



ANNUAL REPORT
2020/21

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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.



Goal 2: Environmental and 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.

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 and 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.

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 engage with our community to gain a better understanding of their thoughts and opinions, and identify areas for improvement.

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.

This year Council included a number of new and amended questions, which will enable us to track how we're performing against the agreed Community Outcomes, External Strategic Priorities and Performance Measures set out in the newly adopted 2021-31 Long Term Plan. The new questions include a greater focus on topics surrounding our community spirit and promotion of culture and heritage, as well as determining customer satisfaction with various Council services and facilities.

Roading is the area which collected the most comments from the open-ended questions included in the survey, 33 percent of respondents talked about roading in general comments and 15 percent mentioned roading related issues in the 'value for money' section. Comments included mention of road maintenance, discussion around the possibility of another bridge in Cambridge, maintenance of footpaths and the creation of additional parking in town centres.

The results of the survey are based on a 10-point satisfaction scale. The survey is a quota sample, designed to cover the important variables within the population. In reporting the results the 'don't know' responses have been removed. At an aggregate level the survey has an expected 95 percent confidence interval (margin of error) of +/-4.2 percent.

Key results

Even with a significant decrease across several Key Performance Indicators, we still consider that overall, 2020/21 has been a positive year for the Waipā District Council. The proportion of residents who are 'Champions' of Council (have trust in and an emotional connection with Council) remains a majority.

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

- Public swimming pools, the Te Awamutu Museum and the Cambridge Museum have this year seen an increase in satisfaction among users. Both museums have seen a rise in satisfaction, Te Awamutu increasing by 12 percent and Cambridge 11 percent.
- Overall, around 7 out of 10 residents are satisfied with parks reserves and open spaces, district's libraries, playgrounds, sports fields and cemeteries.
- Over the year there was a seven percent increase in satisfaction with the convenience of making an enquiry, 89 percent opting for email as the most convenient channel.

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

- Satisfaction declines were seen across the areas of leadership, and trust and emotional appeal. Council has engaged with the community on a number of challenging topics over the year which may have influenced these results.
- There has been a decrease in the level of satisfaction with the performance of local Community Boards and members. There has been a trend over the past 24 months where the proportion of residents who "don't know" what the role of the Community Boards is has been increasing year on year.
- Satisfaction with overall water management remains on a downward trend and shows a significant decrease over 24 months.
- Continuing to increase residents' knowledge of Council remains a focus. The proportion of residents who believe they know a lot about the Council and what it does remains relatively low with only 16 percent of residents reporting that they know 'a lot'.
- Residents perception of value for money has reduced slightly and continues to have a significant impact on perceptions of Council's overall performance.

The results from the Residents Perception Survey help to inform Council's ongoing communication and engagement with the Community.

For a full presentation of the results please see the [Annual Residents Survey](#) webpage on Council's website.

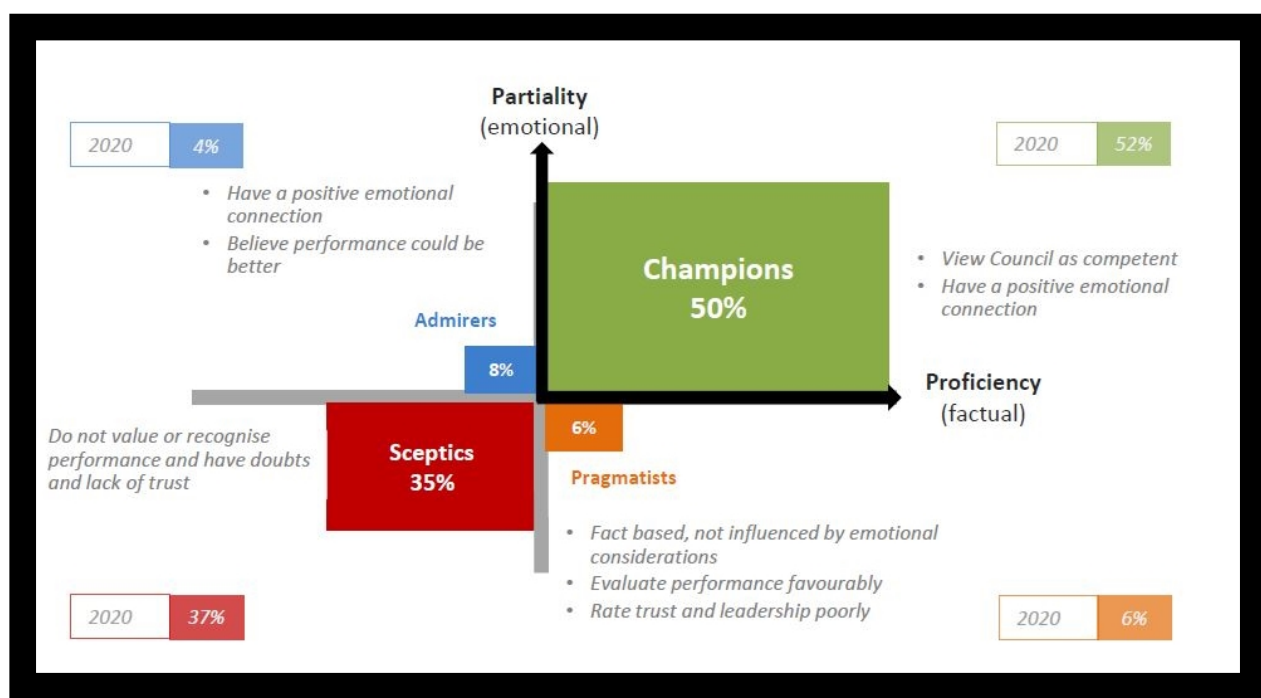
Overall performance summary

% scoring 8-10	2021	2020	2019
Pride in the Waipā District	64%↓	70%	75%
Satisfaction with Community Boards	28%↓	41%	35%
Overall reputation	35%↓	42%	40%
Leadership	26%↓	40%	39%
Trust	26%↓	35%	35%
Financial management	18%↓	25%	25%
Overall value for money	22%	25%	22%
Service, infrastructure and public facilities	35%	38%	43%
- Overall water management	40%	44%	51%
- Overall roads and footpaths	36%	38%	45%
- Overall public facilities	53%	56%	68%
- Regulatory services	37%	32%	46%

Note: An arrow signifies a significant reduction in comparison to the prior year.

Source: Waipa District Council Annual Residents Survey Report. Key Research June 2021

Reputation profile



Source: Waipa District Council Annual Residents Survey Report. Key Research June 2021

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

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

Atkins Holmes Majurey, Level 19/48 Emily Place, CBC, Auckland 1010

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Office of the Auditor-General, Wellington

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Cambridge Service Centre

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Cambridge 3434

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

POSTAL ADDRESS

Private Bag 2402
Te Awamutu 3840

Organisational Structure

Council controlled organisations

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

- Waikato Regional Airport Limited, also known as Hamilton International Airport.
- Local Government Funding Agency Limited.
- Local Authority Shared Services Limited.

Further detail on each of these organisations can be found in our 10-Year Plan 2018-28 and on pages 191 to 202 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.

Council currently has 13 committees or sub-committees; these committees and their membership are outlined in this section.

On 29 September 2020 appointed iwi representatives (to be known as "Te Kanohi") to the following committees; Strategic Planning and Policy, Regulatory, Service Delivery, and Finance and Corporate Committees.

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 Waipā 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, Ms Patsi Davies, Dr Michael Cameron, Mr Roy Johnstone and Mr John Gower.

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 Bronwyn Koroheke, Te Kanohi

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
- Te Hiiri Taute (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]
- Ngāti Hauā Representative - to be advised

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), Allan Rawlings (Te Pahu Residents and Ratepayers Association), Geoff Orchard (Kaipaki Community), Haupai Puke (Pūrekireki Marae), Jan Thomas (Ngāhinapōuri Community), Janet Williams (Koromatua), and Andrew Reymer Ōhaupō Community), plus a representative from Te Whakakitenga o Waikato.

Purpose: To represent the interests of its communities in the Pirongia Ward, allocate discretionary funding, manage on behalf of council the Franklin Street, Rangimarie and Te Ngāhere reserves in Pirongia, recommend reserve development projects within the Pirongia Ward and maintain an overview of services provided by Council within its communities.

Regulatory Committee

Chair: Councillor Gower

Membership: Councillor Gower, Councillor St Pierre, Councillor Stolwyk, Poto Davies (Te Kanohi), 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 Bill Harris, Te Kanohi.

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 Miriata Tauroa, Te Kanohi

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 Tōpū o Waipā Chairperson – Gaylene Roberts
- Kaumatua – Jim Keremeta
- Wharepuhunga – Kataraina Hodge
- Ngāti Hauā – Chris Riki
- Pūrekireki – Haupai Puke
- Pūniu – Harold Maniapoto
- Kakepuku – Waitiahoaho Te Ruki
- Kāniwhaniwha – Rangiuia Riki
- Maungatautari – Josephine Taute
- Ngāti Ngāwaero – Te Uira Reg Naera
- Ngāti Hikairo – Hano Ormsby
- Ngāti Apakura (Apakura Rūnanga 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 role of a community board is to act as an advocate with the community on behalf of Council. The community 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, maintains an overview of services provided by Waipā District Council, submits to the Annual and Long Term Plans, allocates discretionary funding, and 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. The Cambridge Community Board has additional delegations, which include to maintain the sister city relationships between Cambridge and Bihoro (Japan) and Cambridge and Le Quesnoy (France) and organise the annual ANZAC and Armistice civic events in Cambridge.

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

Council has also established some advisory groups and committees to assist in decision making – these include a Senior Council and Ngā Iwi Tōpū o Waipā 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 is an informal committee of Council that is made up of people from groups that represent Waipā's senior citizens. Groups represented include Grey Power, Te Awamutu and Cambridge Senior Citizens, Te Awamutu Continuing Education, Te Awamutu Pakeke Lions and New Zealand Aged Care Association. Chaired by the Mayor, it meets with Councillors and Council staff to discuss current issues and projects. It also gives a chance for members to raise issues about Council services and infrastructure.

Introduction from the Mayor and Chief Executive

The 2020/2021 financial year was an extraordinary year for Waipā District Council.

Our focus was on our district's recovery from the first stages of the COVID-19 pandemic, as we moved through the changing alert levels; while rolling out an ambitious district-wide renewals and growth programme to keep our assets in good condition; and together with our community's support, we established a Māori Ward for the first time in the district's history.

We are guided through our partnership with mana whenua and have committed to create a new Māori Ward so we can better represent our residents for greater collaboration, inclusivity, openness and transparency.

We consulted with our community on our 2021-31 Long Term Plan, and received record levels of feedback on new concept plans for two of our key park reserves – War Memorial Park in Te Awamutu and Lake Te Koo Utu in Cambridge. We also received a high level of feedback on our local Innovative Streets project 'Streets for People', part of a nationwide programme to trial safer pathway initiatives across New Zealand communities, led by Waka Kotahi NZ Transport Agency.

We're one step closer to bringing Te Ara Wai into being, after purchasing a vacant building bordering State Highway 3 for the new museum to be located. This new chapter is in the early stages, as we get ready to share our stories with visitors for many years to come.

Waipā remains in a strong financial position to keep our district thriving. We maintained an AA- Fitch credit rating for the fourth year running, which allows Council to access lower interest rates, saving ratepayers tens of thousands of dollars in interest costs. The Waipā economy is going from strength to strength, and we continue to be resilient as we ride out the waves of COVID-19.

Our primary sector has remained strong with expectations of a total dairy pay-out of \$543m to Waipā farmers, up \$40 million on a year prior.

Strong employment growth over the year to March 2021 has led to an increase in the number of filled positions, up 1.5 percent from the same period to March 2020. Unemployment in Waipā is at 3.1 percent, lower than the rest of the Waikato at 4.1 percent and the New Zealand unemployment rate of 4.7 percent. Building construction was a contributor to employment growth with council issuing 1,459 building consents valued at \$456 million over the course of the 2020/21 year.

Waipā residents are supporting local, with spending outcomes remaining better than the regional or national average. Card spending rose 6.6 percent per annum in the December 2020 quarter and then 4.8 percent per annum in the March quarter, even as nationwide spending fell 1.4 percent per annum in the March quarter.

Along with residents, we're looking to the year ahead and have put in place mechanisms to support local, by increasing spending and opportunities and implementing a 'buy local, spend local' initiative in our own procurement processes to ensure the economic, social, environmental and cultural wellbeing of our communities is supported and maintained.

Growth continues to have a huge impact on Waipā. Last year our population grew by 2.7 percent as our district continues to be one of the most attractive places to live in New Zealand.

Council's brand is Waipā Home of Champions, and we achieve this through a vision of building champion communities. Ensuring we grow our district in a well-planned, strategic way, we unlocked a number of new growth cells, and laid the foundations installing three waters infrastructure for industrial, commercial and residential areas.

Once the infrastructure and key transport connections are complete, these new areas are handed over to developers to build homes and businesses that will provide for our future Waipā families. We're nearing completion of the new Hamilton Road cycleway that will cater for our new growth cells to the north west of Cambridge, offering a safer sustainable transport option for our residents to move around.

Keeping rates affordable, while also catering for a high standard of living, we approved an average 4.6 percent rate after-growth increase for the 2021/22 year and a 2.2 percent average annual rates increase over ten years. Growth-related development is paid for through development contributions, so our current ratepayers don't foot the bill.

These development contributions go towards key pedestrian and cycling pathways, roads, new and upgraded existing water mains, sewer mains, treatment plants, and new and improved parks and reserves to cater for our growing population.

We officially opened the new Cambridge pool facility, Perry Aquatic Centre Puna Kaukau O Te Oko Horoi in May 2021 at a total cost of \$23.8 million. This state-of-the-art facility offers a hydrotherapy pool, sauna, 50m outdoor pool, 25m indoor pool, toddlers pool and a splash pad for visitors to enjoy.

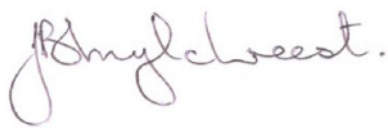
But we don't just plan ahead locally, we're also a key player in what's happening at a sub-regional Waikato level. We had input into Futureproof, funded economic and tourism development via Te Waka and WaikatoNZ.com and we collaborated with our neighbouring councils for the Hamilton-Waikato metro spatial plan and sub-regional detailed business case looking at wastewater treatment plant options for the districts benefit.

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

Two notable campaigns were the Lake Te Koo Utu and Te Awamutu War Memorial Park concept plan consultations, which achieved one bronze and two silver awards, and the Smart Water 2019/20 summer campaign which achieved two silver awards in the annual Public

Relations Institute of New Zealand awards. We're very proud to have these acknowledgements, giving you confidence in our commitment to engage with our communities and achieve meaningful outcomes.

We've had some robust, meaningful and insightful ideas and talking points from our community this year and we thank you sincerely for that. We believe that a district is successful when everyone plays their part. We continuously focus on working together with our communities, to not only make Waipā a great place to live, work, play and invest in, but a home we are all proud of.



Jim Mylchreest JP
MAYOR



Garry Dyet JP
CHIEF EXECUTIVE



Financial Overview

The last quarter of the 2019/20 financial year was significantly impacted by the COVID-19 global pandemic. The pandemic continued to disrupt through the 2020/21 financial year and there were further periods of lockdown in the Waipā district post-balance date, from August through to October 2021.

We have been very fortunate that New Zealand in general, and Waipā in particular, have not been impacted to the extent that we might have been, and in fact were initially forecasted to be. This is largely the result of Waipā's balanced economy and far lesser exposure to the international tourism industry than what exists in other parts of the country. Various Central Government initiatives maintained employment and economic activity and this supported our local economy. Development activity in the district continued largely unabated and expected declines in revenue in our consenting activities did not eventuate.

Our balance sheet (Statement of Financial Position) has remained strong throughout. Our Group borrowings at \$98 million, although increasing substantially during the year, remain low relative to the wider sector, and there is considerable headroom for the borrowing that is required to fund our capital programme. A significant operating surplus was achieved, at \$39.6 million, we had budgeted \$26.6 million.

Our annual credit rating review by international credit rating agency Fitch confirmed 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 44 percent of our total revenue (considerably within our upper limit of 65 percent), reflecting the diversity of our income sources including the level of vested assets received and our determination to keep rates as low as possible. Our actual average rate increase (after growth) for the year at 2.4 percent was significantly lower than the 4.2 percent provided for in the 2018-28 long-term plan.

As indicated above, there was a substantial increase in debt over the year, from \$53.6 million to \$98 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 a massive 348 percent 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 \$582,000 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, housing for the elderly 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 looks to return the benefit of a cash surplus to its ratepayers at earliest opportunity through reduced rating requirement in a future year.

Council has challenges ahead as it seeks to achieve what it has committed to in its newly adopted 2021-31 long-term plan. An ambitious infrastructure spend is still required and this will significantly grow our debt levels. In addition, we don't have the same buffer in our financial reserves that we once had. It has also become apparent that a significant reform agenda is in front of the local government sector and this could significantly impact the activity that we are involved in.

In these circumstances however, financially we remain well-placed to continue to achieve our vision of 'Building Champion Communities'.



Ken Morris

DEPUTY CHIEF EXECUTIVE AND GROUP MANAGER BUSINESS SUPPORT / CHIEF FINANCIAL OFFICER

Disclosure Statement

Annual report disclosure statement for year ending 30 June 2021.

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.

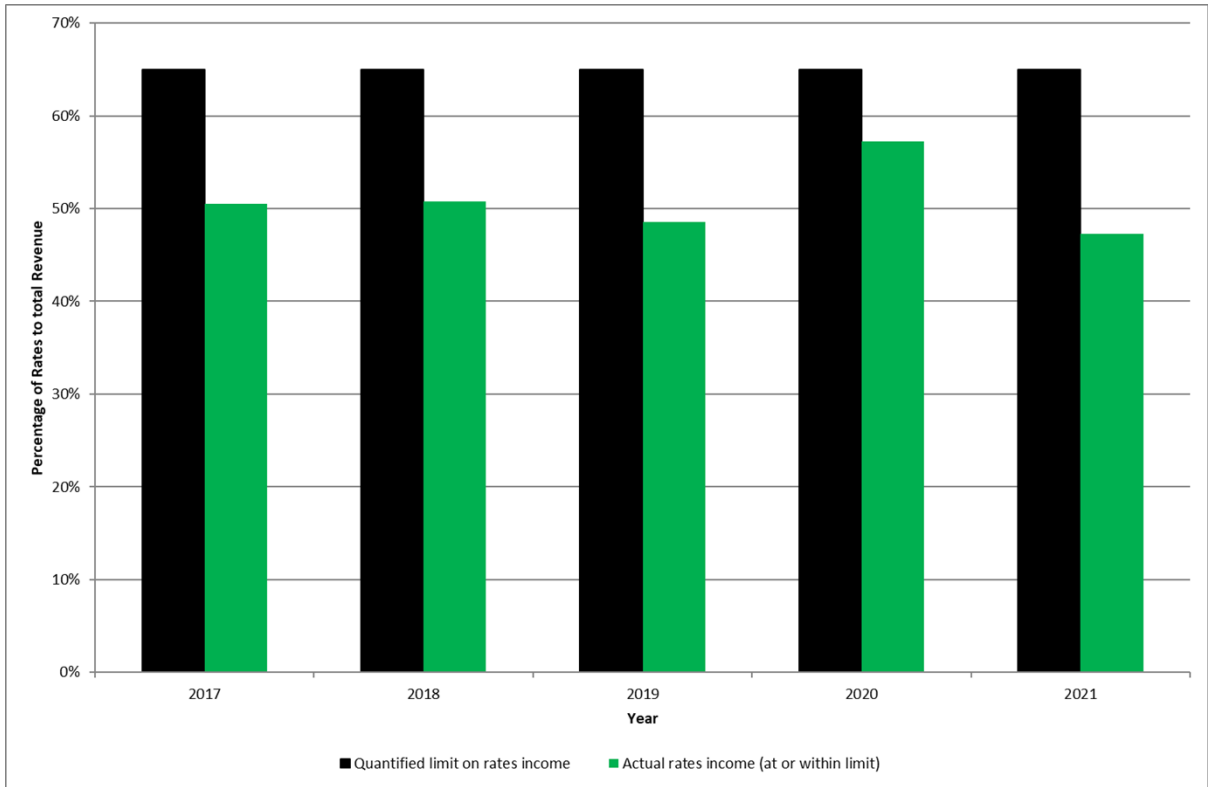
Rates affordability benchmark

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.

