

WHAT'S THE  
STORY?



2018/19

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DRAFT ANNUAL PLAN

## Message from the Mayor

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In June last year our Council finalised our most ambitious plan to keep our district thriving for the next 10 years.

A whole lot of effort was put into the 10-Year Plan to get it right. We talked about the Te Awamutu town centre, the Cambridge Town Hall and a \$1.26 billion infrastructure spend. All up, 820 of you had your say on Council's proposals.

Since then, we've made good progress and we're largely on track to deliver what was promised. But there are some proposed changes that have been made since we signed off our 10-Year Plan. These changes are not major but it's important you are aware of them and can provide some feedback, if you choose to, before we finalise our plans for the coming year.

One project that could change but isn't included in this draft Annual Plan is *Te Ara Wai*. We're progressing well on what we said we'd deliver in our 10-Year Plan but there could be an opportunity for further external funding, meaning the scope of this project could change (with no impact on rates). We'll keep you in the loop on this over the next few months. You can find out more detail about what's planned for 2019/20 by viewing a copy of the draft Annual Plan at Council offices, libraries or by visiting

## Table of Contents

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Message from the Mayor .....	2
Annual Plan Overview .....	4
Summary of changes from the 10-Year Plan 2018-28: by group of activities.....	6
Governance group.....	7
Planning and Regulatory group.....	10
Community Services and Facilities group.....	13
Roads and Footpaths group .....	19
Stormwater.....	23
Wastewater Treatment and Disposal group .....	26
Water Treatment and Supply group .....	29
Support Services group .....	33
Financial planning.....	36
Council reserves .....	45
Financial Disclosure Statements.....	48
Statement of accounting policies.....	50
Funding Impact Statement.....	66
Rates Information.....	70
Rates breakdown – Indicator Properties.....	77

### What is an Annual Plan?

Every three years we produce a 10-Year Plan to set the future direction of Council for the district. Outside of those years we produce an Annual Plan which identifies any changes or additions to the projects, activities and financial information included in the 10-Year Plan. The latest 10-Year Plan was produced in 2018.

In addition we produce an Annual Report to review our performance against the 10-Year and Annual Plans. Together, these three publications define our priorities and detail our management of the district.

### What has changed from the 10-Year Plan

Very little has changed overall. There have been changes to individual projects so some are being implemented in 2018/19 (sooner than originally planned) and others being implemented later (either pushed back into 2019/20 or will now be undertaken in later years); however, in terms of project costs, these changes largely balance themselves out.

One major difference is the already-approved expanded budget for the Cambridge Pool. A large part of this change is due to costs expected in 2018/19 being deferred to 2019/20; a further \$4 million is required for the project but this will largely be met from property sales without any rating impact.

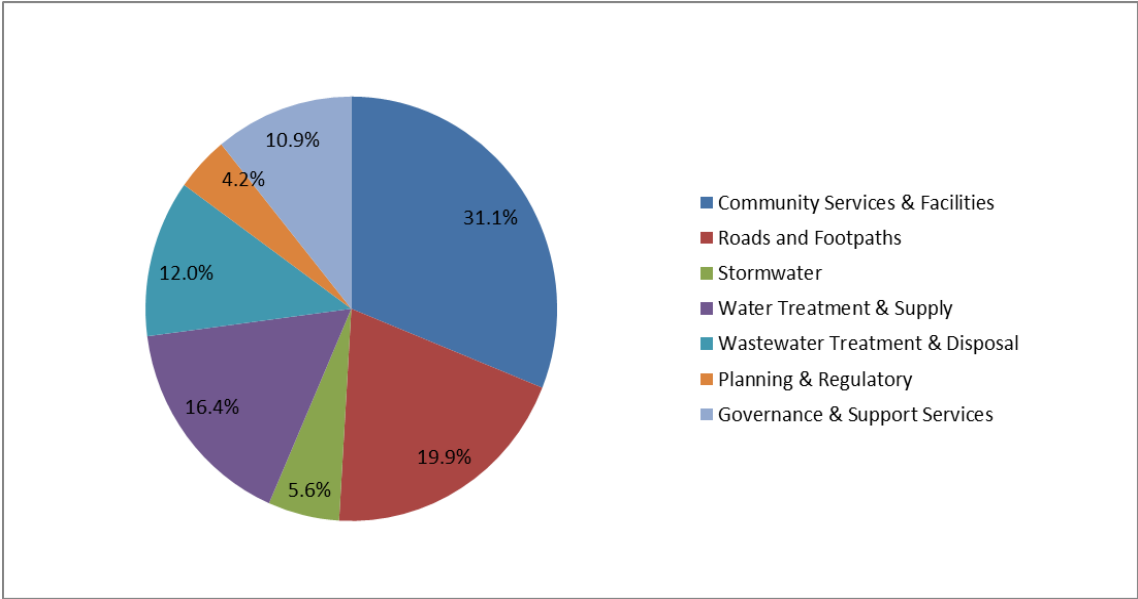
Council is to continue charging for water via meters on property complexes in the same way as before: an equal division of the bill between the component properties with an option for a later remission.

