesome potable water within specified areas via a safe	Median response time for call-outs in response to a fault or unplanned interruption to the network. ⁵⁶	Attendance for urgent call-out from the time of notification. (hours) ⁵⁷ [M]	0.38 hours	2 hours	0.60 hours	No	Achieved.

⁵⁶ 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.

⁵⁷ Full wording of mandatory measure is: Attendance for urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

Activity	The service we provide	How we measure success		Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
	and reliable treatment and supply system		Resolution of urgent call-outs from the time of notification (hours). ⁵⁸ [M]	1.35 hours	6 hours	1.72 hours	No	Achieved.
			Attendance for non-urgent call-outs from the time of notification (days) ⁵⁹ [M]	0.91 days	2 days	0.74 days	No	Achieved.
			Resolution of non-urgent call-outs from the time of notification (days) ⁶⁰ [M]	1.00 day	10 days	0.80 days	No	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. ⁶¹ [M]	8.2	20	7.85	No	Achieved.

⁵⁸ 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.

⁵⁹ 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.

⁶⁰ 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.

⁶¹ 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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-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. ⁶² [M]	Cambridge & Karāpiro.	17%	≤12%	4%	No	Achieved. Majority of users have been removed from the Hicks Road springs supply section of the network, which was a common source of leaks. This resulted in an instantaneous reduction in loss.
			Te Awamutu & Pirongia.	12%	≤12%	10%	No	Achieved
			Kihikihi	13% ⁶³	≤20%	15%	No	Achieved
			Ohaupo & Pukerimu.	20%	≤20%	19%	No	Achieved
		The average consumption of drinking water per day per resident. ⁶⁴ [M]	Cambridge & Karāpiro.	219	190	195	Yes – Changes to work and lifestyle patterns throughout COVID-19 restrictions	Not achieved. Slightly above target. There were no significant water restrictions or water conservation messages pushed out to the Cambridge community

⁶² Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system.

⁶³ This result is different to that reported in the 2018/19 Annual Report. A full assessment was carried out after publication of the 18/19 Annual Report which resulted in a different outcome. Previously reported as 26%.

⁶⁴ 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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
							are likely to have had an impact on consumption patterns.	this year (similar to last year) due to the Karapiro WTP increased capacity upgrades and the installation of residential water meters. Alert Level 1 was imposed for approximately four weeks late in the season while other areas of the district were on Alert Level 4.
		Te Awamutu & Pirongia.		196	190	164		Achieved
		Kihikihi		158	200	174		Achieved
		Ohaupo & Pukerimu.		152	185	197		Not achieved. Significant usage was seen in Pukerimu, particularly during summer. A severe drought was declared across the region in February and significantly impacted rural areas such as Pukerimu. Alert Level 4 restrictions were imposed to reduce outdoor water use

Activity	The service we provide	How we measure success		Actual for 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
								however due to the scheme being majority rural based and providing water for stock, drought impacts were difficult to overcome and restrictions were in place for extended timeframes (fully lifted in May 2020).

Statement of cost of service

		2018/19 Long-term Plan Notes \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
REVENUE				
Fees, charges and targeted rates for water supply	1	10,719	11,155	10,858
TOTAL REVENUE		10,719	11,155	10,858
OPERATING EXPENDITURE				
Depreciation and Amortisation		4,294	4,718	4,342
Activity Expenses	2	7,116	6,999	7,842
Internal charges and Overheads	3	297	337	778
Finance Costs		-	390	-
TOTAL EXPENDITURE		11,707	12,444	12,962
OPERATING NET COST OF SERVICE		(988)	(1,289)	(2,104)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		18,958	20,175	24,159
Vested Assets	4	1,586	1,593	2,395
Debt Repayment (Internal)		-	148	174
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		20,544	21,916	26,728

Explanation of significant costs of service variances between LTP and Actual

1. Revenue is lower than budget with connection fees \$182,000 less than planned as the splitting of complex water connections were not as high as anticipated.
2. Increase in Activity Operating Expenses of \$842,000 which was mainly due to the impairment of assets due to the field audit of wastewater treatment plant which has been offset in savings from other direct operating costs.
3. Increase in internal charges and overheads with higher allocation of internal overheads rather than direct on-charging to projects.
4. Vested assets are higher than budgeted due to timing of development and split of the assets that have been vested.