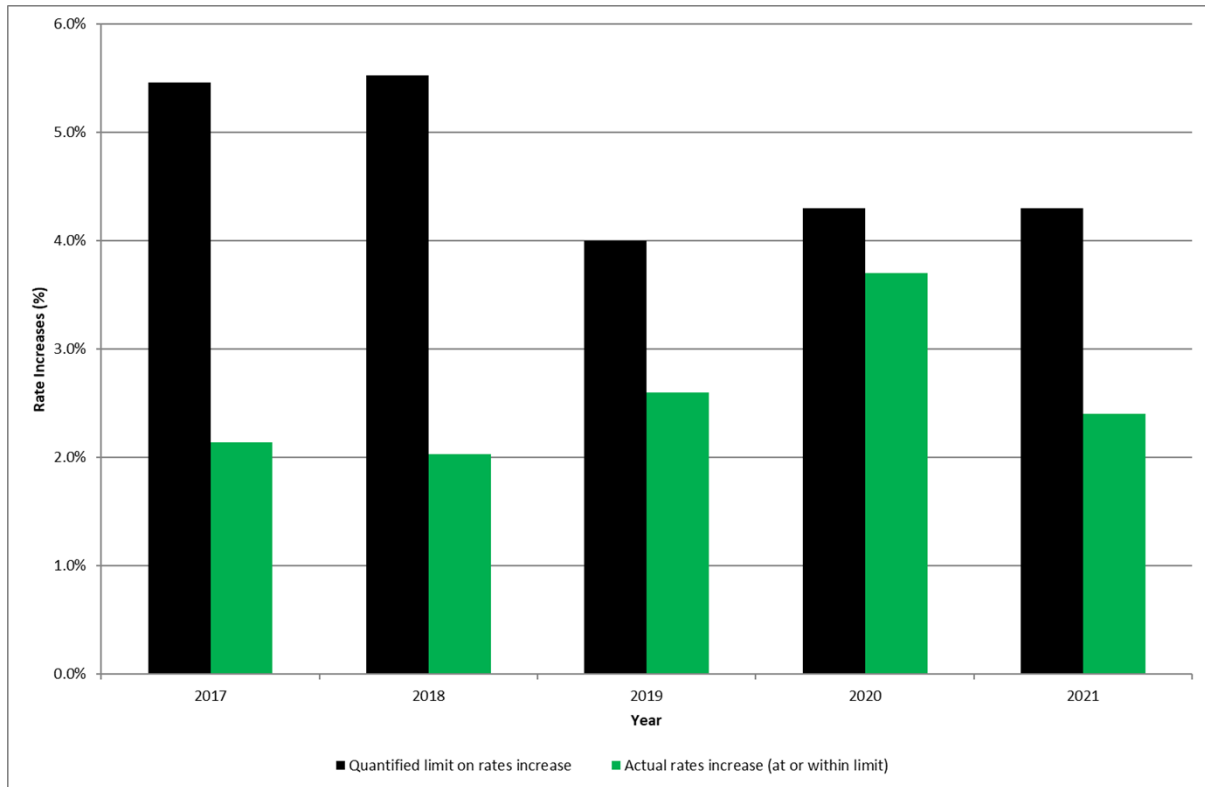
Rates (income) affordability

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

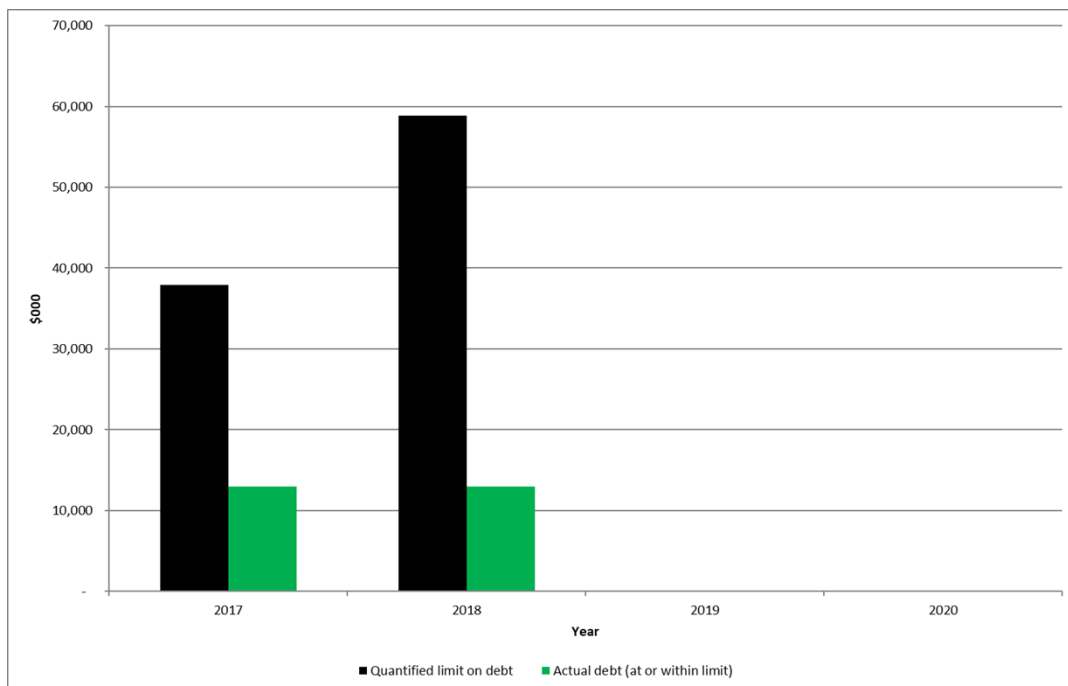
The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy, which is included in the Council's long term plan. The quantified limit is Council will limit annual increases in the average rate requirement (after growth)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



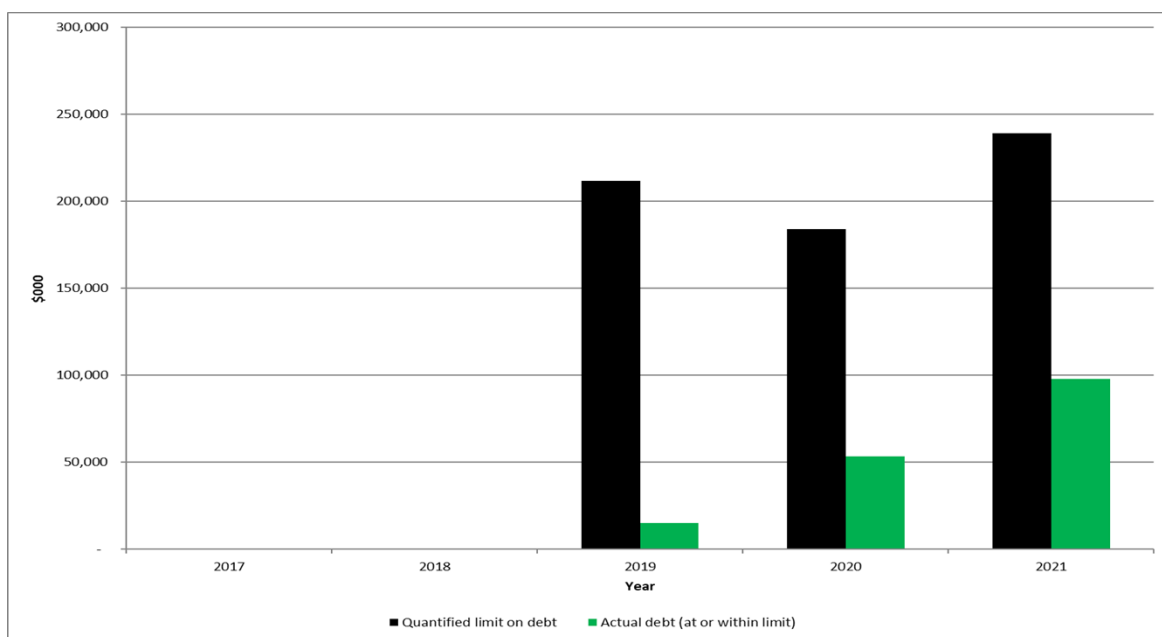
Debt affordability benchmark

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.



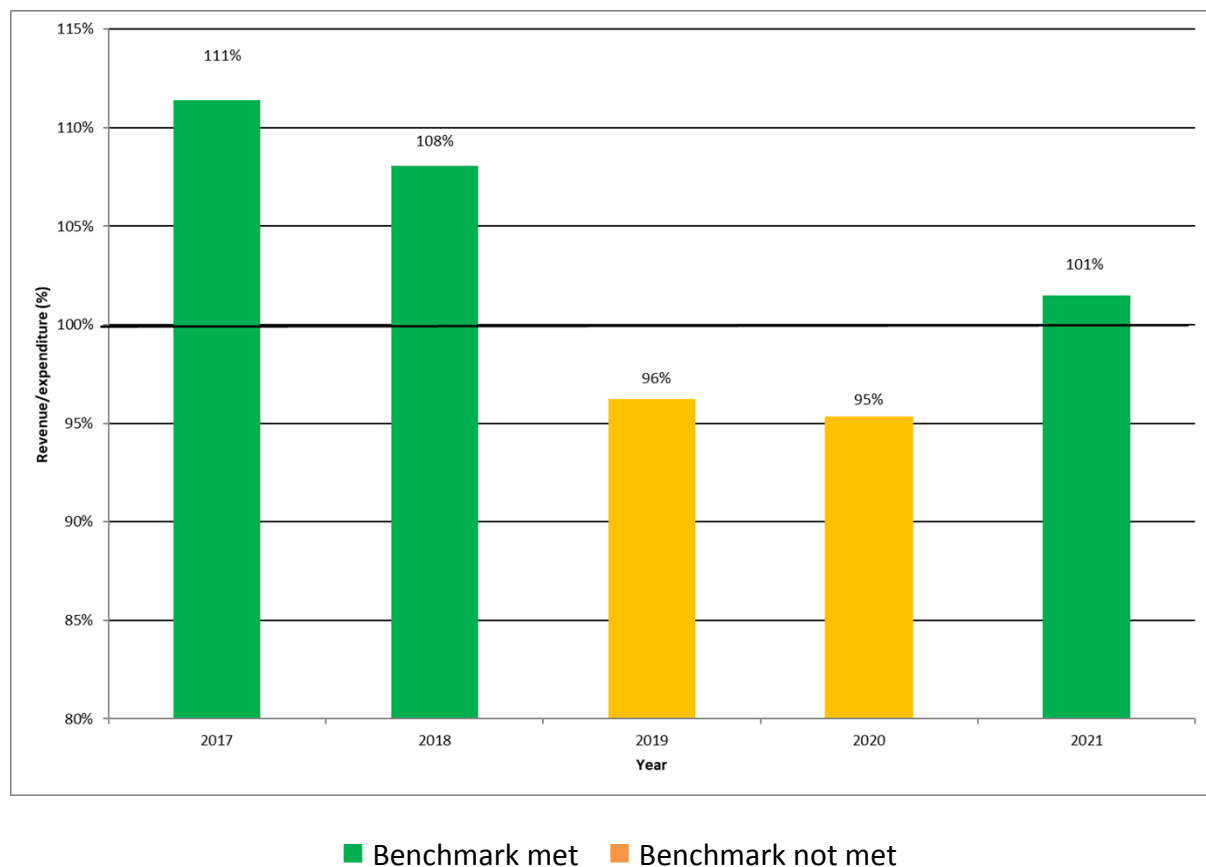
As part of the 2018/28 LTP, the basis for the external debt limit changed from 110% of budgeted debt (as portrayed in the above graph) to a more relevant limit of 175% of total revenue. This change in methodology is more in line with what other Councils use, and is portrayed in the graph below.



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.

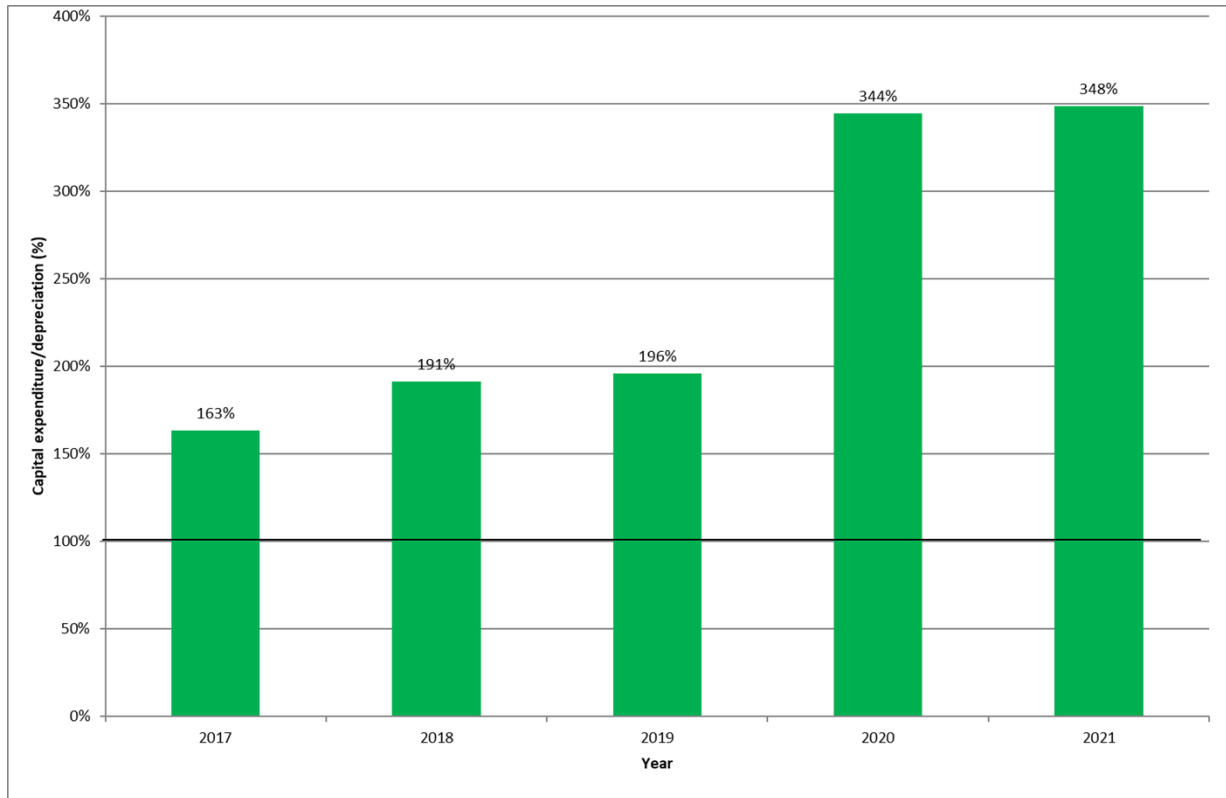


Discovered assets have been excluded from 2019 onwards, due to legislative requirements.

Essential services benchmark

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

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

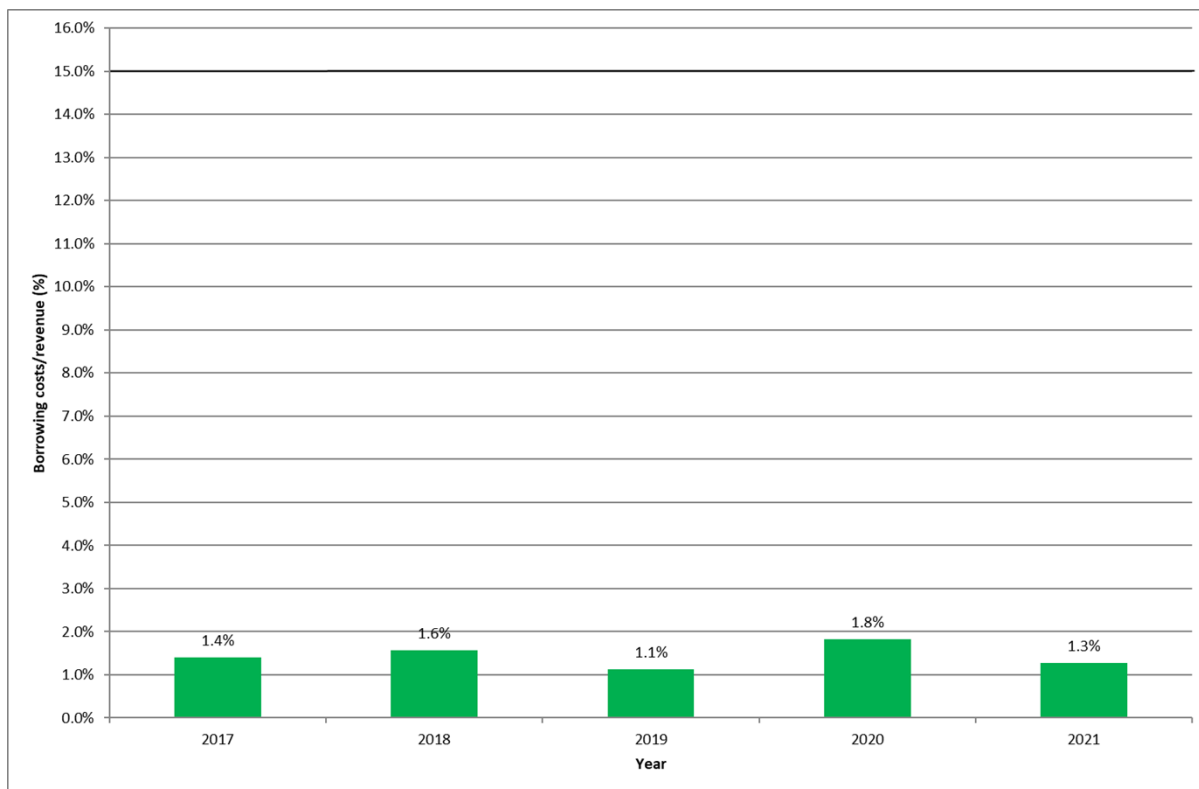


■ Benchmark met

Debt servicing benchmark

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

Because Statistics New Zealand projects the Council’s population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.

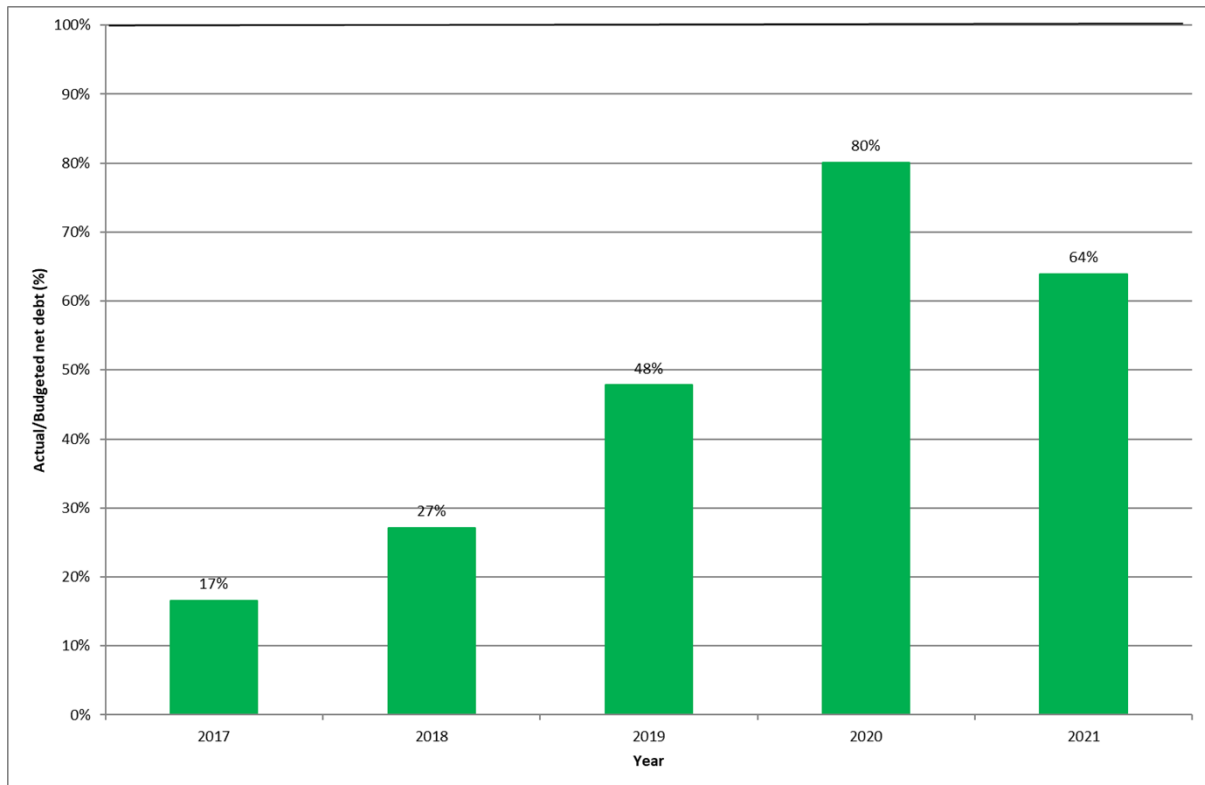


■ Benchmark met

Debt control benchmark

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

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

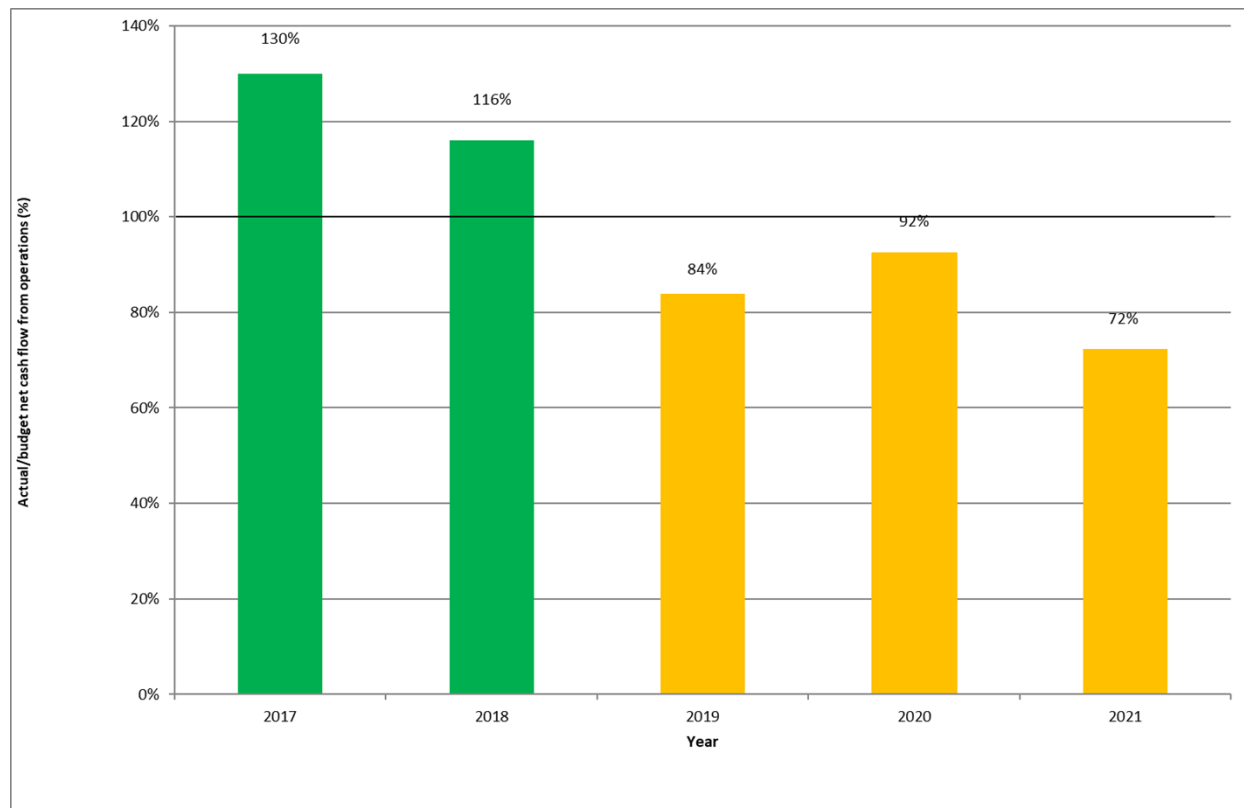


■ Benchmark met

Operations control benchmark

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

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



■ Benchmark met ■ Benchmark not met

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 2020/21 year marked the third and final year of Councils 2018-28 Long Term Plan (LTP).

A significant amount of work went into the development of the 2021-31 Long Term Plan (LTP), which was adopted on 29 June 2021. "Ambitious but affordable" is the theme of the new LTP, with a big focus on core infrastructure to ensure the district is ready for projected growth while also including budget for a number of community and heritage projects.

A review of existing performance measures was carried out, with a range of new targets and measures being developed to show the standard of performance expected over the next ten years and the means by which we intend to measure that performance. Data is sourced from Resident Surveying, external data and our Customer Request Management system to monitor progress against the targets set out in the LTP.

The nationwide lockdown and continued change in alert levels due to the COVID-19 crisis has had an ongoing impact on a number of Council's performance measures, particularly in areas such as Heritage, which have been hindered by the drop in international travellers. However some Groups of Activities have experienced an unexpected rise in the volume of work, such as Building Control which saw a 21 percent increase in Building Consent numbers in comparison to the year prior.

Council's yearly staff engagement survey was completed with the results showing strong and maintained levels of engagement across staff.

The details of performance levels and key achievements are set out in each of the Group Activity areas of this report.

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

- Councillors, Iwi, funders, board members, trustees and others closely linked to the highly-anticipated Cambridge Pool complex project attended an official ribbon cutting for the Perry Aquatic Centre - Puna Kaukau o Te Oko Horoi. The pool was opened for swimming the following day.
- Work commenced on Cambridge's first two-way cycleway on Hamilton Road.
- Construction of the Te Awamutu Wastewater Treatment Plant Upgrade was completed and staff began working on optimisation of the plant to prepare for full operation in the new financial year.

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

- The Naming Policy was developed which sets clear criteria for the selection and use of names appropriate to Waipā. The proposed policy aims to ensure that names of Council's assets tell the story of Waipā and reflect Waipā's diverse natural and cultural heritage, reflect the Waipā community by encouraging greater use of te reo Māori and provide clarity and consistency in the naming of roads, parks, reserves and park assets such as walk/cycle tracks and community facilities.

- The Smokefree and Vapefree Policy was drafted and opened to consultation, the policy proposed that smoking and vaping be banned in public areas across the Waipā district.