Council has already resolved to change its kerbside recycling contract, but due to changes in the international recycling market there has been an increase in the contract price; this will be funded via the recycling targeted rate.

Council is changing the way it funds community sports and recreation centres in Ohaupo, Pirongia and Kaipaki. This entails changing the catchment areas for each centre to achieve a more equitable arrangement for ratepayers. This has little or no overall rating implications.

During 2019 two new issues have emerged, the implications of which are unlikely to impact Council budgets and ratepayers during 2019/20: *Te Ara Wai* and the Hamilton2Auckland transport corridor initiative. The former aims to be largely funded from external sources such as the Regional Growth Fund, but until Council knows how much can be raised it will not know how much ratepayers may be asked to contribute – if anything. The latter is concerned with economic and population growth, managing overspill from Auckland and providing new transport and working arrangements. This will take time to plan, and longer to identify the social, economic and environmental implications for Waipa and ratepayers.

# How will your rates be spent in 2019/20?



# Summary of changes from the 10-Year Plan 2018-28: by group of activities

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Our 10-Year Plan 2018-28 contains our proposed activities, projects and programmes and associated budgets for 2019/20. This Annual Plan looks at the groups of activities detailed in the 10-Year Plan and identifies where these projections have been adjusted from what was originally proposed.

The groups of activities covered in this section are:

▪ Governance	▪ Stormwater
▪ Planning and Regulatory	▪ Wastewater Treatment and Disposal
▪ Community Services and Facilities	▪ Water Treatment and Supply
▪ Roads and Footpaths	▪ Support Services

For each group of activities is shown:

- A description of the group’s services
- The key projects identified in the 10-Year Plan for 2019/20
- The changes from the 10-Year Plan 2018-28
- Statement of the cost of the service
- Capital expenditure
- Funding impact statement

## **Governance group**

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### **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.

Additionally, the Governance group of activities is responsible for ensuring Māori involvement in decision making, and strategy and community relationships.

### **Key projects for 2019/20**

- Commence development of the 10-Year Plan 2021-31
- Continuing with regional and sub-regional collaboration

### **Changes from the 10-Year Plan 2018-28**

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 108 to 114). The variations from the 10-Year Plan 2018-28 are shown in the following tables.

### **Cost of service variances**

- Restructure, new department Business Improvement separated from Strategic Planning, transferred to Support Services

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Elections	-	66	66	-
Community Grants	42	42	42	-
<b>TOTAL REVENUE</b>	<b>42</b>	<b>108</b>	<b>108</b>	<b>-</b>
<b>OPERATING EXPENDITURE</b>				
Council & Committees	2,609	2,680	2,638	(42)
Cambridge Community Board	188	193	191	(2)
Te Awamutu Community Board	184	189	186	(3)
Elections	28	221	231	10
Community Grants	882	533	540	7
Strategic Planning	3,096	2,840	2,463	(377)
Community Relationships	1,737	1,867	1,893	26
<b>TOTAL EXPENDITURE</b>	<b>8,724</b>	<b>8,523</b>	<b>8,142</b>	<b>(381)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(8,682)</b>	<b>(8,415)</b>	<b>(8,034)</b>	<b>381</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	68	-	-	-
Debt Repayment (Internal)	587	548	544	(4)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>655</b>	<b>548</b>	<b>544</b>	<b>(4)</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To replace existing assets</b>				
Council Chambers Upgrade	68	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>68</b>			
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>68</b>			



## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	6,592	7,422	6,931	(491)
Targeted rates	1,871	1,318	1,324	6
Subsidies and grants for operating purposes	42	42	42	-
Fees and charges	-	66	66	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	395	65	65	-
<b>Total sources of operating funding (A)</b>	<b>8,900</b>	<b>8,913</b>	<b>8,428</b>	<b>(485)</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,459	4,463	4,224	(239)
Finance costs	117	137	143	6
Internal charges and overheads applied	2,829	2,940	2,794	(146)
Other operating funding applications	1,313	977	974	(3)
<b>Total applications of operating funding (B)</b>	<b>8,718</b>	<b>8,517</b>	<b>8,135</b>	<b>(382)</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>182</b>	<b>396</b>	<b>293</b>	<b>(103)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	68	-	-	-
Increase (decrease) in reserves	114	396	293	(103)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>182</b>	<b>396</b>	<b>293</b>	<b>(103)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(182)</b>	<b>(396)</b>	<b>(293)</b>	<b>103</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Planning and Regulatory group

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### What we do

We provide Planning and Regulatory services to manage the natural and physical resources of the district, and promote and protect the health and safety of our communities.

Planning and Regulatory activities include:

- Animal Control
- Building Compliance
- Development Engineering
- Environmental health
- Resource consents, enforcement and land information memorandums

### Key projects for 2019/20

- Retention of Building Consent Authority accreditation

### Changes from the 10-Year Plan 2018-28

There are no significant or material changes from the programme outlined in the 10-Year Plan (pages 115 to 122). The variations from the 10-Year Plan 2018-28 are shown in the following tables.

### Cost of service variances

- Building Control computer system, Alpha One funded by additional revenue.

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Fees and Charges:				
Resource Management	1,497	1,528	1,772	244
Building Control	2,524	2,346	2,551	205
Environmental Health	423	428	449	21
Animal Control	528	538	549	11
Development Engineering	243	248	289	41
<b>TOTAL REVENUE</b>	<b>5,215</b>	<b>5,088</b>	<b>5,610</b>	<b>522</b>
<b>OPERATING EXPENDITURE</b>				
Resource Management	2,420	2,586	2,920	334
Building Control	2,547	2,461	2,709	248
Environmental Health	1,004	1,043	1,089	46
Animal Control	809	792	802	10
Development Engineering	691	732	722	(10)
<b>TOTAL EXPENDITURE</b>	<b>7,471</b>	<b>7,614</b>	<b>8,242</b>	<b>628</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,256)</b>	<b>(2,526)</b>	<b>(2,632)</b>	<b>(106)</b>
<b>CAPITAL EXPENDITURE</b>				
Debt Repayment	22	23	23	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>-</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Level of Service</b>				
	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	2,107	2,453	2,549	96
Targeted rates	226	94	106	12
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	5,214	5,088	5,609	521
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>7,547</b>	<b>7,635</b>	<b>8,264</b>	<b>629</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	5,705	5,720	6,227	507
Finance costs	10	9	9	-
Internal charges and overheads applied	1,751	1,878	2,000	122
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>7,466</b>	<b>7,607</b>	<b>8,236</b>	<b>629</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>81</b>	<b>28</b>	<b>28</b>	<b>-</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	-	-	-	-
Increase (decrease) in reserves	81	28	28	-
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>81</b>	<b>28</b>	<b>28</b>	<b>-</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(81)</b>	<b>(28)</b>	<b>(28)</b>	<b>-</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Community Services and Facilities group

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### What we do

We provide recreational benefits and promote the social and environmental wellbeing of our communities.

Community services and facilities activities include:

- Parks & Reserves
  - Open Spaces
  - Playgrounds
  - Public Toilets
  - Cemeteries
- Libraries
- Property Services
  - Community Land & Buildings
  - Pensioner Housing
- Heritage
- Swimming Pools
- Waste Management and Minimisation

### Key projects for 2019/20

- Cambridge Town Pool and Playground development
- Cambridge growth cells C1, C2 and C3 reserves development
- *Te Ara Wai* design and build

### Changes from the 10-Year Plan 2018-28

Cambridge Pool development: in 2018 we said "\$15m is to be invested in the Cambridge town pool development and associated playground between 2018 and 2020"; in 2019/20 the budget was to be \$2m. This is now increased by \$4m (to \$6m in 2019/20) due to project and construction costs, and will be funded primarily by property sales.