Capital expenditure table

		2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
	Notes			
To Meet Additional Demand				
Dedicated Main Leamington to Hautapu		108	123	336
Cambridge North Water Provision		2,000	-	11
Cambridge Growth Cells (C1,C2,C3,C4 and C7)	1	550	2,051	102
Dedicated Cambridge North Water Main	2	141	2,101	2,437
Te Awamutu Growth Cells	3	190	-	474
Karapiro Water Treatment Plant Upgrade		-	-	3
Water Supply Provision Cambridge (C6)		-	46	46
Cambridge Water Reticulation Active Control		70	113	-
Total Capital Expenditure to Meet Additional Demand		3,059	4,434	3,409
To Improve Level of Service				
Hicks Road Mains Installation	4	-	-	511
Parallel Rd Water Treatment Plant Upgrade	5	4,860	4,100	4,899
Parallel Rd to Taylors Hill Pipeline	6	4,444	4,100	7,939
Standby Generators for Treatment Plants		-	248	-
Raw Water Main Renewal & Inlet Pump Installation	7	3,800	4,100	5,160
Frontier Road Monitoring Bore		-	-	-
Kihikihi Water Supply - Advanced Treatment	8	55	354	-
Te Awamutu Active reticulation Control		-	113	121
Total Capital Expenditure to Improve Level of Service		13,159	13,015	18,630
To Replace Existing Assets				
District Wide Water Main Renewals	9	2,390	2,450	1,199
Connection and Meter Renewals		-	-	458
Reservoir Renewals		-	21	-
Plant & Pumps		350	255	463
Total Capital Expenditure to Replace Existing Assets		2,740	2,726	2,120
TOTAL CAPITAL EXPENDITURE		18,958	20,175	24,159

Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge Growth Cells work was delayed to align with developers and other planned works.
2. Increase in capital expenditure for Dedicated Cambridge North Water main is from the timing of growth development mainly due to the Leamington North-Cambridge North water pipeline contract.
3. Te Awamutu Growth Cells budget was brought forward from future LTP years due to developer timing.
4. Hicks Road Mains Installation mainly due to expenditure carried forward from 2018/19 year to complete contract.

5. Parallel Rd Water Treatment Plant higher due to expenditure carried forward from 2018/19 year because of timing delays.
6. Parallel Rd to Taylors Hill pipeline expenditure is higher due to costs carried forward from 2018/19 year because of timing delays.
7. Raw Water Main Renewal and Inlet Pump Installation expenditure is higher than LTP budget from costs carried forward from 2018/19 due to the delay in timing of this project.
8. Kihikihi Water Supply – Advanced Treatment has been deferred to the 2020/21 year due to delays.
9. District Wide Water Main Renewals spend was lower than budget mainly due to contract delays and \$600,000 deferred to 2020/21 year.

Waipa District Council funding impact statement for year ended 30 June 2020 for water treatment and supply

	2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	658	722	822
Targeted rates	10,330	10,713	7,393
Subsidies and grants for operating purposes	-	-	-
Fees and charges	410	443	3,397
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	11,398	11,878	11,612
Applications of operating funding			
Payments to staff and suppliers	6,616	6,486	6,178
Finance costs	-	390	-
Internal charges and overheads applied	297	337	778
Other operating funding applications	5	5	5
Total applications of operating funding (B)	6,918	7,218	6,961
Surplus (deficit) of operating funding (A - B)	4,480	4,660	4,651
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,588	1,925	807
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	2,612
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,588	1,925	3,419
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,059	4,434	3,409
- to improve the level of service	13,159	13,015	18,630
- to replace existing assets	2,740	2,726	2,120
Increase (decrease) in reserves	(12,890)	(13,590)	(16,089)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,068	6,585	8,070
Surplus (deficit) of capital funding (C - D)	(4,480)	(4,660)	(4,651)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	-	(174)	12,426	12,252	-
Total	-	(174)	12,426	12,252	-