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

- Work continued on delivering key projects on Council's digital roadmap. This included implementation of a centralised contracts module, unified communications and a number of projects to improve Council's financial systems.
- Incremental improvements were championed, an example being five dog related digital forms being consolidated to one.
- A Digital Literacy Program was launched to support staff to thrive in a digital based world.
- Council's LGOIMA processes were improved for staff and customers.

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. Programmes have been under closer scrutiny through dedicated reviews.

Overall the year has been a successful period for Council and we've seen an increase in achievement of the Long Term Plan performance measures from 69.9 percent to 72.82 percent. This is a pleasing result and is evidence of a solid performance across Council.

Moving forward, 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 2020/21 year we ran 12 formal engagement processes, including;

- The 2021-31 Long Term Plan (LTP)
- Streets for People
- Concept plans for Te Awamutu War Memorial Park and Lake Te Koo Utu
- The establishment of a Māori Ward; and
- With a number of proposed district-wide policy updates.

Formal engagement and consultation however, was only a small part of what we did.

We also welcomed our community's thoughts, ideas and opinions through social media, surveys, face-to-face through our Customer Support team, and through online channels. We also embraced a new way of connecting with our community through Antenno, which saw an influx of users following the introduction of recycling reminders for residents.

Waipā District Council's Facebook page continued to grow with 9,688 active followers and our Waipā Home of Champions Instagram page, which celebrates all things Waipā, also had a surge of followers growing to 1,609 from 1,356 followers.

What's next Waipā?

During March and April 2021, we carried out the 2021-31 Long Term Plan consultation which helps to set the council's direction for the district over the next ten years. With over 20 events held across the district, we heard from hundreds of passionate residents to learn about their goals for the future of Waipā and asked for their feedback on our five main topics.

We received 1,505 submissions during the consultation period and finalised our Long Term Plan at the end of June. The community supported our recommendations to sell assets which will then fund the Lake Te Koo Utu and War Memorial Park concept plans to help offset the cost to ratepayers, plan for a sustainable future with the Urban Mobility Plan and choose an off-road route for Pirongia - Ngā Roto - Te Awamutu cycleway and to partner with a community organisation or group to develop a resource recovery centre for the district.

The community also let us know they wanted to see more community facilities, by way of community centres, skate parks and sports field improvements, and more maintenance to our heritage assets such as Kihikihi Town Hall and the Cambridge Town Hall. These were also big winners in the Long Term Plan with money set aside to address these requests.

Hundreds respond to Streets for People project

We partnered with Waka Kotahi NZ Transport Agency to deliver their local innovating streets project, dubbed 'Streets for People'. This project aimed to create a pedestrian and cycle friendly route between four schools in Cambridge, with a number of temporary installations.

The first of 25 installations was installed in March which included a pop-up cycleway, speed cushions and improved crossings outside the schools. Our community tested the Streets for People installations over a period of three months and let us know their thoughts once the feedback period opened in early May. Feedback varied from wide-spread support to vocal opposition.

All of the feedback and data provided was collated and analysed with recommendations brought back to elected members for a final decision in July. One final review was requested before any of the changes become permanent. Ultimately, the information collected during this consultation was invaluable and will help shape our future transport network plans.

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, Antenno 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 ongoing 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.

Te Kanohi representatives with voting rights have also been appointed to the Strategic Planning and Policy, Regulatory, Service Delivery, and Finance and Corporate Committees of Council. These appointments were made after nomination by Nga Iwi Toopu o Waipa.

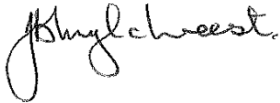
In May 2020 Council voted to establish a Maori Ward with one member from the 2022 local elections.

Council also has Joint Management Agreements in place with the Waikato-Tainui Trust Board, the Maniapoto Maori Trust Board and the Raukawa Settlement Trust. We also have co-management responsibilities for some reserves through the Ngati Koroki Kahukura Reserves Joint Management Board now known as Nga Pae Whenua and with Ngati Haua for the Pukemako Reserve.

Council will continue to work in together 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 2021

	Note	Council		Group		
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 \$000	Actual 2021 \$000	Actual 2020 \$000
REVENUE						
Rates	3	64,105	68,263	60,222	64,105	60,222
Fees and charges	3	17,125	14,720	14,556	18,890	15,754
Reserve contributions	3	450	522	561	450	561
Development contributions	3	9,687	12,072	4,887	9,687	4,887
Gain on revaluation	4	3,595	447	-	3,595	-
Vested assets	3	21,826	15,176	13,323	21,826	13,323
Discovered assets	3	-	-	731	-	731
Dividends	3	4	20	51	4	51
Finance revenue	3	8	271	852	10	859
Subsidies and grants	3	18,015	11,327	9,583	18,105	9,604
Other revenue	3	816	1,563	421	1,022	724
Total Revenue		135,631	124,381	105,187	137,694	106,716
OPERATING EXPENDITURE						
Employee benefit expenses	5	25,029	27,023	24,328	27,115	25,787
Depreciation & amortisation	13-15	26,697	25,461	25,351	26,800	25,457
Other expenses	6	42,977	43,465	39,112	41,972	38,952
Finance costs	7	1,328	1,870	1,580	1,332	1,587
Loss on revaluation	4	-	-	516	-	516
Total Operating Expenditure	2	96,031	97,819	90,887	97,219	92,299
OPERATING SURPLUS		39,600	26,562	14,300	40,475	14,417
Other Comprehensive Revenue and Expense recognised directly in Equity						
Property Plant and Equipment Revaluation gains / (losses) taken to equity		53,690	20,819	34,164	53,690	34,164
Intangible gains / (losses) taken to equity		186	-	146	186	146
Investment gains / (losses) taken to equity		6,325	-	1,549	6,325	1,549
Cash flow hedges gains / (losses) taken to equity		494	206	29	494	29
Total Other Comprehensive Revenue and Expense for the Year		60,695	21,025	35,888	60,695	35,888
Total Comprehensive Revenue for the Year		100,295	47,587	50,188	101,170	50,305

Explanation of operating surplus and total comprehensive revenue:

Council achieved an operating surplus of \$39.6m this year against a budget of \$26.6m. Explanations of the major variations from budget are provided in note 31, pages 105 and 106. The operating surplus includes a number of items of income that are non-cash in nature including infrastructure vested by developers (\$21.8m). Council's total comprehensive income includes \$53.7m of property, plant and equipment revaluation gains.

The accompanying notes form part of these financial statements, pages 46-107.

Waipa District Council

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	Council			Group	
		2021 Actual \$000	2021 Budget \$000	2020 Actual Restated \$000	2021 Actual \$000	2020 Actual Restated \$000
Balance at 1 July		1,749,295	1,782,731	1,699,107	1,750,273	1,699,968
Total Comprehensive Revenue		100,295	47,587	50,188	101,170	50,305
Balance at 30 June		1,849,590	1,830,318	1,749,295	1,851,443	1,750,273
Equity represented by:						
Retained earnings	24	573,802	570,075	517,674	575,655	518,652
Other reserves	24	1,275,788	1,260,243	1,231,621	1,275,788	1,231,621
Total Equity		1,849,590	1,830,318	1,749,295	1,851,443	1,750,273

The accompanying notes form part of these financial statements, pages 46-107.

Waipa District Council

Statement of Financial Position

As at 30 June 2021

	Note	Council			Group	
		Actual 2021 \$000	Budget 2021 \$000	Actual 2020 Restated \$000	Actual 2021 \$000	Actual 2020 Restated \$000
ASSETS						
Current Assets						
Cash and cash equivalents	8	12,094	2,801	1,862	14,060	2,961
Investments in CCO's	10	-	240	-	-	-
Assets held for sale	12	85	85	85	85	85
Trade and other receivables	9	8,945	5,295	9,924	8,969	9,982
Total Current Assets		21,124	8,421	11,871	23,114	13,028
Non Current Assets						
Property plant and equipment	13	1,896,112	1,998,368	1,790,829	1,896,484	1,791,131
Intangible assets	14	3,454	2,465	2,938	3,454	2,938
Forestry assets	17	2,997	2,977	2,559	2,997	2,559
Investments in CCO's	10	25,323	14,980	17,748	25,323	17,748
Investment property	18	19,025	16,611	15,942	19,025	15,942
Trade and other receivables	9	12	-	13	12	13
Total Non Current Assets		1,946,923	2,035,401	1,830,029	1,947,295	1,830,331
Total Assets		1,968,047	2,043,822	1,841,900	1,970,409	1,843,359
LIABILITIES						
Current Liabilities						
Trade and other payables	19	16,255	24,107	19,713	16,620	19,820
Provisions	20	163	412	252	163	252
Employee benefit liabilities	21	1,983	1,547	1,851	2,127	2,106
Borrowings	22	8,000	55,000	13,500	8,000	13,530
Total Current Liabilities		26,401	81,066	35,316	26,910	35,708
Non Current Liabilities						
Trade and other payables	19	500	-	15,298	500	15,298
Derivative financial instruments	23	797	-	1,292	797	1,292
Provisions	20	759	1,937	699	759	699
Borrowings	22	90,000	130,500	40,000	90,000	40,089
Total Non Current Liabilities		92,056	132,437	57,289	92,056	57,378
Total Liabilities		118,457	213,503	92,605	118,966	93,086
EQUITY						
Retained earnings	24	573,802	570,075	517,674	575,655	518,652
Other reserves	24	1,275,788	1,260,243	1,231,621	1,275,788	1,231,621
Total Equity		1,849,590	1,830,318	1,749,295	1,851,443	1,750,273

Explanations of the major variations from budget are provided in note 31, pages 105-106.

The accompanying notes form part of these financial statements, pages 46-107.

Waipa District Council

Statement of Cash Flows

For the Year Ended 30 June 2021

	Council			Group	
	Note	Actual 2021 \$000	Budget 2021	Actual 2021 \$000	Actual 2020 \$000
Cash Flows from Operating Activities					
Receipts from rates revenue		64,307	68,263	60,195	64,307
Interest received		8	271	852	10
Dividends		4	20	176	4
Receipts from other revenue		33,220	52,216	42,324	35,572
Payments to suppliers and employees		(61,122)	(66,894)	(59,786)	(62,341)
Interest paid		(1,328)	(1,870)	(1,580)	(1,332)
Goods and service tax (net)		1,215	-	1,603	1,349
Net Cash Flow from Operating Activities		36,304	52,006	43,784	37,569
Cash Flows from Investing Activities					
Proceeds from sale of property, plant and equipment		5,654	-	2,672	5,654
Proceeds from sale of investments		(50)	1,275	-	(50)
Purchase of intangible assets		(732)	(1,419)	(1,721)	(732)
Purchase of property, plant and equipment		(74,474)	(170,013)	(80,944)	(74,474)
Purchase & development of investment property		-	-	-	-
Acquisition of investments		(1,250)	-	(400)	(1,250)
Net Cash Flow from Investing Activities		(70,852)	(170,157)	(80,393)	(80,393)
Cash Flows from Financing Activities					
Proceeds from borrowings		144,200	120,000	252,000	144,200
Repayment of borrowings		(99,819)	-	(213,649)	(99,819)
Net Cash Flow from Financing Activities		44,381	120,000	38,351	44,381
Net (decrease) / increase in cash, cash equivalents and bank overdrafts		9,833	1,849	1,742	11,098
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,261	952	519	2,962
Cash, cash equivalents at the end of the year	8	12,094	2,801	2,261	14,060

Explanations of the major variations from budget are provided in note 31, pages 105-106.

The accompanying notes form part of these financial statements, pages 46-107.

Waipa District Council

Statement of Cash Flows

For the Year Ended 30 June 2021 (continued)

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Surplus / (deficit) after tax	39,600	14,300	40,475	14,417
<i>Add (less) non cash items</i>				
Depreciation and amortisation	26,697	25,351	26,800	25,456
Asset write-downs	74	-	74	-
Vested / discovered assets	(21,826)	(14,054)	(21,826)	(14,054)
(Gains) / losses in fair value of investment properties, forestry and intangible assets	(3,521)	516	(3,521)	516
Add / (less) items classified as investing or financing activities	4,817	(2,220)	4,817	(2,220)
(Gains) / losses on disposal of assets	7,280	4,559	7,280	4,559
Impairment (Gain) / Loss	50	127	50	127
<i>Add / (less) movements in working capital items</i>				
Trade and other receivables	902	(1,554)	878	(1,570)
Trade and other payables	(17,916)	16,407	(17,450)	15,724
Provisions	(29)	123	(29)	123
Employee Benefits	176	229	21	484
Net Cash Inflow / (Outflow) from Operating Activities	36,304	43,784	37,569	43,562

The accompanying notes form part of these financial statements, pages 46-107.

Waipa District Council

Funding Impact Statement

For the Year Ended 30 June 2021 (whole of Council)

	2019/20 Annual Plan \$000	2019/20 Annual Report \$000	2020/21 Annual Plan \$000	2020/21 Actual \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	45,861	35,363	38,592	37,474
Targeted rates	17,372	24,859	29,671	26,631
Subsidies and grants for operating purposes	3,041	3,548	3,524	6,879
Fees and charges	11,618	15,754	15,925	18,890
Interest and dividends from investments	190	910	291	14
Local authorities fuel tax, fines, infringement fees, and other receipts	403	724	412	1,022
Total sources of operating funding (A)	78,485	81,158	88,415	90,910
Applications of operating funding				
Payments to staff and suppliers	57,481	58,094	66,221	59,975
Finance costs	1,552	1,464	1,870	1,332
Other operating funding applications	2,076	2,057	1,930	1,782
Total applications of operating funding (B)	61,109	61,615	70,021	63,089
Surplus (deficit) of operating funding (A - B)	17,376	19,543	18,394	27,821
Sources of capital funding				
Subsidies and grants for capital expenditure	5,304	6,056	7,803	11,226
Development and financial contributions	12,112	5,448	12,594	10,137
Increase (decrease) in debt	65,500	38,471	120,000	44,381
Gross proceeds from sale of assets	1,698	4,896	1,275	28,880
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	84,614	54,871	141,672	94,624
Applications of capital funding				
Capital expenditure				
- to meet additional demand	32,652	15,863	80,521	16,538
- to improve the level of service	65,065	56,933	70,853	58,653
- to replace existing assets	17,507	11,766	20,058	15,550
Increase (decrease) in reserves	(13,234)	(10,148)	(11,366)	31,704
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	101,990	74,414	160,066	122,445
Surplus (deficit) of capital funding (C - D)	(17,376)	(19,543)	(18,394)	(27,821)
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 the differences between the two statements.

	2019/20 Annual Plan \$000	2019/20 Annual Report \$000	2020/21 Annual Plan \$000	2020/21 Actual \$000
Total revenue and expense wholly attributable to District Council	69,759	50,305	47,587	101,170
Surplus (deficit) of operating funding per prospective whole of council funding impact statements	17,376	19,543	18,394	27,821
Difference	52,383	30,762	29,193	73,349
The difference is due to:				
Capital income	17,572	11,504	20,397	21,363
Vested assets	12,504	13,323	15,176	21,826
Discovered assets	-	731	-	-
Revaluation of assets	47,874	35,372	21,472	70,405
Gain (loss) on sale/disposal of assets & Discounting Charges & Debt Write-offs	(1,843)	(4,711)	(2,391)	(13,445)
Operating income received in advance	-	-	-	-
Depreciation and amortisation	(23,724)	(25,457)	(25,461)	(26,800)
Total explained difference	52,383	30,762	29,193	73,349

Waipa District Council

Notes to the Financial Statements

1. Statement of accounting policies for the year ended June 2021

Reporting entity

Waipā 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, Waipā District Council, the Waipā Community Facilities Trust and the Cambridge Town Hall Community 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 2021, and were authorised for issue by Council on 30 November 2021.

Basis of preparation

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

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

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

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

Changes in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2021.

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:

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. This was originally mandatory for annual periods beginning on or after 1 January 2021 but was extended to 2022 due to the COVID-19 pandemic.

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.

Financial instruments

In March 2019, the External reporting Board (XRB) issued PBE IPSAS 41 *Financial Instruments* which supersedes PBE IFRS 9 and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. The main changes under PBE IFRS 41 are:

- 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.

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 activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures.
- PBE IPSAS 40 Combinations. This new PBE Standard will replace PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. The new standard is effective for the year ending 30 June 2022 and is applied prospectively.

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.

- PBE FRS 48 Service Performance Report. PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

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) and Cambridge Town Hall Trust (CTHT) are 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 both WCFT and CTHT uses for their operations and provide a major source of funding for the trusts. The assets that are held within WCFT and CTHT are not available for access or use by Council and Council is unable to settle liabilities of WCFT and CTHT.

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 and CTHT due to Council being a settlor of the Trusts and irreversibly pre-determining the material operating and financing policies of the Trusts.

Council also owns most of the assets that WCFT use for their operations and provide a major source of funding for the trust. If Council were to lose control during the reporting period, this would not have a material impact on the Councils 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 2020/21 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

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 periods being caught up. The increase in demand for property in the Waipa district positively impacted all revenue types related to property development. Including infrastructure growth charges, development contributions and regulatory revenue

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. 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.

For more information in the impact of COVID-19 on Waipa Councils operations see the performance measures in the Group of Activities (pages 115-186)

Three waters reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform three waters service delivery arrangements. The reform programme proposes the establishment of four new multi-regional entities who will own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. On 30 June 2021 the Government announced the proposed regional boundaries of the four water

providers, governance arrangements, the role of iwi, and how the providers would be regulated. Waipa District Council is proposed to fall within “Entity B”, with includes 22 councils in the central North Island.

Waipa’s Three Waters network is currently owned and operated by Waipa District Council, At the date this report was approved for issue, the reforms were still at early stages, so impacts on the group were unknown.

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

	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
INCOME			
Governance	67	54	104
Planning and Regulatory	7,030	5,552	5,749
Community Services and Facilities	7,625	8,750	5,868
Roads and Footpaths	15,480	11,834	10,100
Stormwater	150	7	29
Wastewater Treatment and Disposal	1,863	845	774
Water Treatment and Supply	13,246	11,517	10,858
Support Services	14,769	15,564	14,096
GROSS REVENUE	60,230	54,123	47,578
Less Internal Charges	(14,421)	(15,477)	(14,021)
Total Income	45,809	38,646	33,557
EXPENDITURE			
Governance	8,290	9,815	8,391
Planning and Regulatory	9,441	9,098	8,103
Community Services and Facilities	26,697	28,405	24,637
Roads and Footpaths	22,450	22,368	23,225
Stormwater	4,921	4,379	3,939
Wastewater Treatment and Disposal	12,006	11,124	11,723
Water Treatment and Supply	14,885	13,113	12,962
Support Services	14,393	15,595	14,575
GROSS EXPENDITURE	113,083	113,897	107,555
Less Internal Charges	(14,421)	(15,477)	(14,021)
Less rates charged to Council properties	(1,296)	(1,126)	(1,131)
NET EXPENDITURE	97,366	97,294	92,403
NET COST OF SERVICE - OPERATING	(51,557)	(58,648)	(58,846)

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.

Housing for the Elderly 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.

i) Breakdown of rates and further information

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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Rates consist of:				
General rates	23,952	21,940	23,952	21,940
Uniform annual general charge	14,898	14,582	14,898	14,582
Targeted ward rates	4,472	4,948	4,472	4,948
Other targeted rates:				
Metered Water Supply	8,057	7,356	8,057	7,356
Other Water Rates	19	20	19	20
Sewerage	8,004	7,209	8,004	7,209
Stormwater	3,701	3,420	3,701	3,420
Recycling	1,938	1,493	1,938	1,493
Other	471	416	471	416
Add Penalties	82	211	82	211
Less Remissions	(192)	(242)	(192)	(242)
	65,402	61,353	65,402	61,353
Less rates charged to Council properties	(1,297)	(1,131)	(1,297)	(1,131)
Total Rates	64,105	60,222	64,105	60,222

ii) Rate remissions

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

	2021 Actual \$000	2020 Actual \$000
Sport / community organisations	118	115
Maori land	13	14
Open space covenanted land	6	48
School waste water	42	33
Other	13	32
Uniform annual general charge	-	-
	192	242

	2021 Actual	2020 Actual
Number of rating units at start of year	23,091	22,559

	2021 Actual \$000	2020 Actual \$000
Total capital value of rating units at start of year	22,544,912	17,728,009
Total land value of rating units at start of year	13,206,833	9,777,893

iii) Breakdown of subsidies and grants

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
New Zealand Transport Agency roading subsidies	14,460	9,270	14,460	9,270
Grants and Donations	146	173	236	194
Three Waters Stimulus Funding	2,275	-	2,275	-
External funding	1,134	140	1,134	140
Total subsidies and grants	18,015	9,583	18,105	9,604

There are no unfulfilled conditions or other contingencies attached to subsidies and grants recognised (2020 nil).

iv) Breakdown of fees and charges

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Rendering of services	1,350	1,427	1,350	1,427
User Charges	7,028	5,826	8,793	7,024
Regulatory revenue	6,985	5,713	6,985	5,713
Rental income from investment properties	365	329	365	329
Other Significant Activity revenue	1,397	1,261	1,397	1,261
Total fees and charges	17,125	14,556	18,890	15,754

v) Breakdown of other revenue

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Profit on Sale	319	-	325	-
Insurance recoveries	51	-	51	-
Infringements and fines	46	36	46	36
Petrol tax	400	384	400	384
Miscellaneous Revenue	-	1	200	304
Total other revenue	816	421	1,022	724

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:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Not later than one year	120	136	120	136
Later than one year and not later than five years	272	322	272	322
Later than five years	28	85	28	85
Total Non-cancellable Operating Leases	420	543	420	543

No contingent rents have been recognised during the year.

4. *Gain / (Loss) on revaluation*

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Gain / (Loss) on changes in fair value of investment property	3,083	(98)	3,083	(98)
Gain / (Loss) on changes in fair value of forestry assets	512	(418)	512	(418)
	3,595	(516)	3,595	(516)

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Salaries and wages	24,897	24,583	27,094	25,303
Defined contribution plan employer contributions	-	-	-	-
Increase / (decrease) in employee benefit liabilities	132	(255)	21	484
Total employee benefit expenses	25,029	24,328	27,115	25,787

Chief Executive remuneration

The Chief Executive is appointed under section 42 of the Local Government Act 2002. He received a salary of \$297,334 (2020 \$294,831) in terms of his contract. The 2019/20 vehicle reimbursement was resolved in September 2020 post FY20 year end. The Chief Executive's total remuneration included other benefits as follows:

	Council	
	2021 \$	2020 \$
Salary	297,334	294,831
Defined contribution plan employer contributions (KiwiSaver)	24,741	24,741
Vehicle	15,032	11,761
Total Chief Executive remuneration	337,107	331,333

Elected representatives' remuneration

Elected representatives received the following remuneration:

	Council	
	2021	2020
	\$	\$
<i>Elected representatives received the following remuneration:</i>		
Jim Mylchreest JP, Mayor	132,149	132,822
Liz Stolwyk, Deputy Mayor	43,335	42,038
Elwyn Andree-Wiltens	33,334	33,291
Judy Bannon	-	10,223
Hazel Barnes JP	33,334	33,291
Andrew Brown	40,001	39,974
Lou Brown	33,334	23,068
Philip Coles	33,334	23,068
Roger Gordon	33,334	23,068
Marcus Gower	40,001	39,974
Sue Milner	-	10,223
Susan O'Regan	40,001	37,418
Mike Pettit	33,334	23,068
Clare St Pierre	33,334	35,847
Bruce Thomas JP	33,334	33,291
Grahame Webber	40,001	44,063
Vern Wilson	-	10,223

Council employees remuneration by band

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

	2021	2020
	Actual	Actual
Total annual remuneration by band for employees as at 30 June:		
< \$60,000	128	121
\$60,000 - \$79,999	96	87
\$80,000 - \$99,999	55	49
\$100,000 - \$119,999	28	24
\$120,000 - 139,999	9	9
\$140,000 - \$159,999	10	12
\$160,000 -219,999	6	4
\$220,000 - 339,999	2	2
Total Employees	334	308

Total remuneration includes non-financial benefits provided to employees.