Community halls funding: in 2018 we said "A special rating area has been defined for 18 of the [32 district] halls to assist funding maintenance and operating costs."

Now we are realigning the recreation and sports centre catchment areas for rates funding and to future proof for future needs of the centres. Pirongia catchment will be reduced and will cover a more southerly area; the northern part of current Pirongia catchment will become part of the Ohaupo catchment.

Recycling activity costs: in 2018 we estimated these for 2019/20 to be \$1,561,185.

Due to the challenges of the international recycling market, increased costs and the capital costs of new wheeled bins, the new recycling contract beginning in March 2018 has higher costs of \$9,319,459.60 over seven years to 2025. This means an increase of \$624,000 in 2019/20. This will be funded by the kerbside recycling targeted rate.

#### **Cost of service variances**

- Delay in opening of Cambridge Pool, operation expenses budgeted at 3 months instead of 9 months.
- Increase in scope for recycling with the new contract and recycling bins.
- Exhibition Planning, Design, Development and Install: \$130,000 deferred from 2018/19 due to project timing.

#### **Capital variances**

- Destination Playground - Rangimarie Reserve: \$51,000 deferred to later year.
- Playground Reserve Land Cambridge North: \$430,000 deferred cost from 2018/19.
- Reserves - C1, C2 & C3: \$980,000 reduction due to timing of growth in these areas.
- Cambridge Town Pool Development: \$10,777,100 additional cost due to project timing; this includes \$6.7m deferred from 2018/19; net increase of \$4.077m.
- New Pensioner Housing Construction: \$2.752m timing change due to later timing for pensioner housing on Cambridge Road, Te Awamutu.

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Fees and Charges:				
Mighty River Domain	775	706	721	15
District Museums	96	98	98	-
District Libraries	191	196	196	-
District Pools	237	422	333	(89)
Cemeteries	188	192	192	-
Properties	1,176	778	782	4
Pensioner Housing & Own your Own Housing	1,172	1,093	1,060	(33)
Forestry	-	-	-	-
Rural Fire/Civil Defence	159	162	195	33
Waste Management	205	212	205	(7)
<b>TOTAL REVENUE</b>	<b>4,199</b>	<b>3,859</b>	<b>3,782</b>	<b>(77)</b>
<b>OPERATING EXPENDITURE</b>				
Parks and Reserves	6,746	7,113	7,442	329
Mighty River Domain	1,624	1,590	1,607	17
District Museums	1,309	1,913	2,019	106
District Libraries	1,977	2,044	2,130	86
District Pools	2,202	4,147	2,709	(1,438)
Heritage	475	541	497	(44)
Cemeteries	359	357	369	12
Public Toilets	645	634	640	6
Properties	3,673	3,207	3,371	164
Pensioner Housing & Own your Own Housing	1,323	1,412	1,382	(30)
Forestry	106	179	134	(45)
Civil Defence	292	310	325	15
Waste Management	1,352	1,335	1,962	627
National Cycle Centre of Excellence	30	31	31	-
<b>TOTAL EXPENDITURE</b>	<b>22,113</b>	<b>24,813</b>	<b>24,618</b>	<b>(195)</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(17,914)</b>	<b>(20,954)</b>	<b>(20,836)</b>	<b>118</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	23,406	11,769	20,556	8,787
Debt Repayment (Internal)	574	931	882	(49)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>23,980</b>	<b>12,700</b>	<b>21,438</b>	<b>8,738</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To Meet Additional Demand</b>				
Buffer Reserve Land Purchase	214	-	-	-
Reserve Purchases - Developments	358	153	-	(153)
Playground Reserve Land Cambridge North	431	-	430	430
Playground on Neighbourhood Reserve Cambridge North	-	59	-	(59)
Cambridge Growth Cells Reserves (C1, C2 and C3)	420	1,000	20	(980)
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>1,423</b>	<b>1,212</b>	<b>450</b>	<b>(762)</b>
<b>To Improve Level of Service</b>				
Cambridge Town Pool Development	12,904	2,000	12,792	10,792
Cambridge Pool Playground	-	15	-	(15)
Cambridge Town Hall Upgrades	200	-	-	-
Destination Playgrounds	364	138	87	(51)
Reserve Developments	253	369	369	-
Castleton Park - Sports Fields	-	-	-	-
Cambridge Town Belt Development	50	-	-	-
Waipuke Park Development	100	122	122	-
Karapiro Domain Improvements	190	41	41	-
Lake Ngaroto Recreation Reserve	429	-	-	-
Lake Ngaroto - Development and Restoration (including Heritage)	305	117	117	-
Kakepuku - Interpretation & Restoration	5	2	2	-
Lake Rotopiko Heritage Development	-	5	5	-
Peat Lake Programme	5	5	5	-
Lake Mangakaware - Restoration, Development & Enhancement of Heritage Values	20	26	26	-
Matakitaki Access & Restoration	13	-	-	-
Waiari Pa - Access & Restoration Planning	5	-	-	-
Pukemako A & B - Planning & Restoration	15	17	17	-
Land Wars - Site Interpretation & Facilities	12	117	117	-
Flour Mill Sites - Access & Interpretation	15	15	15	-
Mt Pirongia - collaboration with DOC	45	-	-	-
Land Acquisition - Structure Plan areas Karapiro Gully etc.	-	255	-	(255)
Land Acquisition - Esplanade Reserves	100	102	102	-
Addison Street Development - Property	(50)	-	-	-
Purchase of Property for for Te Awamutu Commercial	339	-	-	-
Te Rahu Road Development - Property	-	265	265	-