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 2018/19	Target for 2019/20	Actual for 2019/20	Performance impacted by Covid-19	Comment
Information Services	The online services Council provides are reliable.	The Council website and online forms have an availability uptime of 99% ⁶⁵ .	99.93%	99%	99.94%	No	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.	93.01%	80%	97.75%	Yes – Inbound call volumes were significantly reduced during the COVID-19 lockdown.	Achieved.
		Percentage of walk in queries received by Customer Support resolved at the time.	92.64%	90%	97.83%	Yes – Council offices were closed to public throughout	Achieved.

⁶⁵ www.Waipadc.govt.nz & eservices.Waipadc.govt.nz sites only.

						COVID-19 alert levels 4 and 3.	
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Statement of cost of service

		2018/19 Long-term Plan Notes \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
REVENUE				
Fees and Charges		47	48	75
TOTAL REVENUE		47	48	75
OPERATING EXPENDITURE				
Employee Related Expenses	1	7,514	7,730	9,704
Depreciation and Amortisation		1,246	1,305	1,536
Activity Expenses	2	3,330	3,585	3,076
Finance Costs		194	262	259
TOTAL EXPENDITURE		12,284	12,882	14,575
OPERATING NET COST OF SERVICE		(12,237)	(12,834)	(14,500)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		2,688	2,137	813
Debt Repayment		272	304	356
TOTAL CAPITAL EXPENDITURE		2,960	2,441	1,169

Explanation of significant costs of service variances between LTP and Actual

1. Salaries are higher than the original LTP budget due transfer of Business Improvement from Strategic Planning and Executive Team restructure.
2. Decrease in activity expenses mainly due to staff time on-charged to projects which had not previously been budgeted for.

Capital expenditure table

		2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
	Notes			
To Improve Level of Service				
Buildings	1	1,521	1,276	7
Computer Software Upgrades	2	140	-	518
Total to Improve Level of Service		1,661	1,276	525
To Replace Existing Assets				
Plant	3	663	552	228
Buildings		-	-	(224)
Carparks Renewals		-	19	-
Computer Hardware Renewals		334	283	165
Computer Software Renewals		30	7	119
Total to Replace Existing Assets		1,027	861	288
TOTAL CAPITAL EXPENDITURE		2,688	2,137	813

Explanation of significant capital expenditure variances between LTP and Actual

- Capital work on new buildings was lower than budget by \$1.27 million mainly due to \$900,000 for the Te Awamutu Staff Accommodation budget being deferred to the 2020/21 year, \$95,600 was brought forward to 2018/19 for the Annex Refurbishment completion.
- Capital expenditure on computer software upgrades was due to Technology One contracts and LTP modelling.
- Capital expenditure on plant renewals was lower than LTP budget due to timing delays including the Covid lockdown.

Waipa District Council funding impact statement for year ended 30 June 2020 for support services

	2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2019/20 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	231	263	290
Targeted rates	-	-	11
Subsidies and grants for operating purposes	-	-	-
Fees and charges	47	48	75
Internal charges and overheads recovered	11,876	12,535	14,021
Local authorities fuel tax, fines, infringement fees, and other receipts	60	-	384
Total sources of operating funding (A)	12,214	12,846	14,781
Applications of operating funding			
Payments to staff and suppliers	10,843	11,315	12,477
Finance costs	194	262	226
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	11,037	11,577	12,703
Surplus (deficit) of operating funding (A - B)	1,177	1,269	2,078
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,661	1,276	525
- to replace existing assets	1,027	861	288
Increase (decrease) in reserves	(1,511)	(868)	1,265
Increase (decrease) of investments		-	-
Total applications of capital funding (D)	1,177	1,269	2,078
Surplus (deficit) of capital funding (C - D)	(1,177)	(1,269)	(2,078)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2019 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2020 \$000	Interest \$000
Activity Loans	6,430	(355)	662	6,737	230
Development Contribution Loans	19,073	(3,188)	15,499	31,384	569
Total	25,503	(3,543)	16,161	38,121	799