At balance date Council employed 270 (2020 250) full-time employees, with the balance of staff representing 39 (2020 35) 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 2021 there was no severance payments to any employees (2020 \$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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Fees to the principal auditor:</i>				
Fees to Audit New Zealand for audit of the Parent and Group's financial statements	173	160	173	160
Fees to Audit New Zealand for audit of the 2021-31 Long-term Plan	109	-	109	-
Fees to Audit New Zealand for audit of the Debenture Trust Deed	8	8	8	8
Total Audit Fees	290	168	290	168
Community grants	1,782	2,057	1,782	2,057
Loss on disposal property, plant and equipment	7,280	4,459	7,280	4,459
Impairment of property, plant and equipment	50	127	50	127
Direct expenses from investment property	254	178	254	178
Direct expenses from investment property not primarily generating income	491	435	491	435
Lease payments under operating leases	104	96	104	96
Other operating expenditure	32,726	31,592	31,721	31,432
Total Other Expenses	42,977	39,112	41,972	38,952

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 leases are 77 Daphne Street, Te Awamutu and 33 Wilson Street, Cambridge (depots and carpark); units 64 and 65 at 230 Berquist Drive, Te Awamutu; and 244 Arawata Street, Te Awamutu. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Not later than one year	93	42	93	42
Later than one year and not later than five years	52	84	52	84
Later than five years	-	-	-	-
Total Non-cancellable Operating Leases	145	126	145	126

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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Interest on borrowings	1,078	1,300	1,082	1,307
Discount unwind on provisions (note 20)	250	280	250	280
Total	1,328	1,580	1,332	1,587

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank and in hand	5	6	1,971	797
Term deposits with maturities less than 3 months	12,089	1,856	12,089	2,164
Total	12,094	1,862	14,060	2,961

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 un-collectability.

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 un-collectability 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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Rates receivables	408	575	408	575
Community loans	13	14	13	14
Sundry debtors	8,536	9,348	8,560	9,270
Loans to Other Entities	-	-	-	-
	8,957	9,937	8,981	9,859
<i>Less non current portion</i>				
Community loans	12	13	12	13
Loans to Other Entities	-	-	-	-
Total Non-current Portion	12	13	12	13
Current Portion	8,945	9,924	8,969	9,846
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	3,216	3,522	3,216	3,522
Receivables from exchange transactions - this includes outstanding amounts for fees and charges that have not been subsidised by rates	5,729	6,324	5,753	6,324

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 Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: \$0 (2020: NIL)
- Section 90B: \$0 (2020: NIL)

The impairment provision 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:

	2021	2020	2021	2020
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Not past due	7,987	9,092	8,011	9,108
Past due 1 - 60 days	434	614	434	614
Past due 61 - 120 days	292	242	292	242
Past due > 120 days	232	18	232	18
Total	8,945	9,966	8,969	9,982

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	2021 Actual \$000	2020 Actual \$000
Waikato Regional Airport Limited	777,110	15.63	30 June	23,079	16,754
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	1,890	640
Total non current portion of shares and investments in other organisations				25,323	17,748

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

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Assets held for sale - Land	85	85	85	85
Assets held for sale - Buildings	-	-	-	-
Total assets held for sale	85	85	85	85

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

	Components	Years
	Pipes	60
Water Reticulation	Pipes	30 – 100
	Fittings	10 – 100
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
Furniture, fittings and equipment		3 – 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 2021. The valuation of the roading assets was performed by Beca Valuations Limited (Beca) and is effective as at 30 June 2021.

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 2021.

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.

The total amount of property, plant and equipment as at 30 June 2021 is \$1,896,513,000. This is made up of total operational and infrastructure assets valued at \$366,885,000 and \$1,529,628,000 respectively (2020 \$1,791,131,000, with \$356,122,000 and \$1,435,009,000 respectively).

Council 2021	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Operational assets							
Balance at 1 July 2020							
Cost	253,960	76,606	418	2,358	7,393	30,095	370,830
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,181)	(10,388)	(15,010)
Opening carrying amount	253,960	77,680	-	1,261	3,212	19,707	355,820
Year Ended 30 June 2021							
Transfers	-	-	-	-	-	-	-
Additions	282	22,325	-	328	5,220	2,024	30,179
Additions (vested to Council)	420	-	-	-	-	-	420
Disposals	(365)	(371)	-	(251)	(851)	(170)	(2,008)
Accumulated depreciation write off on disposal	-	-	-	251	739	153	1,143
Current year depreciation	-	(2,889)	-	(301)	(746)	(1,103)	(5,039)
Accumulated depreciation write off on revaluation	-	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Loss on Accumulated Impairment on revaluation	-	-	-	-	-	-	-
Work in progress	10	(15,427)	-	1	(158)	1,572	(14,002)
Total movement	347	3,638	-	28	4,204	2,476	10,693
Balance 30 June 2021							
Cost	254,307	83,133	418	2,436	11,604	33,521	385,419
Accumulated depreciation and impairment charges	-	(1,815)	(418)	(1,147)	(4,188)	(11,338)	(18,906)
Council Closing Carrying Amount	254,307	81,318	-	1,289	7,416	22,183	366,513

Group 2021	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Operational assets							
Balance at 1 July 2020							
Cost	253,960	76,606	418	2,358	7,863	30,312	371,517
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,430)	(10,524)	(15,395)
Opening carrying amount	253,960	77,680	-	1,261	3,433	19,788	356,122
Year Ended 30 June 2021							
Transfers	-	-	-	-	-	-	-
Additions	282	22,325	-	328	5,292	2,137	30,364
Additions (vested to Council)	420	-	-	-	-	-	420
Disposals	(365)	(371)	-	(251)	(863)	(170)	(2,020)
Accumulated depreciation write off on disposal	-	-	-	251	739	153	1,143
Current year depreciation	-	(2,889)	-	(301)	(809)	(1,143)	(5,142)
Accumulated depreciation write off on revaluation	-	-	-	-	-	-	-
Revaluation Surplus / (deficit)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Loss on Accumulated Impairment on revaluation	-	-	-	-	-	-	-
Work in progress	10	(15,427)	-	1	(158)	1,572	(14,002)
Total movement	347	3,638	-	28	4,201	2,549	10,763
Balance 30 June 2021							
Cost	254,307	83,133	418	2,436	12,134	33,851	386,279
Accumulated depreciation and impairment charges	-	(1,815)	(418)	(1,147)	(4,500)	(11,514)	(19,394)
Group Closing Carrying Amount	254,307	81,318	-	1,289	7,634	22,337	366,885

Impairment losses of \$0 (2020 \$168,000) have been recognised for prior year capital costs.

Council 2020	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Operational assets							
Balance at 1 July 2019 - Restated							
Cost	230,328	68,517	418	2,260	7,154	25,545	334,222
Accumulated depreciation and impairment charges	-	(5,028)	(418)	(1,015)	(3,459)	(9,477)	(19,397)
Opening carrying amount	230,328	63,489	-	1,245	3,695	16,068	314,825
Year Ended 30 June 2020							
Transfers	-	(3,230)	-	-	-	3,230	-
Additions	123	593	-	310	229	2,674	3,929
Additions (vested to Council)	71	-	-	-	-	-	71
Disposals	(45)	(16)	-	(211)	(69)	(125)	(466)
Accumulated depreciation write off on revaluation	-	-	-	211	8	58	277
Current year depreciation	-	(2,393)	-	(293)	(730)	(969)	(4,385)
Accumulated depreciation write off on disposal	-	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	(483)	3,639	40,995
Balance 30 June 2020							
Cost	253,960	76,606	418	2,358	7,393	30,095	370,830
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,181)	(10,388)	(15,010)
Closing Carrying Amount - Restated	253,960	77,680	-	1,261	3,212	19,707	355,820

Group 2020	Land \$000	Buildings \$000	Landfills post closure \$000	Library books \$000	Plant \$000	Furniture and equipment \$000	Total operational assets \$000
Operational assets							
Balance at 1 July 2019 - Restated							
Cost	230,328	68,517	418	2,260	7,613	25,762	334,898
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	16,193	315,221
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 revaluation	-	-	-	211	8	58	277
Current year depreciation	-	(2,393)	-	(293)	(791)	(1,013)	(4,490)
Accumulated depreciation write off on disposal	-	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)	3,595	40,901
Balance 30 June 2020							
Cost	253,960	76,606	418	2,358	7,863	30,312	371,517
Accumulated depreciation and impairment charges	-	1,074	(418)	(1,097)	(4,430)	(10,524)	(15,395)
Closing Carrying Amount - Restated	253,960	77,680	-	1,261	3,433	19,788	356,122

2021	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 2020								
Cost	39,339	127,327	49,033	118,690	120,064	766,322	234,638	1,455,413
Accumulated depreciation and impairment charges	(1,281)	(2,380)	(1,156)	(3,128)	(1,689)	(10,770)	-	(20,404)
Opening carrying amount	38,058	124,947	47,877	115,562	118,375	755,552	234,638	1,435,009
Year Ended 30 June 2021								
Transfers	-	(16)	-	-	115	(99)	-	-
Additions (constructed by Council)	17,073	5,336	18,898	32,754	4,135	18,348	-	96,544
Additions (vested to Council)	12,196	2,715	8	1,477	2,570	2,441	-	21,407
Disposals	-	(3,190)	(114)	(6,857)	(1,826)	(14,873)	-	(26,860)
Accumulated depreciation write off on disposal	-	118	-	405	29	817	-	1,369
Current year depreciation	(1,820)	(2,491)	(1,539)	(3,004)	(1,740)	(10,374)	-	(20,968)
Accumulated depreciation write off on revaluation	3,101	4,753	2,695	5,727	3,400	20,327	-	40,003
Revaluation Surplus / (deficit)	3,435	4,042	1,263	15,974	1,426	(6,339)	-	19,801
Work in progress	(2,053)	(19,725)	(7,420)	(15,577)	3,132	4,936	-	(36,707)
Total movement	31,932	(8,458)	13,791	30,899	11,241	15,184	-	94,589
Balance 30 June 2021								
Cost	69,990	116,489	61,668	146,491	129,616	770,736	234,638	1,529,628
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Closing carrying amount	69,990	116,489	61,668	146,491	129,616	770,736	234,638	1,529,628

A valuation of the Roothing Network was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2021. A fair value assessment of the utility assets was performed by Beca Valuations Limited (Beca), (registered valuation experts) effective as at 30 June 2021.

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	750,056	234,638	1,374,241
Accumulated depreciation and impairment charges	-	-	-	-	-	-	-	-
Opening carrying amount	25,667	108,324	39,743	102,676	113,137	750,056	234,638	1,374,241
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	766,322	234,638	1,455,413
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	755,552	234,638	1,435,009

Core infrastructure asset disclosure

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

	Council	
	2021 \$000	2020 \$000
Sewerage system - treatment	77,482	40,362
Sewerage system - reticulation	179,310	164,352
Water system - treatment	80,127	54,523
Water system - reticulation	212,127	171,906
Drainage network	165,830	153,380
Roading network	984,095	990,044
Total	1,698,971	1,574,567

Work in progress

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

	Council	
	2021 \$000	2020 \$000
Land and buildings	2,993	18,410
Plant	32	189
Furniture and equipment	2,418	846
Wastewater treatment and disposal	18,359	40,137
Water treatment and supply	9,250	32,247
Drainage network	10,892	7,760
Roading network	14,879	9,943
Total	58,823	109,532

Capital commitments

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

	Council	
	2021 \$000	2020 \$000
<i>Capital Commitments</i>		
Roading network	6,725	9,293
Drainage network	285	503
Wastewater treatment and disposal	1,323	26,597
Water treatment and supply	2,610	9,821
Community Facilities	1,228	6,427
Property development	548	-
Total capital commitments	12,719	52,641

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 2021 is \$709,430 (2020 \$523,872).

Breakdown of intangible assets and further information

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

2021	Computer Software \$000	Council	
		NZ Units \$000	Total \$000
Balance at 1 July 2020			
Cost	5,153	524	5,677
Accumulated amortisation and impairment	(2,740)	-	(2,740)
Opening carrying amount	2,413	524	2,937
Year ended 30 June 2021			
Additions	404		404
WIP Movement	328		328
Intangible gains / (losses)		186	186
Disposals	-		-
Accumulated depreciation write off on disposal/revaluation	-		-
Amortisation charge	(402)		(402)
Closing carrying amount	2,743	710	3,453
Balance at 30 June 2021			
Cost	5,885	710	6,595
Accumulated amortisation and impairment	(3,142)	-	(3,142)
Closing carrying amount	2,743	710	3,453

2020	Computer Software \$000	Council	
		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

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Directly attributable depreciation and amortisation expense by group of activity				
Governance	7	8	7	8
Planning and Regulatory	8	6	8	6
Community Services and Facilities	4,125	3,024	4,125	3,130
Roads and Footpaths	10,383	11,055	10,486	11,055
Stormwater	1,740	1,692	1,740	1,692
Water Treatment and Supply	4,547	4,342	4,547	4,342
Wastewater Treatment and Disposal	4,311	3,688	4,311	3,688
Support Services	1,576	1,536	1,576	1,536
Total depreciation and amortisation expense	26,697	25,351	26,800	25,457

16. Insurance of assets

The total value of all assets of Council that are covered by insurance contracts is \$908,152,450 (2020 \$885,999,826) and the maximum amount to which they are insured, on a per loss basis, is \$234,695,792 (2020 \$233,222,233).

Insurance Class	Total Declared Value \$	Policy Limit \$
Infrastructure	567,434,598	\$80,000,000 per loss
Material Damage	338,203,815	\$150,000,000 each and every loss and in the annual aggregate (\$30,000,000 any one loss and in the aggregate for the period of insurance for fire)
Motor Vehicle	2,514,037	2,514,037
Total	908,152,450	232,514,037

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Balance at 1 July	2,559	2,977	2,559	2,977
Decrease due to harvest and thinnings	(74)	-	(74)	-
Gains / (losses) arising from changes in fair value less estimated point of sale costs	512	(418)	512	(418)
Balance 30 June	2,997	2,559	2,997	2,559

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

There has been no harvesting in the 2021 year.

Forestry experts P F Olsen Limited have valued the forestry assets as at 30 June 2021. 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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Balance at 1 July	15,942	16,591	15,942	16,591
Additions	-	40	-	40
Disposals	-	(824)	-	(824)
Gain / (loss) on sale	-	233	-	233
Revaluation loss on Disposal	-	(322)	-	(322)
Revaluation loss on Impairment	(116)	(39)	(116)	(39)
Fair value gains / (losses) on revaluation	3,199	263	3,199	263
Balance 30 June	19,025	15,942	19,025	15,942

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:

	Council	
	2021 \$000	2020 \$000
Rental income	900	607
Expenses from investment property generating income	254	205
Expenses from investment property not primarily generating income	491	435

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Trade payables	6,938	6,338	7,224	6,414
Deposits and bonds	-	-	-	-
Accrued expenses	3,605	10,226	3,684	10,257
Income in advance	5,701	17,945	5,701	17,945
Taxes payable (e.g. GST and FBT)	511	502	511	502
	16,755	35,011	17,120	35,118
<i>Less non current portion</i>				
Income in advance	500	15,298	500	15,298
Total Non-current Portion	500	15,298	500	15,298
Current Portion	16,255	19,713	16,620	19,820
Total payables comprise:				
Payables under non-exchange transactions -	3,977	1,638	3,977	1,638
Payables under exchange transactions -	12,778	33,373	13,143	33,480

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Current provisions are represented by:</i>				
Landfill aftercare provision	163	252	163	252
Total Current Provisions	163	252	163	252
<i>Non current provisions are represented by:</i>				
Landfill aftercare provisions	759	699	759	699
Total Non-current Provisions	759	699	759	699

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 1.49% (2020 1.76%).

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance	951	828	951	828
Amounts used	(165)	(256)	(165)	(256)
Unused amounts reversed	(114)	99	(114)	99
Discounting changes	250	280	250	280
Closing Balance	922	951	922	951
<i>Represented by:</i>				
Current portion	163	252	163	252
Term portion	759	699	759	699
	922	951	922	951

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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Accrued pay	300	-	300	-
Annual leave	1,579	1,739	1,723	1,994
Sick leave	104	112	104	112
Total Employee Benefit Liabilities	1,983	1,851	2,127	2,106
<i>Comprising:</i>				
Current	1,983	1,851	2,127	2,106
Total Employee Benefit Liabilities	1,983	1,851	2,127	2,106

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 115 to 190 of Council's annual report. Internal borrowings are eliminated on consolidation of activities in Council's financial statements.

Breakdown of borrowings

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Current</i>				
Secured loans	8,000	13,500	8,000	13,530
Total Current Borrowings	8,000	13,500	8,000	13,530
<i>Non-Current</i>				
Secured loans	90,000	40,000	90,000	40,089
Total Non-current Borrowings	90,000	40,000	90,000	40,089
Total Borrowings	98,000	53,500	98,000	53,619

\$8m is repayable in full on 26 August 2021, \$5m is repayable in full on 15 April 2023, \$15m is repayable in full on 15 April 2023, \$7m is repayable in full on 20 September 2023, \$21m is repayable in full on 15 April 2024, \$5m is repayable in full on 15 April 2025, \$17m is repayable in full on 15 April 2025, \$12m is repayable in full on 15 April 2026, \$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 \$91m of secured debt issued at fixed rates of interest (2020 \$46.5m). 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, (2020, \$5m)

There was no drawdown of this facility at balance date (2020 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.

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Less than one year	8,000	13,500	8,000	13,530
<i>weighted average effective interest rate</i>	<i>0.04%</i>	<i>0.13%</i>	<i>0.04%</i>	<i>0.14%</i>
Later than one year but not more than five years	82,000	32,000	82,000	32,089
<i>weighted average effective interest rate</i>	<i>1.31%</i>	<i>1.37%</i>	<i>1.31%</i>	<i>1.38%</i>
More than five years	8,000	8,000	8,000	8,000
<i>weighted average effective interest rate</i>	<i>0.14%</i>	<i>0.26%</i>	<i>0.14%</i>	<i>0.26%</i>
	98,000	53,500	98,000	53,619

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

	Less than 1 Year	1-2 Years	3-5 Years	Total
Group 2021				
Interest rate swaps - cash flow hedges				
Nominal Amount (in \$000)	-	797	-	797
Average fixed rate		6.01%	-	6.01%
Total Derivative Financial Instrument Liabilities	-	797		797

	Less than 1 Year	1-2 Years	3-5 Years	Total
Group 2020				
Interest rate swaps - cash flow hedges				
Nominal Amount (in \$000)	-	1,292	-	1,292
Average fixed rate		6.01%	-	6.01%
Total Derivative Financial Instrument Liabilities	-	1,292		1,292

Interest rate swaps

The notional principal amounts of the interest rate swap contracts are \$7,000,000 (2020 \$7,000,000). As at 30 June 2021 the fixed interest rates of cash flow hedge interest rate swaps was 6.01% (2020 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.

The fair values of forward foreign exchange contracts have been determined using a discounted cash flows valuation technique based on quoted market prices. The inputs into the valuation model are from independently sourced market parameters such as currency rates. Most market 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

	Council		Group	
	2021	2020 Restated	2021	2020 restated
<i>Retained earnings</i>				
As at 1 July	517,674	500,652	518,652	501,513
Transfers to:				
Reserves and special funds	(219,302)	(54,252)	(219,302)	(54,252)
Transfers from:				
Asset Revaluation reserve on disposal of property, plant and equipment	22,737	2,162	22,737	2,162
Reserves and special funds	213,093	54,812	213,093	54,812
Surplus / (deficit) for the year	39,600	14,300	40,475	14,417
Total retained earnings as at 30 June	573,802	517,674	575,655	518,652
<i>Council created reserves</i>				
As at 1 July	40,306	40,866	40,306	40,866
Transfers to:				
Retained earnings	(213,093)	(54,812)	(213,093)	(54,812)
Transfers from:				
Retained earnings	219,302	54,252	219,302	54,252
As at 30 June	46,515	40,306	46,515	40,306
Asset Revaluation Reserves				
As at 1 July	1,192,607	1,158,910	1,192,607	1,158,910
Revaluation gain / (losses)	60,201	35,859	60,201	35,859
Transfer of revaluation reserve to retained earnings on disposal of property plant and equipment	(22,737)	(2,162)	(22,737)	(2,162)
As at 30 June	1,230,071	1,192,607	1,230,071	1,192,607
<i>Asset revaluation reserves consist of:</i>				
Operational assets				
Land	225,712	225,787	225,712	225,787
Buildings	25,422	32,851	25,422	32,851
Intangible Assets	710	524	710	524
Investments	19,611	13,286	19,611	13,286
Infrastructural Assets				
Sewerage System	77,366	64,339	77,366	64,339
Water System	84,320	62,958	84,320	62,958
Drainage network	73,587	69,908	73,587	69,908
Roading network	723,345	722,956	723,345	722,956
Total Asset Revaluation Reserves	1,230,071	1,192,607	1,230,071	1,192,607
<i>Cash Flow Hedge Reserves</i>				
Opening balance 1 July	(1,292)	(1,321)	(1,292)	(1,321)
Fair value gains / (losses) in the year	494	29	494	29
Total Cash Flow Hedge Reserve	(798)	(1,292)	(798)	(1,292)
Total other reserves as at 30 June	1,275,788	1,231,621	1,275,788	1,231,621

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

	Council			
	2020/21	2020/21	2020/21	
	Opening Balance \$000	Transfer to Reserve \$000	Transfer From Reserve \$000	Closing Balance \$000
<i>Council created reserves consist of:</i>				
Property Reserves				
Asset Sales Cambridge	-	-	-	-
Asset Sales Te Awamutu	243	4	(5)	242
Asset Sales General	622	9	-	631
Endowment Land Cambridge	2,780	1,753	(4,533)	-
Endowment Land Pirongia	12	-	(9)	3
Endowment Land Te Awamutu	121	2	-	123
Endowment Land Waipa District	14	-	-	14
Residential Housing Reserve	3,431	399	(292)	3,538
Reserve Contributions & Development Contributions				
Cambridge North	3,609	6,102	(5,192)	4,519
District Wide Stormwater	132	1,015	(711)	436
District Wide Waste Water	1,742	9,798	(9,281)	2,259
District Wide Water Treatment and Supply	419	6,670	(6,552)	537
District Wide Rooding	2,125	2,772	(1,934)	2,963
District Wide Reserve Developments	499	67	(59)	507
District Wide Land Purchase	1,966	551	(180)	2,337
Karapiro Reserve Development	-	-	-	-
Te Awamutu Library/Museum	86	4	-	90
Special Funds				
Cemetery Paterangi	5	-	-	5
Project Funding Reserve	8,022	5,118	(3,726)	9,414
General Insurance Reserve	545	8	(27)	526
Infrastructure Insurance Reserve	563	9	-	572
Te Awamutu 110kv Compensation Reserve	334	5	-	339
Pavement Levies	91	22	-	113
Road Asset Technical Accord (RATA)	121	2	(109)	14
Waste Minimisation Reserve	495	30	-	525
Separate Balances				
Rooding Reserve	2,581	73,589	(71,789)	4,381
Stormwater Reserve	597	22,680	(22,651)	626
Water Supply Reserve	2,140	43,915	(40,716)	5,339
Waste Water Reserve	2,554	41,192	(41,186)	2,560
Depreciation Reserve - Long Term Assets	2,887	1,587	(1,775)	2,699
Depreciation Reserve - Medium Term Assets	1,570	1,999	(2,366)	1,203
Total Council Created Reserves	40,306	219,302	(213,093)	46,515

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.	Housing for the Elderly & Own Your Own Housing
Reserve contributions and development contributions		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Transportation / 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	Transportation
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 110kv 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	Transportation
Road Asset Technical Accord (RATA)	Funds held in reserve for future works	Transportation
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	Transportation
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	Transportation

25. Contingencies

Contingent liabilities

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
a) Guarantees	33	46	33	46
b) Waipa Community Facilities Trust	-	119	-	119
d) Outstanding legal matters	-	-	-	-
	33	165	33	165

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 of AA+ from Fitch Ratings and AAA from Standard and Poor and a foreign currency rating of AA from Fitch Ratings and AA+ from Standard and Poor.