	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
Cycling - Te Awamutu/Ngaroto/Pirongia Connection	918	-	-	-
Public Conveniences - New Toilet Blocks	182	414	663	249
Pensioner Housing - Upgrades and New Buildings	1,940	2,755	-	(2,755)
Purchase of land for Te Awamutu Western Arterial	300	-	-	-
Storage Facilities for Climax Engine	20	408	-	(408)
Purchase of Land for Te Awamutu Hub Development	50	-	-	-
Design and Built Discovery Centre	560	1,489	1,489	-
Discovery Centre - Exhibition Planning, Design, Development & Install	70	524	654	130
Te Awamutu Community Hub - External Social Space between Library	-	-	-	-
Heritage Showcase Sites	600	249	119	(130)
Te Awamutu Community Hub Precinct	25	10	10	-
Slip Remediation (Mangaohoi Stream & Settlers Track)	380	-	-	-
Recycling Bins	-	-	2,000	2,000
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>20,364</b>	<b>9,460</b>	<b>19,017</b>	<b>9,557</b>
<b>To Replace Existing Assets</b>				
Parks Renewals	152	92	92	-
Playground Equipment & Safety Surfaces Renewal	57	58	58	-
Parks Structure Renewals	57	58	58	-
Karapiro / Arapuni Lakes Programme	-	-	-	-
Plant Replacement - Mighty River Domain	12	36	36	-
Library Books	347	354	354	-
District Pools - Asset Renewals	568	154	146	(8)
Pensioner Housing Renewals	300	306	306	-
Carpark Renewals	126	39	39	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>1,619</b>	<b>1,097</b>	<b>1,089</b>	<b>(8)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>23,406</b>	<b>11,769</b>	<b>20,556</b>	<b>8,787</b>

## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	12,393	14,144	14,518	374
Targeted rates	4,790	5,360	5,036	(324)
Subsidies and grants for operating purposes	11	11	11	-
Fees and charges	4,057	3,760	3,748	(12)
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>21,251</b>	<b>23,275</b>	<b>23,313</b>	<b>38</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	15,199	17,128	17,185	57
Finance costs	674	1,328	1,132	(196)
Internal charges and overheads applied	2,805	3,013	3,329	316
Other operating funding applications	360	326	329	3
<b>Total applications of operating funding (B)</b>	<b>19,038</b>	<b>21,795</b>	<b>21,975</b>	<b>180</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>2,213</b>	<b>1,480</b>	<b>1,338</b>	<b>(142)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	1,040	449	591	142
Development and financial contributions	612	504	578	74
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,652</b>	<b>953</b>	<b>1,169</b>	<b>216</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,423	1,212	450	(762)
- to improve the level of service	20,364	9,460	19,017	9,557
- to replace existing assets	1,619	1,097	1,089	(8)
Increase (decrease) in reserves	(19,541)	(9,336)	(18,049)	(8,713)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,865</b>	<b>2,433</b>	<b>2,507</b>	<b>74</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(2,213)</b>	<b>(1,480)</b>	<b>(1,338)</b>	<b>142</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Roads and Footpaths group

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### What we do

The Roads and footpaths group is the primary service provider for the provision of the local transport network.