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 2019/20 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.
- Remain cognisant of the runway extension designation that will expire in 2026.
- Position and protect the airport as an efficient, cost effective international port of arrival for private, corporate and medial aircraft.
- Remain collaborative with local authorities and government agencies for joint infrastructure and transport initiatives.

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 continue marketing for sale, development and optimised investment, all available surplus airport-owned land in a planned and co-ordinated approach.

- 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 through the staged precinct developments of Titanium Park.
- Complete the refurbishment of the Hamilton Airport Hotel & Conference Centre to a Qualmark 4 star standard.
- Deliver on the major events strategy to attract and secure additional major tourism events to the Waikato region and increase industry partnership investment into local tourism.

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.

Key Capital and investment projects and initiatives for the year ending 30 June 2020

- Complete an upgrade of the airport terminal to ensure the terminal meets all regulatory requirements, remains fit for purpose and responsive to growing domestic passenger traffic.
- Development and improvement of roading and underground services infrastructure on the eastern side of the airport precinct to ensure the Group can continue to develop Titanium Park and the terminal is serviced by modern infrastructure that is optimal to forecasted needs.
- Upgrade and refurbishment of the Airport Hotel and Conference Centre property to a Qualmark 4 Star standard.
- Develop a masterplan for Titanium Park's proposed Northern Precinct development (current site of the WRAL Farm) and prepare a private plan change submission to Waipa District Council to future proof development options.

Dividend policy

WRAL Directors will review any proposal for payment of a dividend based on the forecast Cash Flow for the following year and propose to make a decision in the last quarter of the financial year ending 30 June 2020.

Performance targets as per 2019/20 Statement of Intent

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

	Year ended 30 June		
	2020 \$000	2021 \$000	2022 \$000
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) but excluding land sales <i>of at least</i>	4,000	4,500	5,000
EBITDA including land sales <i>of at least</i>	6,000	5,000	6,000
Net Profit after Tax <i>of no more than</i>	1,200	1,200	1,200
Net operating cash flow (excluding land Sales)	2,500	3,000	3,500
Total debt, excluding funding for design-build Properties, <i>not exceeding</i>	25,000	25,000	25,000
Total Liabilities/Shareholder Funds: (Debt/Equity Ratio) <i>a maximum of</i>	35:65	35:65	35:65

	Year ended 30 June		
	2020	2021	2022
Net Profit after tax to total shareholders funds	1.0%	1.0%	1.5%
Net Profit after tax to total assets	1.3%	1.3%	1.7%
Percentage of non-landing charges revenue <i>of at least</i>	60%	60%	60%
Land sales <i>of at least</i>	\$7,000,000	\$600,000	\$4,000,000
Interest cover <i>of at least</i> <i>(The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) cover interest paid on debt)</i>	4.0x	4.0x	4.0x

Performance results as per 2019/20 Annual Report

This information was not available at the time of publication of Waipa District Council's 2019/20 Annual Report. The 2019/20 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisation's website in October 2020.

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;
- Offering short and long-term borrowings with flexible lending terms;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Being the debt funder of choice for New Zealand local government.