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 2021, NZ LGFA had borrowings totalling \$13,610,000,000 (2020 \$11,908,000,000). This figure is made up of the face value of LGFA's bonds on issue of \$12,810,000,000, accrued interest on bonds on issue of \$80 million, the face value of bills on issue of \$610 million and bonds LGFA lent to counterparties under bond repurchase transactions of \$110 million.

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 enables local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required

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 \$2 million 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.

Atkinson v Waipa District Council

In November 2020 June Atkinson and Wayne Atkinson served the Council with a notice of proceedings in the District Court. The plaintiffs allege, among other things, that the Council has been negligent, breached its statutory duty and has created a nuisance in relation to the private drain on the plaintiffs' property in Kihikihi. The plaintiffs seek unquantified damages. The Council intends to defend the proceedings. 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 conditions 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

	Council	
	2021 \$000	2020 \$000
<i>Councillors</i>		
Remuneration	602	595
Full-time equivalent members*	14	14
<i>Executive Team, including Chief Executive</i>		
Remuneration	1,193	1,203
Full-time equivalent members	5	5
Total key management personnel remuneration	1,795	1,798
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 17 August 2021, at 11.59pm New Zealand entered into COVID-19 alert level 4 lockdown which locked down all but essential services. Since then, alert levels in the Waipa district have dropped to level 2 and then increased again to level 3. These changes had no significant impact on Council Services with most staff working remotely and operations stopping for only a short period in the Waipa district. Although the financial impact is expected to be non-trivial, the 2021/31 Long Term Plan anticipated ongoing COVID-19 effects in the first three years and our financial limits are conservative. This change had no impact on the financial statements at 30 June 2021.

On the 27th October 2021 Local Government Minister Nanaia Mahuta confirmed the next step in the Governments Three water Reform programme. Legislation will be introduced to establish four publicly owned water entities to manage the delivery of water, wastewater and stormwater services. A new agency (Taumata Arowai) will take over the drinking water compliance from the Ministry of Health.

28. Financial instruments

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Financial Assets				
Loans and receivables				
Cash and cash equivalents excluding term deposits	5	6	1,971	797
Trade and other receivables	8,945	9,965	8,969	9,981
Other financial assets:				
- term deposits	12,089	1,856	12,089	2,164
- community loans	13	14	13	14
- loans to other entities	-	-	-	-
Total loans and receivables	21,052	11,841	23,042	12,956
Fair value through other comprehensive revenue and expense				
- Borrower notes	1,890	640	1,890	640
- Investments in CCO's	23,433	17,108	23,433	17,108
Total fair value through other comprehensive revenue and expense	25,323	17,748	25,323	17,748
Financial Liabilities				
Derivatives that are hedge accounted				
Derivative financial instrument liabilities	797	1,292	797	1,292
Financial liabilities at amortised cost				
Trade and other payables	10,544	16,563	10,908	16,825
Borrowings:				
- secured loans	98,000	53,500	98,000	53,619
Total financial liabilities at amortised cost	108,544	70,063	108,908	70,444

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.

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:

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank and term deposits	12,094	1,862	14,060	2,961
Receivables	8,945	9,965	8,969	9,981
Community and related party loans	13	14	13	14
Financial guarantees	33	46	33	46
Total	21,085	11,887	23,075	13,002

Credit quality of financial assets

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

	Council		Group	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
COUNTERPARTIES WITH CREDIT RATINGS				
Cash at bank and term deposits				
AA-	12,094	1,862	14,060	2,961
Total cash at bank and term deposits	12,094	1,862	14,060	2,961
COUNTERPARTIES WITHOUT CREDIT RATINGS				
Community and related party loans				
Existing counterparty with no defaults in the past	13	14	13	14
Total community and related party loans	13	14	13	14

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 \$1.5 million and has a committed cash advance facility of \$5.0 million. There are no funds drawn as at 30 June 2021.

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		Less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	5+ Years \$000
	\$000	Cash Flows \$000				
Council 2021						
Creditors and other payables	10,544	10,544	10,544	-	-	-
Secured loans	98,000	102,490	9,424	21,375	63,582	8,109
Financial guarantees	-	33	33			
Total	108,544	113,067	20,001	21,375	63,582	8,109
Group 2021						
Creditors and other payables	10,908	10,908	10,908	-	-	-
Secured loans	98,000	102,490	9,424	21,375	63,582	8,109
Financial guarantees	-	33	33			
Total	108,908	113,431	20,365	21,375	63,582	8,109

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2020						
Creditors and other payables	16,563	16,563	16,563	-	-	-
Secured loans	53,500	56,803	14,383	872	33,301	8,246
Financial guarantees	-	46	46	-	-	-
Total	70,063	73,412	30,992	872	33,301	8,246
Group 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

Council has derivative financial instruments in the form of one (2020 one) interest rate swap arrangement, with this interest rate swap arrangement maturing in 2023.

Contractual maturity analysis of financial assets:

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

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2021						
Cash at bank and term deposits	12,094	12,094	12,094	-	-	-
Debtors and other receivables	8,945	8,945	8,945	-	-	-
Community loans	13	13	1	1	3	8
Total	21,052	21,052	21,040	1	3	8
Group 2021						
Cash at bank and term deposits	14,060	14,060	14,060	-	-	-
Debtors and other receivables	8,969	8,969	8,969	-	-	-
Community loans	13	13	1	1	3	8
Total	23,042	23,042	23,030	1	3	8

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years	2-5 Years	5+ Years
	\$000	\$000	\$000	\$000	\$000	\$000
Council 2020						
Cash at bank and term deposits	1,862	1,862	1,862	-	-	-
Debtors and other receivables	9,965	9,965	9,965	-	-	-
Community loans	14	14	1	1	3	10
Total	11,841	11,841	11,828	1	3	10
Group 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
Total	12,956	12,956	12,943	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	2021 Actual \$000				2020 Actual \$000			
		-100 bps Other		+100 bps Other		-100 bps Other		+100 bps Other	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Council									
Interest rate risk									
<i>Financial assets</i>									
Cash and cash equivalents	1	(121)		121		(22)	-	22	-
<i>Financial liabilities</i>									
Derivatives-hedge accounted	2	-	(150)	-	146	-	(236)	-	227
Total sensitivity on interest rates		(121)	(150)	121	146	(22)	(236)	22	227

Explanation of sensitivity analysis:

- 1 Cash and cash equivalents – Cash and cash equivalents include deposits at call totalling \$12,089,000 (2020 \$2,164,000) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$120,890 (2020 \$21,640).
- 2 Derivatives – hedge accounted – Financial Liabilities – Derivative financial liabilities hedge accounted includes interest rate swap fair value hedges totalling \$797,383 (2020 \$1,291,519). A movement in interest rates plus 100 bps has an effect of \$146,194 (2020 \$226,970) and minus 100 bps has an effect of \$150,453 (2020 \$235,780).

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.

	Total \$000	Valuation technique		
		Quoted market price \$000	Observable inputs \$000	Significant non- observable inputs \$000
Council				
<i>30 June 2021</i>				
Financial assets				
Investments in CCO's	25,323	-	1,890	23,433
Financial liabilities				
Derivatives	797	-	797	-
Council				
<i>30 June 2020</i>				
Financial assets				
Investments in CCO's	17,748	-	640	17,108
Financial liabilities				
Derivatives	1,292	-	1,292	-

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:

	Council	
	2021 \$000	2020 \$000
Balance at 1 July	17,108	15,559
Investment Gain - recognised in other comprehensive revenue and expense	6,325	1,549
Impairment - recognised in comprehensive revenue and expense	-	-
Balance 30 June	23,433	17,108

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 2020/21 budgeted figures are as follows:

Statement of comprehensive revenue and expense

- Fees and charges were \$4.2 million higher than budget mainly due to \$3.7 million of revenue from Fonterra transferred from rates (this also explains rates being under budget), \$1.8 million of revenue from the Community Facilities Trust on consolidation, and \$1.3 million of additional revenue from regulatory income, offset by a reduction in revenue of \$2.4 million from forestry income.
- Development contributions were \$2.4 million lower than budget due to timing of developments.
- The gain on revaluation of Forestry and Investment Properties was \$3.1 million higher than budget due to current market conditions.
- The value of assets vested from developers was \$6.7 million higher than budget, this mainly relates to higher than anticipated growth in the district and the timing of receiving assets from developers. Included in this is the Waikeria Prison Wastewater expansion.
- The lower than budget finance revenue of \$261,000 is due to interest rates being significantly lower than anticipated.

- Subsidies and grants are \$6.8 million higher than budget mainly due to \$2.3 million being received through the New Zealand Government Three Waters reform programme, a \$2.7 million increase in NZTA funding for the Hanlin Road Intersection, \$1.4 million extra funding received from NZTA subsidy for District Wide Cycleway projects and an increase in NZTA funding of \$535,000 for Innovating Streets – Safer routes to schools and businesses.
- Depreciation and amortisation is \$1.3 million higher than budget. This is mainly due to higher than anticipated asset values from valuations and vested assets.
- Other expenses are \$1.5 million lower than budget, this is mainly due to the reduction in forestry harvesting costs due to the delay in harvesting until the 2022/23 year.
 - Finance costs are \$538,000 lower than budget due to lower than anticipated debt balances and reduced interest rates.

Statement of financial position

- The higher cash balance at year end is due to the timing of capital work, particularly development related projects.
- Property, plant and equipment was \$102.1 million lower than budget mainly due to delayed capital work and asset write-offs and losses on disposal \$28.4 million higher than budgeted, with these items offset by higher than anticipated asset revaluations for roading and utilities.
- Borrowings at year end are \$87.5 million lower than budget. This is mainly due to delayed timing of capital works.

32. Prior year error correction

The council and group has adjusted its 30 June 2020 comparative year financial statements for the correction of a prior period error.

They relate to the 30 June 2020 and 1 July 2019 opening balances of property, plant and equipment and equity.

The adjustments are shown in the table below.

	Actual 2019 Closing			Actual 2020 Closing	
	Before adjustments	Correction of error	After adjustments	Before adjustments	After adjustments
	\$000	\$000	\$000	\$000	\$000
Council					
Non Current Assets					
Property plant and equipment	1,689,066	-17,911	1,671,155	1,808,740	1,790,829
Total Equity	1,717,018	17,911	1,699,107	1,767,206	1,749,295

Group	Actual 2019 Closing			Actual 2020 Closing	
	Before adjustments	Correction of error	After adjustments	Before adjustments	After adjustments
	\$000	\$000	\$000	\$000	\$000
Non Current Assets					
Property plant and equipment	1,707,373	-17,911	1,689,462	1,809,042	1,791,131
Total Equity	1,717,879	17,911	1,699,968	1,768,184	1,750,273

Council has a continuous data improvement programme in place to identify errors in our asset databases and improve the confidence levels in our asset data. This is important for asset management and valuation purposes. In the 2020/21 financial year Council carried out extensive database improvement work relating to our Roothing Pavement layers (Surfacing, Basecourse and Subbase assets) in preparation for the revaluation of our Roothing Infrastructure. Multiple duplicated and overlapping pavement layers were identified with the majority of these dating to before 2006. More than \$17,911m of duplicate rooding assets were disposed through this process and since most of the asset errors date to prior to 2019, Council has accounted for these asset disposals as an adjustment to the opening 1 July 2019 and 30 June 2020 balances in the table above.

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, while 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
- Transportation
- Stormwater drainage
- Wastewater treatment and disposal
- Water treatment and supply
- Support services.

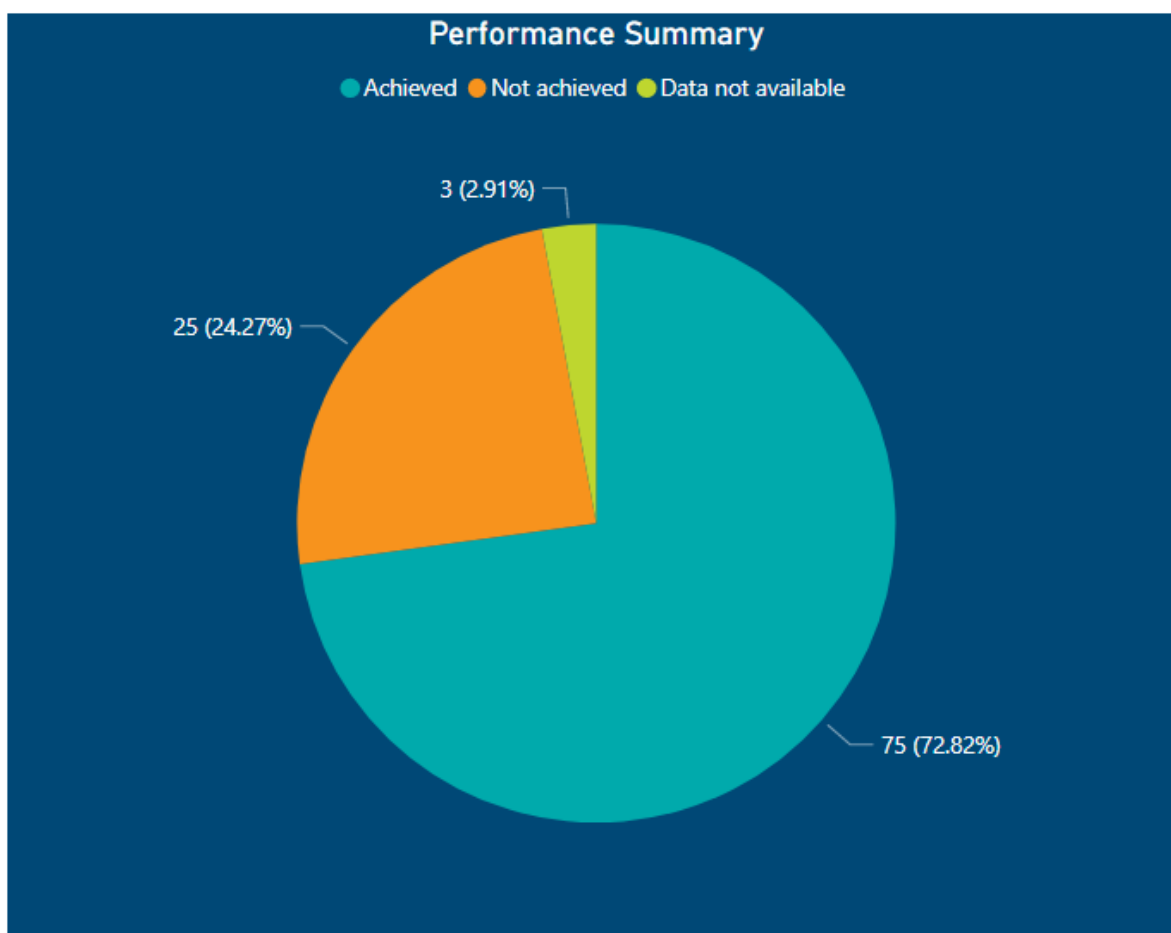
How we measure performance

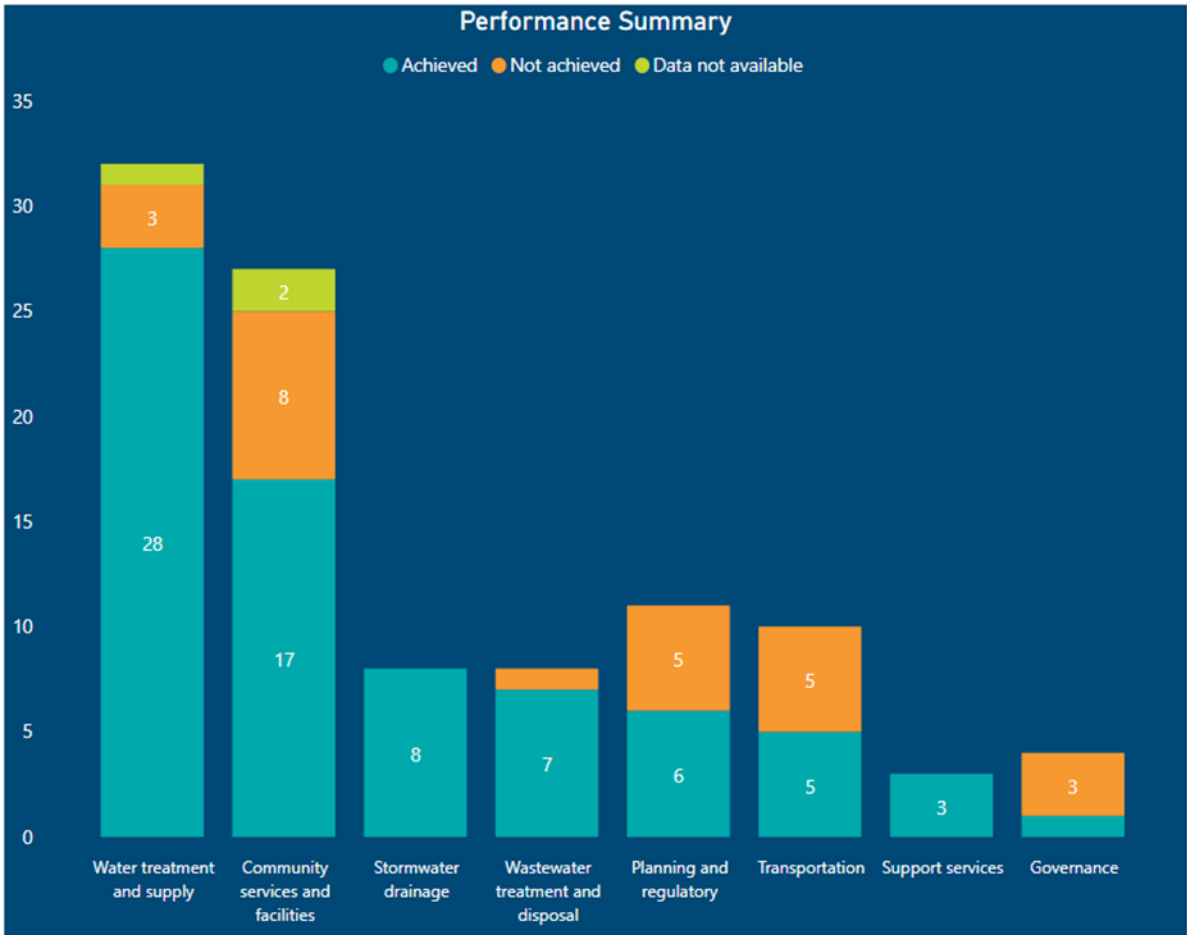
For each group of activities, a range of targets and measures were developed to show the standard of performance expected over the next ten years and the means by which we intend to measure that performance. The measures, when considered collectively, are intended to provide a general view of the overall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

Non-financial performance summary

Targets were met for 72.82 percent of Council’s non-financial performance measures. This is from a total of 103 performance measures, which span 19 activity groups. A total of two measures were unable to be reported on due to library door counters not currently operating and therefore no data being available for the two associated measures. The Maungatautari water treatment plant is no longer active and therefore is no longer being reported on.

Of the remaining 101 performance measures, 75 achieved the target set in the Long Term Plan, and 25 did not.





12-Month Snapshot

JULY 2020

Consultation period closed for two beloved parks

Community consultation on new concept plans for two beloved parks, War Memorial Park in Te Awamutu, and Lake Te Koo Utu in Cambridge, came to a close mid-July, with an overwhelming number of responses.

The consultation period had been extended to eight weeks due to COVID-19 lockdown, allowing for a change in alert levels for residents to visit the parks and provide feedback online, in person, or via a survey; and residents responded in droves.

AUGUST 2020

Youth recognised in Waipā Youth Awards

Young locals were recognised for their outstanding efforts in this year's Waipā Youth Awards – announced online for the first time in its 18-year history. The annual awards celebrate achievement in academia, arts and culture, community service, leadership and sport.

The awards evening was cancelled due to restrictions around mass gatherings earlier in the year. Instead, head students from Te Awamutu College, Cambridge High School and St Peter's, Cambridge, featured in a video announcing the top award winners. Students contributed to the creation of the film by working together with Waipā District Council on the video script, sourcing props and choosing filming locations.

SEPTEMBER 2020

Retain and restore – Te Awamutu's War Memorial Park

Following consultation months earlier, the general consensus was to retain and restore the original memorial park facilities for the beloved War Memorial Park in Te Awamutu.

Te Awamutu Community Board heard from residents of Te Awamutu who presented their feedback on the draft War Memorial Park concept plan at the September meeting.

Speakers echoed the key themes presented in a Waipā District Council feedback report, to retain and restore the original memorial features and to put efforts into an improved park maintenance regime.

OCTOBER 2020

Iwi representatives appointed

Four iwi representatives were appointed to formal Committees of Waipā District Council.

The four members, known as Te Kanohi, were chosen following a robust selection and interview process by Waipā Deputy Mayor Liz Stolwyk alongside Kataraina Hodge, Marae Tukere and Shane Te Ruki. Their appointments were formally approved by the full Council.

The appointed iwi representatives were Miriata Tauroa (Strategic Planning and Policy Committee), Bill Harris (Service Delivery Committee), Bronwyn Koroheke (Finance and Corporate Committee) and Poto Davies (Regulatory Committee).

NOVEMBER 2020

Stimulus funding received to deliver water projects

Waipā District Council received \$6.8 million in stimulus funding to deliver water projects in the district from the Department of Internal Affairs for water supply, wastewater and stormwater projects, following approval of a delivery plan put forward by Council in September.

The funding would support economic recovery through job creation and maintaining, increasing and accelerating investment in core waters infrastructure renewal and maintenance.

Council said the funding enabled water services to move forward on a number of local and regional initiatives without ratepayers footing the bill.

DECEMBER 2020

Plan to address Lake Te Koo Utu water quality put forward

A plan to address poor water quality at Lake Te Koo Utu was put forward by Council. The plan had three stages, construction of raingardens and implementation of proprietary devices to treat stormwater runoff before it enters the lake.

JANUARY 2021

Commencement of Te Awa River Ride Hamilton to Cambridge section

Construction of the Hamilton to Cambridge section of Te Awa River Ride began, following a successful tender at the end of the previous year.

The \$5.92 million project received two major funding contributions – \$2.95M from Waka Kotahi NZ Transport Agency and a \$2.84M investment managed by the Provincial Development Unit.

The Waipa section includes 3km of 3m-wide concrete path, 1.4km of boardwalks, two bridges, drainage, culverts, landscaping and fencing alongside the Waikato River.

FEBRUARY 2021

Streets for People rolled out

The Streets for People project was rolled out which saw more than 25 bold but temporary changes made to streets around Cambridge in an effort to make them safer and easier for kids – and all residents - to walk, bike and scooter to school and around town.

The plan also included the addition of speed cushions at locations across the selected routes to provide safe spaces for pedestrians to cross, the improvement of many existing crossings and changes to three intersections where no-entry controls were installed.

MARCH 2021

Completion of the Waikeria wastewater pump station

The new Waikeria wastewater pump station, a major wastewater construction project was completed.

The \$30M project, jointly funded and delivered by Ara Poutama Aotearoa - The Department of Corrections and Waipā District Council, involved installing two new pump stations and a length of wastewater pipelines between Waikeria Prison, Kihikihi and Te Awamutu.

APRIL 2021

What's Next, Waipā?

In April we asked our community 'What's Next, Waipā?' for our 2021-31 Long Term Plan. More than 20 events were held across the district during March and April, to find out what our community thought about five key topics that were dear to residents hearts: Te Awamutu War Memorial Park; Lake Te Koo Utu; Pirongia – Ngā Roto – Te Awamutu Cycleway; a new Resource Recovery Centre and Urban Mobility which would change the way we move around our largest towns.

We also asked our community if they wanted Council to establish a Māori Ward in the Waipā district for the next election term.

April also saw Council put the final touches on the highly-anticipated Cambridge Pool complex, Perry Aquatic Centre - Puna Kaukau o Te Oko Horoi, which opened mid-May. The

facility features an indoor 10 lane 25m pool, a learner/hydrotherapy pool, toddlers pools and splash pad, and a 50m outdoor pool used in summer months.

MAY 2021

Council establish first ever Māori ward

Council made the decision, following community consultation during April, to establish the its first ever Māori ward in time for the 2022 local body elections.

Council received 879 submissions on the establishment of a Maori ward over a four-week consultation period. Of those submissions, 84 percent supported a Waipā Māori ward with 16 percent against. Of submissions from within the Waipā district, 73 percent supported a Māori ward.

JUNE 2021

Council adopts the 2021-2031 Long Term Plan

Council adopted the 2021-2031 Long Term Plan, which confirmed Council will invest \$2.2 billion in capital and operating costs over the next decade of which \$0.95 billion, that will be funded by rates and a ten year average annual rates increase of 2.2 percent.

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 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 including social media as well as traditional methods to reach as many people as possible. This focus on engagement with residents is aimed at both educating people about what Council does as well as gathering 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 effective 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 operative Waipā District Plan is a key product that provides Council with resource management planning controls that give effect to National, Regional, and Sub-regional directives, while enabling appropriate development of the district and helping to preserve the productive base of the district. Council's other strategies, policies and bylaws all help to ensure that we successfully deliver on our vision to build connected communities.

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 2019/20	Target for 2020/21	Actual for 2020/21	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%	99.25%	<p>A total of two Local Government Official Information and Meetings Act (LGOIMA) requests out of 268 total did not meet statutory timeframes.</p> <p>One involved a significant amount of information and time to prepare. The original request was received two days from the Christmas close down and was not identified as a LGOIMA upfront. Once identified as such, it was backdated to the original date of receipt for transparency. Staff liaised with the requester, and extended the request from its original timeframe so as not to impact on their ability to undertake business as usual. The requester was satisfied with the outcome.</p>

						The second LGOIMA request was incorrectly captured as a request for service. Once identified, staff made immediate contact with the requester and the information provided within four working days. The requester was satisfied with the outcome.
		Percent of respondents to residents perception survey ² who are satisfied with Council “for being transparent and communicating openly.”	27%	≥prior year’s results	21%	A number of significant engagements with the community were carried out throughout the year, including the consultation for the 2021-31 Long Term Plan from which a number of long-term decisions were made for the District. The high levels of engagement received represented a wide spectrum of views across the District, and which may have differed from the final decisions made, likely impacted the final result.
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.	0.73 hours	≤4 hours	0.93 hours	Results up until February were tracking well, however due to changes made within Facebook Insights, we have been unable to report the monthly responsiveness from March 2021 onwards. This measure has been removed for the 2021-31 Long Term Plan.
	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.	68.02% increase	5% increase	0% increase	100% of submissions were received digitally in the 2019/20 year due to the COVID-19 Level 4 lockdown, which prevented customers from providing paper based submissions. An increase was not achievable this year as NZ alert levels stabilised and a proportion of customers returned to paper based submissions. The total number of submissions received throughout the 2020/21 year was 2,342 of which 902 were received digitally equating to 38.5%.

² From Waipa District Council Annual Resident Perception Survey result. Satisfied are those percent of individuals who scored Council “for being transparent and communicating openly?”.

³ Special consultative procedure projects only.

Statement of cost of service

	Notes	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
REVENUE				
Council		-	-	9
Elections		66	-	-
Community Grants		42	42	58
Community Relationships		-	-	-
TOTAL REVENUE		108	42	67
OPERATING EXPENDITURE				
Council & Committees		2,680	2,726	2,759
Cambridge Community Board		193	197	202
Te Awamutu Community Board		189	193	182
Elections		221	8	6
Community Grants	1	533	518	905
Strategic Planning	2	2,840	2,947	2,454
Community Relationships		1,867	1,952	1,782
TOTAL EXPENDITURE		8,523	8,541	8,290
OPERATING NET COST OF SERVICE		(8,415)	(8,499)	(8,223)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		-	-	6
Debt Repayment (Internal)		548	495	521
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		548	495	527

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Community Grants expenditure of \$387,000 due to unspent community grants from the 2019/20 year.
2. Decrease in Strategic Planning expenditure of \$493,000 mainly due to the reduction in salary costs of \$345,000 from the restructure which moved Business Improvement to Support Services in the 2018/19 year, a reduction in internal interest of \$79,000 due to lower interest rates and the deferral of the Te Awamutu Structure Plan of \$45,000 to the 2021/22 year.

Capital expenditure table

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
To Improve Level of Service			
External Promotions - Communication	-	-	6
TOTAL CAPITAL EXPENDITURE	-	-	6

Waipa District Council funding impact statement for year ended 30 June 2021 for Governance

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	7,422	7,886	6,865
Targeted rates	1,318	1,053	867
Subsidies and grants for operating purposes	42	42	67
Fees and charges	66	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	65	50	-
Total sources of operating funding (A)	8,913	9,031	7,799
Applications of operating funding			
Payments to staff and suppliers	4,463	4,455	3,884
Finance costs	137	119	41
Internal charges and overheads applied	2,940	2,989	3,010
Other operating funding applications	977	971	1,347
Total applications of operating funding (B)	8,517	8,534	8,282
Surplus (deficit) of operating funding (A - B)	396	497	(483)
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	396	497	(483)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	396	497	(483)
Surplus (deficit) of capital funding (C - D)	(396)	(497)	483
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	2,675	(521)	178	2,332	41
Total	2,675	(521)	178	2,332	41

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 2019/20	Target for 2020/21	Actual for 2020/21	Comment
Animal control	Animal control is managed in a way that ensures support is provided to both animals and the community in a timely manner.	The percentage of urgent dog attack allegations acted upon within one hour of Council being notified. ⁴	97.22%	95%	100%	Achieved.
Building compliance	We ensure that buildings, including earthquake	Building consent applications are processed	99.10%	100%	99.24%	A total of 1,845 Building Consents were processed, of which 14 were not completed

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 2019/20	Target for 2020/21	Actual for 2020/21	Comment
	prone buildings, are safe and fit for purpose.	within statutory timeframes. ⁵				within the statutory timeframes. There were a number of contributing factors for this result. The unexpected and unprecedented growth in the District has seen a significant increase in building consents submitted where it had been anticipated that there might be a drop of 18% post-COVID. The significant increase in the volume of consent applications within the Waipā district and New Zealand wide has put a strain on the capacity of staff and availability of contractors.
Development Engineering	We are responsive to enquiries and requests for information.	Enquiries are responded ⁶ to within 4 working days.	87.92%	95%	94.18%	The volume of service requests has increased from the prior year, staffing changes and periods where staff were on leave made it difficult to keep up with the higher demand. It was expected that level of service targets would be met with the vacant Development Engineering position being filled from 1 July 2021, however this appointment has since been removed from the Long Term Plan.
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%	Achieved.

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 2019/20	Target for 2020/21	Actual for 2020/21	Comment
	Noise and smoke control is provided to the community in a timely manner.	The percentage of excessive noise complaints investigated within 1 hour.	92.62%	95%	95.89%	Achieved.
		The percentage of smoke complaints investigated within 1 hour.	97.37%	95%	86.64%	Council received a total of 38 complaints throughout the year, 5 did not meet target. Two day-time smoke nuisance calls were assigned to staff who were on leave or otherwise unable to respond within the 1 hour. These requests were followed up as soon as possible.
	Food premises maintain a high level of food safety.	All premises that sell food to the public are registered.	100%	100%	99.86%	Two food operators have not yet paid their registration renewal fee, as a result their registrations show as expired until the fee is paid and a new registration is issued.
Resource consents and monitoring, and land information memorandums (LIMs)	We process all applications within agreed timeframes.	The percentage of Resource Consents processed within statutory timeframes.	99.52%	100%	100%	Achieved.
		The percentage of LIMs processed within statutory timeframes.	100%	100%	100%	Achieved.
	We ensure we investigate compliance with the District	We respond ⁷ to requests to check compliance of the District	100%	100%	100%	Achieved.

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

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment
	Plan when requested.	Plan and land use consents within 4 working days.				
	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	436	500	418	The pool barrier inspection regime faltered slightly during the year due largely to a shift of focus from urban located swimming pools to rural pools. Travel times and the availability of home owners to attend the inspection created a few issues for the team. This has been addressed and renewed efforts will see the targets hit for the current year.

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

Statement of cost of service

		2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
	Notes			
REVENUE				
Fees and Charges:				
Resource Management	1	1,528	1,560	2,324
Building Control	2	2,346	2,394	3,027
Environmental Health		428	439	468
Animal Control		538	549	592
Development Engineering	3	248	253	619
TOTAL REVENUE		5,088	5,195	7,030
OPERATING EXPENDITURE				
Resource Management	1	2,586	2,599	3,336
Building Control	2	2,461	2,510	3,064
Environmental Health		1,043	1,073	1,199
Animal Control		792	815	819
Development Engineering	3	732	748	1,023
TOTAL EXPENDITURE		7,614	7,745	9,441
OPERATING NET COST OF SERVICE		(2,526)	(2,550)	(2,411)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		-	-	8
Debt Repayment		23	24	26
TOTAL CAPITAL EXPENDITURE		23	24	34

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Resource Management revenue due to higher than anticipated growth in the district. This is been mostly offset by additional costs.
2. Building Control revenue was higher than budget due to additional consents received. This has been mostly offset by additional costs.
3. Development Engineering revenue is higher than budget due to higher cost recoveries. This has been mostly offset by an increase in expenditure.

Capital expenditure table

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
To Replace Existing Assets			
Dog Pound Development	-	-	8
TOTAL CAPITAL EXPENDITURE	-	-	8

Waipa District Council funding impact statement for year ended 30 June 2021 for Planning and Regulatory

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,453	2,558	3,336
Targeted rates	94	14	1
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,088	5,194	7,031
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	46
Total sources of operating funding (A)	7,635	7,766	10,414
Applications of operating funding			
Payments to staff and suppliers	5,720	5,804	6,846
Finance costs	9	8	3
Internal charges and overheads applied	1,878	1,926	2,583
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,607	7,738	9,432
Surplus (deficit) of operating funding (A - B)	28	28	982
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	2,020
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	2,020
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	8
Increase (decrease) in reserves	28	28	2,994
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	28	28	3,002
Surplus (deficit) of capital funding (C - D)	(28)	(28)	(982)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	190	(26)	163	327	3
Total	190	(26)	163	327	3

Community Services and Facilities

What we do

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

- Parks and reserves
- Mighty River Domain (on Lake Karāpiro)
- Libraries
- Heritage
- Swimming pools
- Public toilets
- Community halls
- Housing for the elderly
- Cemeteries
- 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.
- **Housing for the Elderly:** 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 housing for the elderly 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.
- **Housing for the Elderly** – 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 2019/20	Target for 2020/21	Actual for 2020/21	Comment
Parks and reserves	Provision of an adequate network of multi-purpose open spaces which provide for passive and active recreation and sporting activities.	The number of complaints received ⁹ (per 1,000 population) regarding open spaces. ¹⁰	1.65	≤3.5	0.78	Achieved.
	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.	0.35	≤0.6	0.13	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.	0.96	≤2.0	0.26	Achieved.
	Provision of accessible cemeteries and interment services	The number of complaints received (per 1,000 population)	0.17	≤0.3	0.00	Achieved.

	which meets the needs of the community.	population) regarding cemeteries.				
		The number of complaints received ¹⁴ (per 1,000 population) regarding burial records	0.00	≤0.2	0.00	Achieved.
		% of population who are active ¹⁵ library users	66.29%	65%	69.60%	Achieved.
Public Libraries	Provision of library facilities with sufficient resources and services which provide the necessary support for the communities learning and leisure needs.	The number of walk-in library visitors per annum ¹⁶				
		Te Awamutu	No result	95,000	No result	The counters at both the Te Awamutu and Cambridge Libraries are not working, resulting in no walk-in visits being counted across the 2020/21 financial year. Funding is included in the 2021-2031 LTP to replace this technology along with RFID Installation. Walk-in counts will resume once new technology is installed.
		Cambridge	No result	103,000	No result	
		Size of the Library collection compared to the LIANZA standard of 3 items per resident.	2.67	2.95 to 3.05	2.82	The size of the Library collection has been physically constrained through capacity at Cambridge Library and also the delays of ordering and receiving books due to the impact of COVID-19. The Library collection will continue to be constrained by space, until a new Library in Cambridge is constructed.
Property	Council are responsive to community Land	The median response time (hours) for an urgent ¹⁷ service request relating to land and buildings to be actioned.	0.00 hours	2 hours	1.25 hours	Achieved.
services and Building related service requests		The median response time (days) for a non-urgent ¹⁸ service request relating to land and buildings to be actioned.	0.97 days	2 days	0.81 days	Achieved. has not been audited.

¹⁴ Complaints defined as: public calls relating to either the quality or accuracy of the burial records in which dissatisfaction is demonstrated or is implied.
¹⁵ Active – library card used in past 2 years
¹⁶ Results previously provided as a combined total, now split into Te Awamutu and Cambridge.
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.

	Council are responsive to housing for the elderly related service requests	The median response time (hours) for an urgent ¹⁹ service request relating to housing for the elderly to be actioned.	0.84 hours	2 hours	0.00 hours	Achieved.	
		The median response time (days) for a non-urgent ²⁰ service request relating to housing for the elderly to be actioned.	0.82 days	2 days	0.29 days	Achieved.	
Heritage	The District's community and visitors are provided with appropriate opportunities to experience the District's heritage through interpretation, education and conservation delivered directly by Council and through partnerships.	The percentage of visitors surveyed who were satisfied with their Heritage Facility visit. ²¹	97.83%	85%	94.55%	Achieved.	
		Number of annual visitors to key Heritage sites.	Te Awamutu Museum ²²	4,764	8,000	5,109	The existing Te Awamutu Museum is no longer fit for purpose for a modern Museum as there is a lack of space to fully offer all Museum services including exhibitions, education, public programmes, research, storage, work areas and public amenities. Since the relocation of the Library, the Museum is located in an area with a low pedestrian count and no other similar community facilities in the direct locality. Pressure on parking in the immediate area is also at a premium. This combined with the ongoing impact of COVID-19 with limited international tourism and the changing alert levels experienced during the summer months have resulted in a reduction of visitation numbers.
			Pirongia Visitor Centre	2,534	3,900	3,220	The ongoing impact of COVID-19 with limited international tourism and the changing alert levels experienced during the summer months have resulted in a reduction in visitation numbers.
			Cambridge Museum	4,566	5,750	4,772	
		Lake	64,730	43,500	58,220	Achieved.	

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.

			Ngāroto				
		The number of school students experiencing Heritage based through the LEOTC ²³ programme.		1,388	4,400	2,256	The LEOTC participation numbers for 2020/21 are below target due to the ongoing impacts of COVID-19 experienced and changes in alert levels across the year. Schools were initially reluctant to venture offsite, and then when booked in, alert level changes (including Auckland's alert level 3) required cancellation or rescheduling. Alternative options of virtual classes have been provided to continue this learning.
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	78%	80%	83%	Achieved.
			Cambridge	0	80%	0%	The Cambridge pool redevelopment experienced delays, opening to the public in mid May 2021. The target was set based on an earlier completion date and will be measured during the 2021-22 financial year.
		The number of admissions per annum. ²⁴	Te Awamutu	117,420	135,000	147,118	Achieved.
			Cambridge	0	130,000	20,289	The new Perry Aquatic Centre Puna Kaukau O Te Oko Horoi opened to the public on Saturday, 15 May 2021. Various delays to the pool construction were experienced resulting in a delayed opening date. This delay is reflected in the admission numbers, with only 6 weeks operating within the 2020/21 financial year.
		The percentage of compliance with water quality	Te Awamutu	93.89%	85%	94.68%	Achieved.
			Cambridge	No result	85%	97.83%	Achieved.

²³ Learning Experience Outside the Classroom.

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

		standards. (no. of tests compliant).				
Waste management and minimisation	Provision of an effective waste minimisation education programme.	Annual average quantity (kg) of recycled material per household. ²⁵	178.28	208	87.50	A major effort was undertaken in 2020/2021 to educate and inform the Waipa community on correct recycling. This took the form of educational programmes, literature, brochures, letters to customers and media releases on Facebook, in local newspapers, Council's website and contractor notifications. Though there were improvements in the recycling of paper and plastics in the last six months, overall the recycling volumes were very low due to ongoing high levels of contamination. Bin audits were carried out on a full time basis in the last three months, as part of the contamination management strategy and this will continue along with ongoing community education in an effort to drive down the levels of contamination.
	Provision of a reliable kerbside recycling service.	Number of justified ²⁶ complaints received about kerbside recycling collection services.	245	≤144	110	Achieved.

²⁵ Household defined as: a property rated for recycling.

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

Statement of cost of services

		2019/20	2020/21	2020/21
		Long-term	Long-term	
		Plan	Plan	Actual
	Notes	\$000	\$000	\$000
REVENUE				
Fees and Charges:				
Parks and Reserves		-	-	129
Mighty River Domain		706	777	954
District Museums		98	100	133
District Libraries		196	201	222
District Pools	1	422	511	2,877
Town & Rural Halls	2	-	-	327
Cemeteries		192	196	293
Public Toilets		-	-	150
Properties		778	738	886
Housing for the Elderly & Own your Own Housing	3	1,093	1,309	1,210
Forestry		-	2,498	-
Rural Fire/Emergency Management		162	165	231
Waste Management		212	220	213
TOTAL REVENUE		3,859	6,715	7,625
OPERATING EXPENDITURE				
Parks and Reserves		7,113	7,106	7,095
Mighty River Domain		1,590	1,625	1,495
District Museums	4	1,913	1,604	1,172
District Libraries		2,044	2,100	2,046
District Pools	2	4,147	4,660	5,601
Town & Rural Halls				475
Heritage		541	564	207
Cemeteries		357	359	382
Public Toilets		634	651	621
Properties	5	3,207	3,399	2,375
Housing for the Elderly & Own your Own Housing		1,412	1,615	1,922
Forestry	3	179	2,518	192
Rural Fire/Emergency Management		310	318	320
Waste Management	6	1,335	2,016	2,784
National Cycle Centre of Excellence		31	31	10
TOTAL EXPENDITURE		24,813	28,566	26,697
OPERATING NET COST OF SERVICE		(20,954)	(21,851)	(19,072)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		11,769	12,812	14,553
Vested Assets		-	-	419
Debt Repayment (Internal)		931	1,314	1,304
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		12,700	14,126	16,276

Explanation of significant costs of service variances between LTP and Actual

1. Consolidation of the Community Facilities Trust has resulted in higher revenue and expenditure than what was budgeted in the 2018-28 Long Term Plan.
2. Increase in Town & Rural Halls revenue due to external funding for Hora Hora Memorial Hall refurbishment. This has been matched by an increase in expenditure.
3. Reduction of revenue for Forestry income due to the delay of harvesting until the 2021/22 year. This has been matched by the reduction of harvesting expenditure.
4. Decrease of \$432,000 in District Museums expenditure due to the deferral of Exhibition planning, design, development and installation to the 2021/31 LTP.
5. Decrease in Properties operating expenditure of \$1 million mainly due to a reduction of \$500,000 for Ohaupo Town Hall Development no longer going ahead, a reduction of \$201,000 for finance charges due to lower interest rates, a reduction in salaries of \$129,000 due to vacant positions and the deferral of the Kihikihi Grandstand Demolition of \$60,000 to the 2021/22 year.
6. Increase in Waste Management expenditure of \$768,000 mainly due to increased recycling costs.

Capital expenditure table

		2019/20	2020/21	2020/21
	Notes	Long-term Plan \$000	Long-term Plan \$000	Actual \$000
To Meet Additional Demand				
Reserve Purchases - Developments		153	156	4
Playground Reserve Land Cambridge North		-	-	4
Playground on Neighbourhood Reserve Cambridge North		59	60	2
Cambridge Growth Cells Reserves (C1, C2 and C3)		1,000	-	129
Property from Contribution Swap or Subdivision Developments		-	-	420
Hora Hora Memorial Hall Reimbursement		-	-	287
TA Maori Woman's League House Ramp		-	-	27
Total Capital Expenditure to Meet Additional Demand		1,212	216	873
To Improve Level of Service				
Cambridge Town Pool Development	1	2,000	-	8,894
Reserve Developments		369	417	424
Development & Restoration of Lake Ngaroto		117	437	-
Cambridge Town Belt Development		-	47	1
Karapiro Domain Improvements		41	94	27
Peat Lake Programme		5	5	-
Cambridge Pool Playground		15	83	-
Storage Facilities for Climax Engine		408	-	-
Colgan Street Development - Property		-	-	-
Te Rahu Road Development - Property		265	-	5
Pukemako A & B - Planning & Restoration		17	-	-
Land Wars - Site Interpretation and Facilities		117	31	21
Flour Mill Sites - Access and Interpretation		15	16	-
Cycling - Te Awamutu/Ngaroto/Pirongia Connection	2	-	1,101	181
Kakepuku - Interpretation & Restoration		2	16	-
Public Conveniences - New Toilet Blocks		414	84	571
Lake Rotopiko - Heritage Development		5	36	-
Lake Mangakaware - Restoration & Development		26	-	-
Housing for the Elderly- Upgrade and New Buildings	3	2,755	2,124	289
Mt Pirongia - collaboration with DOC		-	26	-
Erosion Control and Amenity Enhancement		-	125	-
Design and Build Discovery Centre	4	1,489	4,326	2,180
Discovery Centre - Exhibition Planning, Design, Development & Install	5	524	785	-
Te Awamutu Community Hub Precinct		10	-	-
Waipuke Reserve Development		122	88	118
Matakitaki Access & Restoration		-	-	32
22 Fort Street, Cambridge		-	-	12
Cemeteries Health & Safety Improvement		-	-	52
Museum Minor Assets		-	-	14
Heritage Showcase Sites & Mobile App Planning Design		249	520	-
Destination Playgrounds		138	45	20
Land Acquisition - Structure Plan areas and Esplanade Reserves		357	364	14
Purchase of Land for Te Awamutu Hub Development		-	625	42
Cambridge MotorPark - Upgrade Work		-	-	24
Housing Property Purchases and Upgrades		-	-	18
Total Capital Expenditure to Improve Level of Service		9,460	11,395	12,939

To Replace Existing Assets			
Karapiro / Arapuni Lakes Programme	-	21	6
Playground Equipment & Safety Surfaces Renewal	58	59	92
Parks Structure Renewals	58	59	67
Plant Replacement - Mighty River Domain	36	52	44
Parks Plant & Equipment Replacement	-	-	50
Carpark Renewals	39	116	62
Library Books Te Awamutu	177	181	161
Library Books Cambridge	177	181	167
District Pools Plant Renewals	154	126	83
Other Minor Asset Renewals	398	406	9
Total Capital Expenditure to Replace Existing Assets	1,097	1,201	741
TOTAL CAPITAL EXPENDITURE	11,769	12,812	14,553

Explanation capital expenditure variances between LTP and Actual

1. Cambridge Pool Development capital expenditure is higher than the 2018-28 LTP budget by \$8.9m mainly due to the delay in timing of this project.
2. Cycling – Te Awamutu/Ngaroto/Pirongia Connection is lower than the 2018-28 LTP by \$920,000 due to timing delays. This has been carried forward to the 2021/22 year.
3. The construction of new Housing for the Elderly units for an estimated \$1.8m has had timing delays. This project has been carried forward to the 2021/22 year.
4. The Design and Build Discovery Centre had a delay in the design stage. The \$2.1m has been carried forward to the 2021/31 LTP.
5. Spend on the Discovery Centre – Exhibition Planning, Design, Developments & Install project is less than the 2018-28 LTP budget by \$785,000. This budget has been carried forward to the 2021/31 LTP.