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 2019/20 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 2019/20 Statement of Intent

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

- New Zealand Local Government Funding Agency Limited's net interest for the period to:
 - 30 June 2020 will be greater than \$17.9 million.
 - 30 June 2021 will be greater than \$20.6 million.
 - 30 June 2022 will be greater than \$20.1 million.
- New Zealand Local Government Funding Agency Limited's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2020 will be less than \$6.30 million.
 - 30 June 2021 will be less than \$6.60 million.
 - 30 June 2022 will be less than \$6.80 million.
- Total lending to Participating Local Authorities at:
 - 30 June 2020 will be at least \$9,792 million.
 - 30 June 2021 will be at least \$10,083 million.
 - 30 June 2022 will be at least \$10,171 million.
- Conduct an annual survey of councils who borrow from LGFA and achieve at least an 80% satisfaction score as to the value added by LGFA to the council borrowing activities.
- Meet all lending requests from Participating Local Authorities, where those requests meet LGFA operational and covenant requirements.
- Achieve 75% market share of all council borrowing in New Zealand.
- Review each Participating Local Authority's financial position, its headroom under LGFA policies and arrange to meet each Participating Local Authority at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities and they fall due.
- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

Performance results as per 2019/20 Annual Report

This information was not available at the time of publication of Waipa District Council's 2019/20 Annual Report. The 2019/20 Annual Report of Local Government Funding Agency is expected to be published on that organisation's website in October 2020.

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.

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.
- **Cost Control.** Administration expenditure shall be managed and monitored.
- **Reporting.** Six monthly reports provided to Shareholders.
- **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.

- 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 2019/20 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>New suppliers are awarded contracts through a competitive tender process.</p> <p>Professional Services Panel contracts are successfully negotiated.</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 six 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>Savings to Councils identified in developed business cases exceeds \$300,000.</p> <p><small>1. The highlighted measures have been introduced as a direct response to the transformation of WLASS and the increased expectations of the company.</small></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 either renegotiated (where it makes commercial sense to continue with the current supplier) or re-tendered through a competitive process.</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 WLASS to the shareholders every six months. Every second report shall be the Annual Report.</p>
<p>Shared Valuation Data Services (SVDS) The SVDS is reliable, well maintained and available to all users.</p>	<p>A Contract Manager is appointed for SVDS. The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group. Risks associated with the SVDS are well managed.</p>	<p>The SVDS is available to users at least 99% of normal working hours. The SVDS Advisory Group meets at least 6-monthly. The Annual Business Plan is accepted by the Advisory Group by 31 March 2020.</p>

TARGET	METHOD	MEASURE
<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>
<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 as at 30 December and 30 June are presented to WLASS Board within two months.</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: a successful recruitment and training programme, measured by compliance with BCA Reg. 8 -11. • Quality assurance: continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys. • Lift industry competency and compliance: 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> <ul style="list-style-type: none"> • Full participation in WBCG projects and programmes
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TARGET	METHOD	MEASURE
		<ul style="list-style-type: none"> • Audits demonstrating implementation and compliance with the agreed QA systems • Consistency in service delivery, measured by customer surveys. <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>SMART measures are currently under review and will be included with the final SOI.</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>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> <p>At least 75% of Councils participate in the survey.</p>
<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.</p> <p>The WLASS website is regularly maintained and updated.</p>

Performance results as per 2019/20 Annual Report

This information was not available at the time of publication of Waipa District Council's 2019/20 Annual Report. The 2019/20 Annual Report of Waikato Local Authority Shared Services Limited is expected to be published in October 2020.

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 2020

The Auditor-General is the auditor of Waipa District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, 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 29 September 2020. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 40 to 108:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2020;
 - 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 the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 46, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the groups of activities (statement of service provision) on pages 115 to 195:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - 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; and
- the statement about capital expenditure for each group of activities on pages 119 to 193, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s annual plan; and
- the funding impact statement for each group of activities on pages 121 to 194, 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 32, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council and Group as set out in notes 1 and 25 to the financial statements and included in pages 115 to 192 of the groups of activities (statement of service provision).

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our

responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

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

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

Responsibilities of the Council for the audited information

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

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

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council’s annual plan and 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 4 to 23, 33 to 39, 109 to 114 and 197 to 215, 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: International 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.



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