Waipa District Council funding impact statement for year ended 30 June 2021 for community services and facilities

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	14,144	15,027	14,514
Targeted rates	5,360	5,405	5,731
Subsidies and grants for operating purposes	11	11	1,305
Fees and charges	3,760	6,614	5,964
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	296
Total sources of operating funding (A)	23,275	27,057	27,810
Applications of operating funding			
Payments to staff and suppliers	17,128	19,910	17,125
Finance costs	1,328	1,531	633
Internal charges and overheads applied	3,013	3,165	3,374
Other operating funding applications	326	408	435
Total applications of operating funding (B)	21,795	25,014	21,567
Surplus (deficit) of operating funding (A - B)	1,480	2,043	6,243
Sources of capital funding			
Subsidies and grants for capital expenditure	449	2,540	-
Development and financial contributions	504	649	485
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	736
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	953	3,189	1,221
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,212	216	873
- to improve the level of service	9,460	11,395	12,939
- to replace existing assets	1,097	1,201	741
Increase (decrease) in reserves	(9,336)	(7,580)	(7,089)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,433	5,232	7,464
Surplus (deficit) of capital funding (C - D)	(1,480)	(2,043)	(6,243)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised 0	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	30,426	(1,304)	5,888	35,010	377
Total	30,426	(1,304)	5,888	35,010	377

Transportation

What we do

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

Table 7: Transportation 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 transportation 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: Transportation

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: Transportation levels of service and performance measures

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment
Transportation	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).	23.2 ²⁷	≤Prior Year Result	25.00	An increase in fatal and serious injuries for the year over the previous year has increased the 5 year average. The trend has been for most of these crashes happening on rural roads. There is often little commonality year to year to draw conclusions other than total kilometres travelled on the network is increasing year on year so there is more exposure to risk.
		The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. [M]	6 more ²⁸	Decrease	2 more	Achieved.
	The existing network is well maintained.	The percentage of the sealed local road network that is resurfaced. ²⁹ [M]	79.54%	75%-120%	120.34%	Not Achieved - This result is a slight over achievement. This occurred as high bitumen prices in 2019/2020 led to a lower than desired resurfacing total and the lower bitumen prices

²⁷ This figure differs from that reported in the 2019/20 Annual Report as data cleansing by NZTA/RAMM has resulted in a change to the base data. Previously reported as 25.2.

²⁸ This figure differs from that reported in the 2019/20 Annual Report as data cleansing by NZTA/RAMM has resulted in a change to the base data. Previously reported as 5 more.

²⁹ As compared to the average annual target set in the Asset Management Plan (82.6 centre line km per year).

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment
						this year allowed that catch up of resurfacing to be completed within budget.
		The percentage of footpaths whose condition meets the desired minimum standard for condition. ³⁰ [M]	98.28%	≥90%	98.30%	Achieved.
		The percentage of vehicle kilometres travelled on smooth sealed local roads. ³¹ [M]	94%	87.5%	94%	Achieved.
	We are responsive to roading issues raised by the community	The % of customer service requests relating to roads & footpaths within the time frame specified in the long term plan. ³² [M]	64.41%	90%	87.53%	Transportation staff have continued working towards improving performance levels, with significant improvement on last year's result. There are a number of factors contributing to the result remaining below target; some service requests are being assigned to Roading despite not being directly related to this department, staff turnover, increased workloads, and a higher complexity in service request responses as a result of reduced funding complicating response options.

³⁰ 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.

³¹ 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.

³² Full wording of mandatory measure is: The percentage of customer service requests relating to roads & footpaths to which the territorial authority responds within the time frame specified in the long term plan – 10 working days.

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment	
		% (by length) of urban roads ³³ which have a footpath on at least one side	89.25%	89%	88.81%	With 3.0km of new urban streets added to the network in the past year it has increased the length of new paths required to meet this target. New paths were added to Williams and Williamson Streets but these were in locations that had a path on one side previously so while they were very necessary they have not contributed to achieving this performance measure.	
	Alternative transport options are available and promoted	Usage of the ratepayer funded passenger transport services	Bus ³⁴	107,499 ³⁵	≥Prior Year Result	137,862	Achieved.
Total Mobility			1,591	≥Prior Year Result	2,232	Achieved.	
Length of new cycling facilities built annually ³⁶		1.83km	2.35km	2.27km	A later start to construction of the Te Awa and Hamilton Road cycle paths has meant the projects are incomplete and this measure was not achieved. However when complete in the 2021 calendar year these two projects will contribute some 5km of new cycling facilities.		

³³ Urban roads defined as those with a speed limit of 70 kilometres/hr. or less.

³⁴ Te Awamutu and Cambridge services to Hamilton.

³⁵ Data extends to end of May 2020, June 2020 data is expected from Waikato Regional Council in due course.

³⁶ Council constructed only excluding vested.

Statement of cost of service

		2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
	Notes			
REVENUE				
Fees, charges and NZTA subsidy	1	8,132	8,768	15,440
Finance Income		95	96	40
TOTAL REVENUE		8,227	8,864	15,480
OPERATING EXPENDITURE				
Depreciation and Amortisation		9,800	10,472	10,486
Activity Expenses	2	8,550	8,692	9,688
Internal charges and Overheads		1,533	1,531	1,947
Finance Costs	3	998	1,062	329
TOTAL EXPENDITURE		20,881	21,757	22,450
OPERATING NET COST OF SERVICE		(12,654)	(12,893)	(6,970)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		15,613	17,752	17,862
Vested Assets	4	5,408	7,714	2,441
Debt Repayment (Internal)		1,028	1,003	1,329
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		22,049	26,469	21,632

Explanation of significant costs of service variances between LTP and Actual

1. Increase in roading revenue of \$6.7m due to additional NZTA funding mainly due to an increase of \$2.7m for the Hanlin Road intersection, an increase in NZTA funding of \$1.4m for the District Wide Cycleway projects, an increase in MBIE external funding of \$1.4m for Te Awa Cycleway, an increase in NZTA funding of \$535,000 for the Innovating Streets – Safer routes to schools & businesses, and an increase in NZTA funding of \$495,000 for the Mangapiko Cycle Bridge.
2. Increase in activity expenses of \$996,000 mainly due to an increase in the sealed pavement maintenance.
3. Finance costs lower than expected due to reduced interest rates and reduced levels of debt.
4. Vested assets are lower than budgeted due to the timing of development.

Capital expenditure table

		2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge North Capital Projects	1	256	1,326	-
Cambridge Growth Cells (C1,C2 and C3) incls Land Purchase	2	1,789	1,826	935
Hautapu Structure Plan and Cycleway		818	835	558
St Ledger and Kihikihi Road		256	261	-
Picquet Hill Plan Change Roading		77	496	9
Frontier Road Plan Change		-	104	2
Urban Upgrades - Development Related		51	52	430
Total Capital Expenditure to Meet Additional Demand		3,247	4,900	1,934
To Improve Level of Service				
Seal Extensions		500	500	101
New Footpaths		123	125	-
Car Park Improvements		51	52	-
Town Concept Plans Implementation		1,482	543	230
Passenger Transport Infrastructure		-	21	-
Street Light Improvements		358	365	215
Cycling Projects District Wide	3	710	695	5,677
Associated & Minor Improvements		885	887	1,457
Cambridge Bypass Roading Improvements		1,533	2,443	2,660
CBD Accessibility Improvements		20	230	-
Bridge Footpath Widening		-	-	5
Major Improvements		202	241	1
Total Capital Expenditure to Improve Level of Service		5,864	6,102	10,346
To Replace Existing Assets				
Footpath Renewals		426	449	258
Amenity Lighting Renewals		-	-	-
Car Park Renewals		36	37	14
Drainage Renewals		363	371	31
Sealed Road Resurfacing	4	2,606	2,662	4,004
Unsealed Road Metalling		61	63	11
Pavement Rehabilitation	5	2,606	2,662	764
Structures Component Renewal		307	418	179
Traffic Services Renewals		26	26	183
Guardrail Renewals		51	52	138
Cycleway Renewals		20	-	-
Bus Shelter Renewals		-	10	-
Total Capital Expenditure to Replace Existing Assets		6,502	6,750	5,582
TOTAL CAPITAL EXPENDITURE		15,613	17,752	17,862

Explanation of significant capital variances between LTP and Actual

1. The majority of Cambridge North Growth projects have been deferred due to developer timing.
2. Cambridge Growth Cells (C1, C2 & C3) projects have been delayed due to development timing. These budgets has been carried forward to the 2021/22 year.
3. Increase in cycling projects district wide of \$5m mainly due to \$2.8m for Te Awa River Ride, \$721,000 for Cycleway Cambridge Road-Peake Road, \$641,000 for Hamilton Road Pathway and \$495,000 for Mangapiko Cycleway Bridge.
4. \$1.3m budget from the Pavement Rehabilitation budget transferred to Sealed Road Resurfacing.
5. A reduction in expenditure for Pavement Rehabilitation due to additional maintenance required for Sealed Road resurfacing across the district.

Waipa District Council funding impact statement for year ended 30 June 2021 for Transportation

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	11,748	12,600	12,296
Targeted rates	728	374	268
Subsidies and grants for operating purposes	2,912	2,929	3,231
Fees and charges	724	765	982
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	16,112	16,668	16,777
Applications of operating funding			
Payments to staff and suppliers	7,528	7,648	8,110
Finance costs	998	1,062	329
Internal charges and overheads applied	1,533	1,531	1,947
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,059	10,241	10,386
Surplus (deficit) of operating funding (A - B)	6,053	6,427	6,391
Sources of capital funding			
Subsidies and grants for capital expenditure	4,496	5,074	11,226
Development and financial contributions	1,912	2,847	1,609
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	31,145
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	6,408	7,921	43,980
Applications of capital funding			
Capital expenditure			
- to meet additional demand	3,247	4,900	1,934
- to improve the level of service	5,864	6,102	10,346
- to replace existing assets	6,502	6,750	5,582
Increase (decrease) in reserves	(3,152)	(3,404)	32,509
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12,461	14,348	50,371
Surplus (deficit) of capital funding (C - D)	(6,053)	(6,427)	(6,391)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	17,300	(1,329)	583	16,554	329
Total	17,300	(1,329)	583	16,554	329

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 a consent strategy which is underway for the development of a District Wide Stormwater Comprehensive Consent 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. Planning and monitoring 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 2019/20	Target for 2020/21	Actual for 2020/21	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. ³⁷ [M]	3.12	≤10	3.38	Achieved.	
		Compliance with the resource consents for discharge from the stormwater system. ³⁸	Number of Abatement notices. [M]	0	0	0	Achieved.
			Number of Infringement notices. [M]	0	0	0	Achieved.
			Number of Enforcement orders. [M]	0	0	0	Achieved.
			Number of Convictions. [M]	0	0	0	Achieved.

³⁷ 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.

³⁸ Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices; and (b) infringement notices; and (c) enforcement orders; (d) successful prosecutions, received by the territorial authority in relation to those resource consents.

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment
		The number of flooding events in the district. ³⁹ [M]	0	≤5	0	Achieved.
		For each flooding event, the number of habitable floors affected. ⁴⁰ [M]	0	≤0.09	0	Achieved.
		The median response time (hours) to attend a flooding event from the time that notification is received. ⁴¹ [M]	No flooding events	2	No flooding events	Achieved.

³⁹ Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

⁴⁰ 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).

⁴¹ 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

	2019/20 Long-term Plan Notes	2020/21 Long-term Plan \$000	2020/21 Actual \$000
REVENUE			
Fees and Charges and other Income	-	-	141
Finance Income	72	77	9
TOTAL REVENUE	72	77	150
OPERATING EXPENDITURE			
Depreciation and Amortisation	1,493	1,603	1,741
Activity Expenses	1 1,807	1,903	2,412
Internal charges and Overheads	480	489	765
Finance Costs	-	-	3
TOTAL EXPENDITURE	3,780	3,995	4,921
OPERATING NET COST OF SERVICE	(3,708)	(3,918)	(4,771)
CAPITAL EXPENDITURE AND DEBT REPAYMENT			
Capital Expenditure (excluding Vested)	9,496	18,420	5,862
Vested Assets	2,946	3,105	2,570
Debt Repayment (Internal)	-	-	364
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT	12,442	21,525	8,796

Explanation of significant costs of service variances between LTP and Actual

1. Increase in Activity Expenses of \$509,000 due to asset write offs from asset database improvements .

Capital expenditure table

		2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
	Notes			
To Meet Additional Demand				
Cambridge Growth Cells (C1,C2 and C3)	1	2,945	15,225	520
Hautapu Industrial Stormwater	2	820	1,678	135
Cambridge Deferred Residential Stormwater Works	3	4,809	730	4,530
Cambridge Park Stormwater Provision		256	-	-
Kihikihi Stormwater Works		256	262	28
Bond Road Stormwater Culvert		-	-	-
Total Capital Expenditure to Meet Additional Demand		9,086	17,895	5,213
To Improve Level of Service				
Consent, Remedial and Flood Mitigation Work		-	-	128
Total Capital Expenditure to Improve Level of Service		-	-	128
To Replace Existing Assets				
Renewals		410	525	521
Total Capital Expenditure to Replace Existing Assets		410	525	521
TOTAL CAPITAL EXPENDITURE		9,496	18,420	5,862

Explanation of significant capital expenditure variances between LTP and Actual

1. The Cambridge Growth Cells (C1, C2 & C3) have been deferred due to developer timing delays and has been carried forward to the 2021/22 year.
2. Capital expenditure for Hautapu Industrial Stormwater works has been delayed due to developer timing. This has been carried forward to the 2021/22 year.
3. Additional capital expenditure for Cambridge Deferred Residential Stormwater Works mainly due to the construction of the western outlet to the stream.

Waipa District Council funding impact statement for year ended 30 June 2021 for stormwater

	2019/20 Long-term Plan \$000	2020/21 Long-term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	258	282	323
Targeted rates	3,236	3,417	3,693
Subsidies and grants for operating purposes	-	-	110
Fees and charges	-	-	32
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	3,494	3,699	4,158
Applications of operating funding			
Payments to staff and suppliers	1,592	1,683	1,674
Finance costs	-	-	3
Internal charges and overheads applied	480	489	765
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,072	2,172	2,442
Surplus (deficit) of operating funding (A - B)	1,422	1,527	1,716
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	4,105	6,112	1,612
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	4,105	6,112	1,612
Applications of capital funding			
Capital expenditure			
- to meet additional demand	9,086	17,895	5,213
- to improve the level of service	-	-	128
- to replace existing assets	410	525	521
Increase (decrease) in reserves	(3,969)	(10,781)	(2,534)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5,527	7,639	3,328
Surplus (deficit) of capital funding (C - D)	(1,422)	(1,527)	(1,716)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	484	(364)	-	120	3
Total	484	(364)	-	120	3

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 has undergone significant upgrades and received a short term resource consent (until 2026) which has enabled the plant to now become compliant. Abatement notices received in 2019 have since been removed, and the plant remains in a compliant state. Waipā District Council continue to work closely with Waikato Regional Council and Iwi partners on confirming long term development and resource consent options for the site for all to be in place prior to the expiry of the short term consent in 2026.

Te Awamutu Wastewater Treatment Plant has also been generally compliant over the past 12 months. Plant upgrades have been completed, with phase 4 upgrades planned for future years of the LTP. An abatement notice to cease non-compliant discharge was received for the site following a PLC Failure Event that caused a non-compliant discharge being released over four days. Waipā District Council worked closely with Waikato Regional Council and Iwi partners during this time to manage the event.

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 2019/20	Target for 2020/21	Actual for 2020/21	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. ⁴² [M]	0.17	≤1	0.00	Achieved.	
		Compliance with consents for discharge from the sewerage system. ⁴³	Number of Abatement notices. [M]	1	0	1	Abatement notice received following WRC investigation of a PLC failure event at Te Awamutu WWTP that resulted in non-compliant discharge for four days.
			Number of Infringement notices. [M]	0	0	0	Achieved.
			Number of Enforcement orders. [M]	0	0	0	Achieved.
			Number of Convictions. [M]	0	0	0	Achieved.

⁴² 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.

⁴³ 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 2019/20	Target for 2020/21	Actual for 2020/21	Comment
		The median response time for call-outs in response to a sewerage overflow. ⁴⁴	The time (hours) from notification for service personnel to reach the site. [M]	0.73 hours	2 hours	0.95 hours	Achieved.
			The time (hours) from notification that resolution of a blockage or other fault. [M]	2.71 hours	6 hours	0.95 hours	Achieved.
		The number of complaints received about any of the following: odour, system faults, blockages, and the response to any of these issues. ⁴⁵ [M]		2.74	<10	3.42	Achieved.

⁴⁴ 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.

⁴⁵ 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

		2019/20 Long-term Plan \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
	Notes			
REVENUE				
Fees and Charges	1	575	588	1,825
Finance Income		253	272	38
TOTAL REVENUE		828	860	1,863
OPERATING EXPENDITURE				
Depreciation and Amortisation		3,297	3,658	4,311
Activity Expenses	2	3,414	3,405	6,051
Internal charges and Overheads		1,214	1,258	1,423
Finance Costs		299	619	221
TOTAL EXPENDITURE		8,224	8,940	12,006
OPERATING NET COST OF SERVICE		(7,396)	(8,080)	(10,143)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		30,040	18,223	25,282
Vested Assets	3	2,557	2,697	14,911
Debt Repayment (Internal)		116	244	401
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		32,713	21,164	40,594

Explanation of significant costs of service variances between LTP and Actual

1. Increase in revenue due to funding from the New Zealand Government Three Waters reform programme.
2. Increase in Activity Expenses of \$2.6m mainly due to asset write-offs from asset database improvements and the increase in waste disposal costs for the Te Awamutu and Cambridge treatment plants.
3. Vested assets are higher than budgeted due to timing of development. This includes the Waikeria Wastewater connection.

Capital expenditure table

	Notes	2019/20 Long-term Plan \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
To Meet Additional Demand				
Cambridge North Wastewater Provision		718	-	-
Cambridge Growth Cells (C1,C2 and C3)		513	950	1,206
Hautapu Industrial Wastewater	1	2,673	839	112
Te Awamutu Growth Provision (T1)		247	-	-
Cambridge Wastewater Treatment Plant Stage 2		-	449	-
Te Awamutu Wastewater Treatment Plant Upgrade	2	10,045	344	5,301
Total Capital Expenditure to Meet Additional Demand		14,196	2,582	6,619
To Improve Level of Service				
Waikeria Prison Expansion	3	12,813	6,556	12,502
Cambridge Wastewater Treatment Plant Upgrade Stage 1	4	1,261	7,872	2,704
Sub Regional WWTP Detailed Business Case		-	-	725
Scada & Telemetry Upgrade		-	-	165
District Wide Modelling and Condition Assessment		-	-	-
Vogel and Alpha Street Odour Control		51	-	-
Total Capital Expenditure to Improve Level of Service		14,125	14,428	16,096
To Replace Existing Assets				
Renewals	5	1,468	982	154
Cambridge Pipe Bridge		-	-	6
Plant and Pumps	6	251	231	2,407
Total Capital Expenditure to Replace Existing Assets		1,719	1,213	2,567
TOTAL CAPITAL EXPENDITURE		30,040	18,223	25,282

Explanation of significant capital expenditure variances between LTP and Actual

1. Hautapu Industrial Wastewater has been deferred to the 2021/22 year due to timing of development.
2. Te Awamutu Wastewater Treatment plant upgrade is higher than budget due to a delay in timing of the development and the budget being brought forward from the 2019/20 year.
3. The cost of the Waikeria Prison Expansion is higher than the 2018-28 LTP budget mainly due to timing with budget carried over from the 2019/20 year.
4. The cost of the Cambridge Wastewater treatment plant upgrade is lower than budgeted due to the majority of the work being completed in the 2019/20 year.
5. Spending has not occurred against renewals, instead the expenditure is against the Plant and Pumps budget.
6. Plant and Pumps expenditure has increased mainly due to the Christie Ave Sewer Pump Station renewal and renewals spend in this category rather than the renewals category.

Waipa District Council funding impact statement for year ended 30 June 2021 for wastewater treatment and disposal

	2019/20 Long-term Plan \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	640	720	687
Targeted rates	6,785	7,040	7,988
Subsidies and grants for operating purposes		-	1,100
Fees and charges	575	588	724
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	8,000	8,348	10,499
Applications of operating funding			
Payments to staff and suppliers	3,004	2,985	4,315
Finance costs	299	619	221
Internal charges and overheads applied	1,214	1,258	1,423
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,517	4,862	5,959
Surplus (deficit) of operating funding (A - B)	3,483	3,486	4,540
Sources of capital funding			
Subsidies and grants for capital expenditure	9,738	4,983	-
Development and financial contributions	2,798	3,120	5,132
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	1,826
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	12,536	8,103	6,958
Applications of capital funding			
Capital expenditure			
- to meet additional demand	14,196	2,582	6,619
- to improve the level of service	14,125	14,428	16,096
- to replace existing assets	1,719	1,213	2,567
Increase (decrease) in reserves	(14,021)	(6,634)	(13,784)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	16,019	11,589	11,498
Surplus (deficit) of capital funding (C - D)	(3,483)	(3,486)	(4,540)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	15,742	(401)	5,824	21,165	221
Total	15,742	(401)	5,824	21,165	221

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

Growth within the district is at an all-time high, and Council are progressing through significant scheduled infrastructure upgrades aimed at ensuring continuity of supply.

Demand is managed through universal water metering, and water education conservation strategies throughout the year, as well as imposing water alert restrictions across the district and sub-region in conjunction with partners Hamilton City Council. Water availability pressure for the Te Awamutu scheme will be reduced this coming year following the upgrade of a water treatment plant and installation of new water main to feed Te Awamutu from the Waikato River to supplement Te Awamutu, Pirongia and Pukerimu Rural water supplies. This provides a longer term water source option for Te Awamutu scheme ahead of the anticipated decrease in resource consent capacity come 2030.

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 2019/20	Target for 2020/21	Actual for 2020/21	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. ^{46, 47, 48}	Water Treatment Plants – compliance with bacteriological criteria [M]	Alpha Street	C ⁴⁹	C	C	Achieved.
				Frontier Road	C	C	C	Achieved.
				Karāpiro	C	C	C	Achieved.
				Parallel Road	C	C	C	Achieved.
				Rolleston Street	C	C	C	Achieved.
				Te Tahi	C	C	C	Achieved.
		Water Treatment	Alpha Street	C	C	C	Achieved.	
			Frontier Road	C	C	C	Achieved.	

⁴⁶ 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).

⁴⁷ 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.

⁴⁸ This is preliminary assessment of compliance with the drinking water standards until confirmation has been received from the Regulator.

⁴⁹ C = Compliant. NC = Not Compliant.

Activity	The service we provide	How we measure success		Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment
		Plants – compliance with protozoal criteria [M]	Karāpiro	C	C	C	Achieved.
			Parallel Road	C	C	C	Achieved.
			Rolleston Street	C	C	C	Achieved.
			Te Tahī	C	C	C	Achieved.
		Network zones – compliance [M]	Cambridge	NC	C	C	Achieved.
			Kihikihi	C	C	C	Achieved.
			Maungatautari	NC	C	Not Applicable	Maungatautari zone was reconfigured to receive water direct from the Karapiro Water Treatment Plant (WTP) part way through the 2019/20 compliance year, Maungatautari zone became part of Cambridge zone. As Maungatautari zone has been renamed/rezoned, it's deemed as not being applicable.
			Ōhaupō	C	C	C	Achieved.
			Pirongia	C	C	C	Achieved.
			Pukerimu Rural	NC	C	NC	There has been one technical non-compliance due to sampling deficiencies. However, there was no impact on the safety of the water being supplied to public.
			Te Awamutu	NC	C	C	Achieved.

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment	
	Provision of wholesome potable water within specified areas via a safe and reliable treatment and supply system	Median response time for call-outs in response to a fault or unplanned interruption to the network. ⁵⁰	Attendance for urgent call-out from the time of notification. (hours) ⁵¹ [M]	0.60 hours	2 hours	0.80 hours	Achieved.
Resolution of urgent call-outs from the time of notification (hours). ⁵² [M]			1.72 hours	6 hours	2.02 hours	Achieved.	
Attendance for non-urgent call-outs from the time of notification (days) ⁵³ [M]			0.74 days	2 days	0.90 days	Achieved.	
Resolution of non-urgent call-outs from the time of notification (days) ⁵⁴ [M]			0.80 days	10 days	0.98 days	Achieved.	

⁵⁰ 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.

⁵¹ 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.

⁵² 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.

⁵³ 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.

⁵⁴ 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.

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment	
		The total number of complaints received about any of the following: Drinking water clarity, taste, odour, pressure or flow, continuity of supply, and	7.85	20	11.55	Achieved.	
	Water supply and demand is managed to ensure prudent use of water.	The percentage of real water loss from the networked reticulation system. ^{56 57} [M]	Cambridge & Karāpiro.	4%	≤12%	8%	Achieved.
			Te Awamutu & Pirongia.	10%	≤12%	9%	Achieved.
			Kihikihi	15%	≤20%	22%	Water loss has increased this past year. Water was taken from the Kihikihi network for the Waikeria Prison Fires ⁵⁸ , some unmetered connections linked to new developments were found, and some notable leaks within councils network contributed to this. Leaks identified have since been resolved appropriately and Kihikihi will be considered for Council's leak detection programme works for future assessments.
			Ohaupo & Pukerimu.	19%	≤20%	6%	Achieved.

⁵⁵ 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.

⁵⁶ Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system.

⁵⁷ Water loss calculations determine any 'unknown' water usage, this includes any illegal hydrant takes/theft, or any leakage.

⁵⁸ There are standard defaults used for standard fire-fighting within the network annually, however because this was such a unique and large situation and water take was made from hydrants and was unable to be measured, we have deemed it 'loss' in this case as we cannot be certain.

Activity	The service we provide	How we measure success	Actual for 2019/20	Target for 2020/21	Actual for 2020/21	Comment	
		The average consumption of drinking water per day per resident. ⁵⁹ [M]	Cambridge & Karāpiro.	195	190	194	Water restrictions and water conservation messages have been ceased due to increased water treatment plant capacity and the introduction of water metering which curbs demand due to its 'user pay' basis.
			Te Awamutu & Pirongia.	164	190	168	Achieved.
			Kihikihi	174	200	188	Achieved.
			Ohaupo & Pukerimu.	197	185	168	Achieved.

⁵⁹ Full wording of the mandatory measure is: The average consumption of drinking water per day per resident within the territorial authority district.

Statement of cost of service

		2019/20 Long-term Plan Notes \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
REVENUE				
Fees, charges and targeted rates for water supply	1	11,064	11,477	13,214
Finance Income		91	79	32
TOTAL REVENUE		11,155	11,556	13,246
OPERATING EXPENDITURE				
Depreciation and Amortisation		4,718	4,972	4,547
Activity Expenses	2	6,999	7,534	9,474
Internal charges and Overheads		337	367	635
Finance Costs	3	390	789	229
TOTAL EXPENDITURE		12,444	13,662	14,885
OPERATING NET COST OF SERVICE		(1,289)	(2,106)	(1,639)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		20,175	15,920	24,035
Vested Assets		1,593	1,660	1,485
Debt Repayment (Internal)		148	308	406
TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT		21,916	17,888	25,926

Explanation of significant costs of service variances between LTP and Actual

1. Increase in revenue due to funding from the New Zealand Government Three Waters reform programme.
2. Increase in Activity Operating Expenses of \$1.9m which was mainly due to the asset write-offs due to database improvements.
3. Finance costs lower than expected due to reduced interest rates and reduced levels of debt.

Capital expenditure table

	Notes	2019/20 Long-term Plan \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
To Meet Additional Demand				
Dedicated Main Leamington to Hautapu		123	79	7
Cambridge North Water Provision		-	-	238
Cambridge Growth Cells (C1,C2,C3,C4 and C7)	1	2,051	1,181	757
Dedicated Cambridge North Water Main	2	2,101	799	-
Te Awamutu Growth Cells		-	-	272
Pukerimu Airport Supply	3	-	928	-
Water Supply Provision Cambridge (C6)		46	257	95
Cambridge Water Reticulation Active Control		113	463	407
Hautapu East Water Development (C10)		-	-	61
Karapiro Water Treatment Plant Upgrade		-	-	62
Total Capital Expenditure to Meet Additional Demand		4,434	3,707	1,899
To Improve Level of Service				
Hicks Road Mains Installation		-	-	23
Cambridge Fire & Water LOS Upgrades		-	190	-
Parallel Rd Water Treatment Plant Upgrade	4	4,100	4,196	13,034
Parallel Rd to Taylors Hill Pipeline		4,100	4,196	4,126
Standby Generators for Treatment Plants		248	-	-
Raw Water Main Renewal & Inlet Pump Installation		4,100	-	467
Te Awamutu Active Reticulation Control		-	-	181
Scada & Telemetry Upgrade		-	-	201
Parallel Rd Treated Water Storage		-	-	409
District Wide Water Leak and Condition Investigation		-	-	47
Kihikihi Alternate Water Supply		-	-	59
Frontier Road to Taylors Hill Main Trunk		-	174	-
Kihikihi Water Supply - Advanced Treatment		354	-	-
Te Awamutu Active Reticulation Control		113	463	-
Total Capital Expenditure to Improve Level of Service		13,015	9,219	18,547
To Replace Existing Assets				
District Wide Water Main Renewals		2,450	2,507	2,325
Connection and Meter Renewals		-	-	550
Reservoir Renewals		21	210	61
Plant & Pumps		255	277	653
Total Capital Expenditure to Replace Existing Assets		2,726	2,994	3,589
TOTAL CAPITAL EXPENDITURE		20,175	15,920	24,035

Explanation of significant capital expenditure variances between LTP and Actual

1. Cambridge Growth Cell work was delayed to align with developers and other planned works.
2. Capital expenditure for the Dedicated Cambridge North Water main is lower than budgeted due to the majority of the work being completed in the 2019/20 year.

3. There has been no spend on Pukerimu Airport Supply, this budget has been carried forward to the 2021/31 LTP.
4. The cost of the Parallel Rd Water Treatment Plant is higher than the 2018/28 LTP due to expenditure carried forward from the 2019/20 year due to timing delays.

Waipa District Council funding impact statement for year ended 30 June 2021 for water treatment and supply

	2019/20 Long-term Plan \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	722	746	501
Targeted rates	10,713	11,068	8,083
Subsidies and grants for operating purposes	-	-	1,065
Fees and charges	443	478	4,091
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total sources of operating funding (A)	11,878	12,292	13,740
Applications of operating funding			
Payments to staff and suppliers	6,486	7,009	6,598
Finance costs	390	789	229
Internal charges and overheads applied	337	367	635
Other operating funding applications	5	5	-
Total applications of operating funding (B)	7,218	8,170	7,462
Surplus (deficit) of operating funding (A - B)	4,660	4,122	6,278
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	1,925	2,828	1,023
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	3,247
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,925	2,828	4,270
Applications of capital funding			
Capital expenditure			
- to meet additional demand	4,434	3,707	1,899
- to improve the level of service	13,015	9,219	18,547
- to replace existing assets	2,726	2,994	3,589
Increase (decrease) in reserves	(13,590)	(8,970)	(13,487)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,585	6,950	10,548
Surplus (deficit) of capital funding (C - D)	(4,660)	(4,122)	(6,278)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	12,252	(406)	13,227	25,073	229
Total	12,252	(406)	13,227	25,073	229

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 2019/20	Target for 2020/21	Actual for 2020/21	Comment
Information Services	The online services Council provides are reliable.	The Council website and online forms have an availability uptime of 99% ⁶⁰ .	99.94%	99%	99.95%	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.	97.75%	80%	90.38%	Achieved.
		Percentage of walk in queries received by Customer Support resolved at the time.	97.83%	90%	95.09%	Achieved.

⁶⁰ www.Waipadc.govt.nz & eservices.Waipadc.govt.nz sites only.

Statement of cost of service

		2019/20 Long-term Plan \$000	2020/21 Long- term Plan \$000	2020/21 Actual \$000
	Notes			
REVENUE				
Fees and Charges		48	49	348
TOTAL REVENUE		48	49	348
OPERATING EXPENDITURE				
Employee Related Expenses	1	7,730	7,954	9,442
Depreciation and Amortisation		1,305	1,335	1,576
Activity Expenses	2	3,585	3,657	3,220
Finance Costs		262	304	155
TOTAL EXPENDITURE		12,882	13,250	14,393
OPERATING NET COST OF SERVICE		(12,834)	(13,201)	(14,045)
CAPITAL EXPENDITURE AND DEBT REPAYMENT				
Capital Expenditure (excluding Vested)		2,137	2,320	3,133
Debt Repayment		304	338	438
TOTAL CAPITAL EXPENDITURE		2,441	2,658	3,571

Explanation of significant costs of service variances between LTP and Actual

- Salaries are higher than the original LTP budget due to the shift of Business Improvement from the Strategic Planning activity, and the Executive Team restructure.
- 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	2020/21 Actual \$000
	Notes			
To Improve Level of Service				
Buildings	1	1,276	1,386	39
Computer Hardware Upgrades		-	-	56
Computer Software Upgrades	2	-	-	502
Total to Improve Level of Service		1,276	1,386	597
To Replace Existing Assets				
Plant	3	552	664	1,313
Buildings	4	-	-	911
Carparks Renewals		19	36	-
Computer Hardware Renewals		283	126	124
Computer Software Renewals		7	108	188
Total to Replace Existing Assets		861	934	2,536
TOTAL CAPITAL EXPENDITURE		2,137	2,320	3,133

Explanation of significant capital expenditure variances between LTP and Actual

- Capital work on levels of service buildings was lower than budget by \$1.3 million due to the Te Awamutu Staff Accommodation Renewal project being replaced by an upgrade to the ground floor in Cambridge, and that being classed as a 'replacement' asset.
- Capital expenditure on computer software upgrades was due to costs associated with Technology One contracts and Human Resources and Payroll software.
- Increase of plant renewals mainly due to the purchase of new fleet vehicles.
- Capital expenditure on replacement buildings was higher than budgeted due to the upgrade to the ground floor in Cambridge, and that taking the place of the Te Awamutu Staff Accommodation Renewal project which had been classed as a 'level of service' project.

Waipa District Council funding impact statement for year ended 30 June 2021 for support services

	2018/19 Long-term Plan \$000	2019/20 Long- term Plan \$000	2020/21 Actual \$000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	263	295	224
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	48	49	66
Internal charges and overheads recovered	12,535	12,900	14,450
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	682
Total sources of operating funding (A)	12,846	13,244	15,422
Applications of operating funding			
Payments to staff and suppliers	11,315	11,610	12,685
Finance costs	262	304	155
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	11,577	11,914	12,840
Surplus (deficit) of operating funding (A - B)	1,269	1,330	2,582
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	1,276	1,386	597
- to replace existing assets	861	934	2,536
Increase (decrease) in reserves	(868)	(990)	(551)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,269	1,330	2,582
Surplus (deficit) of capital funding (C - D)	(1,269)	(1,330)	(2,582)
Funding balance ((A - B) + (C - D))	-	-	-

Internal borrowing statement

	Opening Balance 1 July 2020 \$000	Loan Repayments \$000	Loans Raised \$000	Closing Balance 30 June 2021 \$000	Interest \$000
Activity Loans	6,737	(438)	2,690	8,989	105
Development Contribution Loans	31,384	(6,916)	17,746	42,214	446
Total	38,121	(7,354)	20,436	51,203	551

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 Council, 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 2020/21 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

The COVID-19 pandemic has painted a very different canvas for the aviation sector over the next few years. We will:

- Assist Air New Zealand to identify opportunities to recover flight schedules and passenger numbers.
- Promote the recovery of the general aviation sector.
- Develop or implement a five year plan to give effect to, or seek renewal of the runway extension designation.
- 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, as demonstrated by the COVID-19 pandemic, this presents a degree of risk for the Group that will be carefully managed through the staged precinct developments of Titanium Park.
- In conjunction with the hotel manager, maximise the recovery plan and earnings of the recently acquired and upgraded airport hotel business.

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 2021

- Having now finalised a masterplan for Titanium Park's proposed Northern Precinct development (current site of WRAL farm), prepare a private plan change submission to Waipa District Council to future-proof development options.

Dividend policy

The Directors propose that no dividend be paid during the three year period ending 30 June 2021 given the impact of the COVID-19 pandemic.

Performance targets as per 2020/21 Statement of Intent

Based on Company forecasts	Year ended 30 June		
	2021	2022	2023
EBITDA excluding land sales	(\$.05m)	\$2.3m	\$2.9m
EBITDA including land sales	\$0.3m	\$2.9m	\$3.7m
Net profit before tax <i>no less than</i>	(\$3.7m)	(\$1.5m)	(\$1.0m)
Total debt, excluding funding for design-build properties <i>not exceeding</i>	\$30.0m	\$30.0m	\$30.0m
Percentage of non-landing charges revenue of at least	60%	60%	60%
Land sales	\$4.0m	\$2.0m	\$3.0m

Based on Company forecasts	Year ended 30 June		
	2021	2022	2023
Interest cover <i>at least</i>	-4.0x	3.0x	3.0x

Performance results as per 2020/21 Annual Report

This information was not available at the time of publication of Waipa District Council's 2020/21 Annual Report. The 2020/21 Annual Report of Waikato Regional Airport Limited is expected to be published on that organisation's website by December 2021.

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 shareholder agreed objectives and performance targets specified in the Statement of Intent;
- Be a good employer;
- Demonstrate social, economic, environmental and cultural responsibility;
- Maintain strong and sound corporate governance;
- Set and model high standards of ethical behaviour; and
- Operate in accordance with sound business practice.

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 2020/21 Statement of Intent

The 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 CCOs 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 Council's and CCO's that enter into all the relevant arrangements with it (such Council's being "Participating Local Authorities" and such Councils and CCOs being "Participating Borrowers") 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 results as per 2020/21 Annual Report

Performance targets are specified in the LGFA Statement of Intent for 2020/21 and are summarised with the actual results below:

Financial performance measure:	2020/21 Targets	2020/21 Results	2020/21 outcome
Comprehensive income			
Interest income	162.7m	377.2m	achieved
Interest expense	143.9m	357.7m	achieved
Other income		0.2m	
Net Income	18.8m	19.7m	achieved
Insurance and on-lending costs	2.7m	2.5m	achieved
Approved Issuer Levy	1.2m	1.1m	achieved
Operating expenses	4.1m	4.1m	achieved
Insurance and operating expenses	8.0m	7.7m	achieved
P & L	10.9m	12m	achieved
Financial Position			
Capital	25.0m	25.0m	achieved
Retained earnings	69.9m	69.7m	achieved
Total equity	94.9m	94.7m	achieved
Shareholder funds + borrower notes/Total Assets	2.3%	2.2%	Not achieved
Dividend Provision	.09m	.09m	achieved
Total assets (nominal)	12,728.1m	13,924.5m	achieved
Total LG loans – short term (nominal)	400.0m	1,858.8m	achieved
Total LG loans (nominal)	11,264.1m	12,065.7m	achieved
Total bills (nominal)	400.0m	610.0m	achieved
Total bonds (nominal ex treasury stock)	11,941.0m	13,217.8m	achieved
Total borrower notes (nominal)	199.5m	224.3m	achieved

2020/21 performance targets:	2020/21 outcome
LGFA net interest income for the period to: <ul style="list-style-type: none"> 30 June 2021 will be greater than \$18.8m 	Achieved
LGFA's annual issuance and operating expenses (excl AIL) for the period to: <ul style="list-style-type: none"> 30 June 2021 will no more than \$6.8m 	Achieved

2020/21 performance targets:	2020/21 outcome
Total lending to Participating Local Authorities at: <ul style="list-style-type: none"> • 30 June 2021 will be at least 11,664m. 	Achieved
Conduct an annual survey of councils who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the borrowing activities.	Achieved
Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.	Achieved
Achieve 85% market share of all council borrowing in New Zealand.	Not achieved
Review each Participating borrowers financial position, it's headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.	Achieved
No breaches of Treasury Policy, any regulatory requirements including the Health and Safety at Work Act 2015.	Achieved
Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.	Achieved
Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.	Achieved

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.
- Standardisation of service levels.
- 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
- helping the councils achieve an appropriate balance in risk and return
- promote and contribute to the development of best practice
- make it easier for communities to engage with councils in the Waikato region on a consistent basis
- promote business transformation to improve communities' 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.

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.

Waikato Local Authority Shared Services Limited has the following priorities and performance measures:

PRIORITY	PERFORMANCE MEASURE	TARGET
<p>Prioritise and develop opportunities that add value to councils by achieving one or more of our objectives.</p>	<p>Business cases will include measurable benefits linked to one or more of the outcomes sought.</p> <p>Opportunity assessments are supported by councils (evidenced by Board minutes).</p>	<p>Projected savings to councils of \$300k+.</p> <p>75% of councils.</p>
<p>Develop opportunities and deliver projects within agreed budgets and timelines¹.</p>	<p>Opportunities/projects are developed/delivered within agreed timeframes.</p> <p>Opportunities/projects are developed/delivered, within approved budgets.</p>	<p>80%</p> <p>90%</p>
<p>Ensure projects realise their expected benefits.</p>	<p>Measurable benefits are actively monitored and reported against.</p> <p>Audit & Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether projected benefits have been realised).</p>	<p>Six-monthly.</p> <p>200k+ Projects.</p> <p>Within 15 months.</p> <p>90% of projected quantifiable benefits are realised.</p>

¹ Budgets and timelines for opportunity development will be those established following discovery and/or opportunity assessment. A business case will refine these parameters with respect to project delivery.

PRIORITY	PERFORMANCE MEASURE	TARGET
Ensure existing services are meeting the needs of councils.	<p>The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</p> <ul style="list-style-type: none"> - Rata – roading & Waters -Waikato Building Cluster - Regional Infrastructure Technical specifications - Energy & Carbon Management - Professional Services Panel - Health & Safety ore-qualification 	80% of Councils.
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice.	Across these groups, ideas for future consideration and/or initiatives are identified each year.	Six per annum.
Review of Benefits - Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	Information on the financial and non-financial benefits being achieved by WLASS are included in the 6-monthly and Annual Report to shareholders. The WLASS website is regularly maintained and updated.

Performance results as per 2020/21 Annual Report

This information was not available at the time of publication of Waipa District Council's 2020/21 Annual Report. The 2020/21 Annual Report of Waikato Local Authority Shared Services Limited is expected to be published by December 2021.

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 Outcomes	The outcomes that a local authority aims to achieve for its community and district in the present and for the future.
Community Wellbeing	The overall wellbeing (quality of life) of the community taking into account economic, cultural, social and environmental wellbeing.
Council Controlled Organisations	A company or entity in which one or more local authority has a shareholding of 50% or more, voting rights of 50% or more, or the right to appoint 50% or more of the directors. Section 6(4) of the Local Government Act 2002 details entities which are exceptions.
Development Contributions	Payment from developers to help fund new infrastructure required by growth (as set out in the Local Government Act 2002).
District Plan	Required by the Resource Management Act 1991, it defines how resources and development will be managed by the district. The Plan is based on economic, cultural, social and environmental wellbeing.
Equity	The market value of assets less any liabilities.
Funding Impact Statement	A financial statement that discloses the revenue and financial mechanisms that Council proposes to use.
Future Proof	The term used to refer to the growth strategy that is being prepared for the sub-region. Included in the sub-region are the following authorities – Waipa District Council, Waikato District Council, Waikato Regional Council and Hamilton City Council.
General Rate	A charge calculated using the rateable value of property that is paid to Council to fund its general services but not services funded by targeted rate, fees or charges.
Governance	Is how Council engages with the community, oversees the effective and responsible management of resources, delivers services and sets the strategic direction for the district.

Term	Definition
Hapū	A cluster of related whanau (extended family), descended from a single ancestor that has collective decision-making rights over its territory.
Indicator	A measure or combination of measures, either qualitative or quantitative, against which performance or progress can be assessed.
Interest	Interest on bank accounts, overdrafts and debt.
Iwi	Larger than the hapū - A cluster of related hapū, descended from a single ancestor, varying in size.
Levels of Service (LOS)	The extent of a service provided by Council.
Local Authority	A regional, district or city council.
Local Government Act 2002	The legislation that defines the powers and responsibilities of Local Government organisations (regional, city and district councils).
Long Term Plan	Refer to 10-Year Plan.
Ngā Iwi Toopu o 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.
Ward	An administrative and electoral area of the district. There are five wards in our district – Cambridge; Te Awamutu; Pirongia; Maungatautari and Kakepuku.
Vested Assets	An existing right to the immediate or future possession of property, resources, cash, stock and goodwill.
10-Year Plan	A strategic plan, covering at least 10 years, that describes a local authorities activities and the community outcomes of the authority's district or region. A council's 10-Year Plan is the basis for its accountability to the community.

Independent Auditor's Report

To the readers of Waipā District Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Waipā District Council (the District Council). 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 30 November 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 39 to 43 and 45 to 107:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 44, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the groups of activities on pages 115 to 189:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2021, 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 120 to 187, 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 188, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 24 to 32, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Emphasis of matter – The Government’s three waters reform programme announcement

Without modifying our opinion, we draw attention to note 27 on page 98, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

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 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'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'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 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 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 38, 108 to 114 and 190 to 204 but does not include the audited information and the disclosure requirements.

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

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

Independence

We are independent of the District Council 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 and our report on the disclosure requirements, we have carried out engagements in the areas of a limited assurance engagement related to the District Council's debenture trust deed and the audit of the long term plan, which are compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in the District Council.



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