It oversees a range of the district's core infrastructure assets and services including:

- Roads and structures
- Footpaths and cycleways
- Signage and traffic facilities
- Street lighting
- Road corridor amenity

### Key projects for 2019/20

- Development of road infrastructure in Cambridge growth cells C1, C2 and C3 to meet additional demand from population growth.
- Town Concept Plans and Streetscape implementation.
- Cambridge bypass roading improvements.
- Road seal extensions: programme to seal currently unsealed roads.

### Changes from the 10-Year Plan 2018-28

There are no significant or material changes from the programme outlined in the 10-Year Plan 2018-28 other than for changes in the timing of projects. The variations from the 10-Year Plan 2018-28 are shown in the following tables. The main activity changes are as follows:

#### Cost of service variances:

- Higher depreciation expense
- Higher NZTA revenue to partially fund additional capital expenditure

#### Capital variances:

- Cambridge Growth Cell Roding Land Purchases C1: \$500,000 spending delayed to a future year appropriate to the timing of growth demand.
- Contribution Te Awa River Ride: \$1.116m deferred as negotiations continue with landowners for access rights etc.
- Williamson St – Streetscape: \$730,000 deferred from 2018/19 due to the timing of the Cambridge Town Pool development.
- Hautapu - Cycleway connection Victoria to Hannon: \$275,940 deferred from 2018/19 due to growth timing to enable pipelines to be installed at the same time.
- Town Concept Plan Implementation (Te Awamutu): \$50,000 additional costs for supply of underground power to *Te Ara Wai*.

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Fees, charges and NZTA subsidy	7,838	8,132	8,425	293
Finance Income	89	95	104	9
<b>TOTAL REVENUE</b>	<b>7,927</b>	<b>8,227</b>	<b>8,529</b>	<b>302</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	9,589	9,800	9,995	195
Activity Expenses	8,577	8,550	8,619	69
Internal charges and Overheads	1,513	1,533	1,827	294
Finance Costs	884	998	885	(113)
<b>TOTAL EXPENDITURE</b>	<b>20,563</b>	<b>20,881</b>	<b>21,326</b>	<b>445</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(12,636)</b>	<b>(12,654)</b>	<b>(12,797)</b>	<b>(143)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	13,284	15,613	17,280	1,667
Vested Assets	5,401	5,408	5,408	-
Debt Repayment (Internal)	1,022	1,028	878	(150)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>19,707</b>	<b>22,049</b>	<b>23,566</b>	<b>1,517</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Capital Projects	100	256	256	-
Cambridge Growth Cells (C1,C2 and C3) incls Land Purchase	-	1,789	1,289	(500)
Hautapu Structure Plan and Cycleway	530	818	1,094	276
St Leger and Kihikihi Road	-	256	256	-
Picquet Hill Plan Change Rooding	-	77	77	-
Frontier Road Plan Change	-	-	-	-
Urban Upgrades - Development Related	80	51	51	-
Village Growth Transportation Programme	-	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>710</b>	<b>3,247</b>	<b>3,023</b>	<b>(224)</b>
<b>To Improve Level of Service</b>				
Seal Extensions	500	500	500	-
New Footpaths	120	123	123	-
Car Park Improvements	102	51	51	-
Town Concept Plans and Streetscape Implementation	2,176	1,482	1,527	45
Passenger Transport Infrastructure	-	-	-	-
Street Light Improvements	350	358	358	-
Cycle Projects District Wide	531	710	1,824	1,114
CBD Accessibility Improvements	282	20	20	-
Cambridge Bypass Rooding Improvements	580	1,533	1,533	-
Major Improvements	-	202	934	732
Bridge Footpath Widening	-	-	-	-
Associated Improvements	400	-	-	-
Minor Improvements	494	885	885	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>5,535</b>	<b>5,864</b>	<b>7,755</b>	<b>1,891</b>
<b>To Replace Existing Assets</b>				
Footpath Renewals	403	426	426	-
Amenity Lighting Renewals	30	-	-	-
Car Park Renewals	50	36	36	-
Drainage Renewals	295	363	363	-
Sealed Road Resurfacing	2,535	2,606	2,606	-
Unsealed Road Metalling	112	61	61	-
Bridge Renewals	60	-	-	-
Pavement Rehabilitation	890	2,606	2,606	-
Structures Component Renewal	2,579	307	307	-
Traffic Services Renewals	25	26	26	-
Bus Shelter Renewals	10	-	-	-
Cycleway Renewals	-	20	20	-
Guardrail Renewals	50	51	51	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>7,039</b>	<b>6,502</b>	<b>6,502</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>13,284</b>	<b>15,613</b>	<b>17,280</b>	<b>1,667</b>

## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	10,949	11,748	11,818	70
Targeted rates	1,451	728	778	50
Subsidies and grants for operating purposes	2,968	2,912	2,988	76
Fees and charges	688	724	724	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>16,056</b>	<b>16,112</b>	<b>16,308</b>	<b>196</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	7,577	7,528	7,597	69
Finance costs	884	998	885	(113)
Internal charges and overheads applied	1,513	1,533	1,827	294
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,974</b>	<b>10,059</b>	<b>10,309</b>	<b>250</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,082</b>	<b>6,053</b>	<b>5,999</b>	<b>(54)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,340	4,496	4,574	78
Development and financial contributions	1,351	1,912	1,828	(84)
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,691</b>	<b>6,408</b>	<b>6,402</b>	<b>(6)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	710	3,247	3,023	(224)
- to improve the level of service	5,535	5,864	7,755	1,891
- to replace existing assets	7,039	6,502	6,502	-
Increase (decrease) in reserves	(1,511)	(3,152)	(4,879)	(1,727)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>11,773</b>	<b>12,461</b>	<b>12,401</b>	<b>(60)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,082)</b>	<b>(6,053)</b>	<b>(5,999)</b>	<b>54</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Stormwater

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### What we do

We are the primary service provider for managing stormwater in urban areas. Council maintains all of Waipā's public rural drains.

Waipā maintains stormwater assets worth \$98 million and consisting of 158 kilometres of pipes, 2,944 manholes and other related structures such as open drains, streams, swales, soak systems and retention structures. An appropriately managed system will limit the impacts of flooding and ensure that stormwater discharges to waterways are free from contaminants.

### Key projects for 2019/20

- Cambridge North residential stormwater works to meet additional demand.
- Cambridge growth cells C1, C2 and C3 stormwater infrastructure development.

### Changes from the 10-Year Plan 2018-28

There are no significant or material changes from the programme outlined in the 10-Year Plan 2018-28 other than for changes in the timing of projects. The variations from the 10-Year Plan 2018-28 are shown in the following tables.

#### Capital variances:

- Construct balance of Cambridge North western storage basin: \$1.9m brought forward to 2018/19.

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Finance Income	63	72	58	(14)
<b>TOTAL REVENUE</b>	<b>63</b>	<b>72</b>	<b>58</b>	<b>(14)</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	1,343	1,493	1,461	(32)
Activity Expenses	3,222	1,807	1,854	47
Internal charges and Overheads	462	480	518	38
Finance Costs	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>5,027</b>	<b>3,780</b>	<b>3,833</b>	<b>53</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(4,964)</b>	<b>(3,708)</b>	<b>(3,775)</b>	<b>(67)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	10,418	9,496	7,506	(1,990)
Vested Assets	2,939	2,946	2,946	-
Debt Repayment (Internal)	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>13,357</b>	<b>12,442</b>	<b>10,452</b>	<b>(1,990)</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Residential Stormwater Works	8,497	4,809	2,901	(1,908)
Cambridge Growth Cells (C1, C2 and C3)	600	2,945	2,945	-
Hautapu Industrial Stormwater	220	820	820	-
Cambridge Park Stormwater Provision	-	256	256	-
Bond Road Stormwater Culvert	300	-	-	-
Kihikihi Stormwater Works	80	256	174	(82)
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>9,697</b>	<b>9,086</b>	<b>7,096</b>	<b>(1,990)</b>
<b>To Improve Level of Service</b>				
Consent, Remedial and Flood Mitigation Work	(264)	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>(264)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>To Replace Existing Assets</b>				
Renewals	985	410	410	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>985</b>	<b>410</b>	<b>410</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>10,418</b>	<b>9,496</b>	<b>7,506</b>	<b>(1,990)</b>



## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	231	258	260	2
Targeted rates	3,114	3,236	3,300	64
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>3,345</b>	<b>3,494</b>	<b>3,560</b>	<b>66</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,598	1,592	1,639	47
Finance costs	-	-	-	-
Internal charges and overheads applied	462	480	518	38
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,060</b>	<b>2,072</b>	<b>2,157</b>	<b>85</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,285</b>	<b>1,422</b>	<b>1,403</b>	<b>(19)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	4,302	4,105	4,576	471
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,302</b>	<b>4,105</b>	<b>4,576</b>	<b>471</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	9,697	9,086	7,096	(1,990)
- to improve the level of service	(264)	-	-	-
- to replace existing assets	985	410	410	-
Increase (decrease) in reserves	(4,831)	(3,969)	(1,527)	2,442
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,587</b>	<b>5,527</b>	<b>5,979</b>	<b>452</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,285)</b>	<b>(1,422)</b>	<b>(1,403)</b>	<b>19</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Wastewater Treatment and Disposal group

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### What we do

We provide a safe, effective and reliable system for managing wastewater in urban areas to maintain public health and protect land and waterways from contamination.

The wastewater treatment and disposal activity includes the reticulation network for the collection of sewage and trade waste and its treatment and disposal.

### Key projects for 2019/20

- Te Awamutu Wastewater Treatment Plant upgrade to meet additional demand.
- Waikeria Prison expansion: wastewater infrastructure upgrade.

### Changes from the 10-Year Plan 2018-28

The significant or material changes from the programme outlined in the 10-Year Plan 2018-28 (other than for changes in the timing of projects) are primarily due to additional infrastructure requirements arising from the completion of a privately sponsored change to the District Plan. The variations from the 10-Year Plan 2018-28 are shown in the following tables. The main activity changes are as follows:

#### Cost of service variances:

- Lower depreciation costs
- Offset by higher overheads and internal charges

#### Capital variances:

- Hautapu East wastewater development: \$3.5m additional funding due to growth arising from District Plan Change 11.
- Hautapu Industrial wastewater provision (C1): \$400,000 deferred from 2018/19 due to changed development pressures.
- Te Awamutu growth cell T1 development wastewater provision: \$248,050 deferred to later year.
- Te Awamutu Sewer Pump Station Renewals: \$1.3m additional spending for Christie Avenue Pump Station to improve its efficiency and capacity.
- Waikeria Prison Expansion - Waipa District Council upgrades and wastewater connection: \$4.5m (\$4.5m to be recovered from Department of Corrections).

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Fees and Charges	561	575	575	-
Finance Income	203	253	263	10
<b>TOTAL REVENUE</b>	<b>764</b>	<b>828</b>	<b>838</b>	<b>10</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	3,013	3,297	3,120	(177)
Activity Expenses	3,268	3,414	3,397	(17)
Internal charges and Overheads	1,135	1,214	1,507	293
Finance Costs	122	299	200	(99)
<b>TOTAL EXPENDITURE</b>	<b>7,538</b>	<b>8,224</b>	<b>8,224</b>	<b>-</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(6,774)</b>	<b>(7,396)</b>	<b>(7,386)</b>	<b>10</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	16,935	30,040	39,543	9,503
Vested Assets	2,552	2,557	2,557	-
Debt Repayment (Internal)	52	116	77	(39)
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>19,539</b>	<b>32,713</b>	<b>42,177</b>	<b>9,464</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To Meet Additional Demand</b>				
Cambridge North Wastewater Provision	267	718	718	-
Cambridge Growth Cells (C1, C2 and C3)	70	513	563	50
Hautapu Industrial Wastewater	100	2,673	6,573	3,900
Te Awamutu Wastewater Treatment Plant Upgrade	1,301	10,045	10,045	-
Te Awamutu Wastewater Pipe Upgrades	9	-	-	-
Te Awamutu Growth Provision (T1)	322	247	-	(247)
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>2,069</b>	<b>14,196</b>	<b>17,899</b>	<b>3,703</b>
<b>To Improve Level of Service</b>				
Waikeria Prison Expansion - WW Connection	6,372	12,813	17,313	4,500
Cambridge Wastewater Treatment Plant Upgrade	1,016	1,261	1,261	-
Vogel & Alpha Street Odour Control	50	51	51	-
Southern Area Wastewater Study	(78)	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>7,360</b>	<b>14,125</b>	<b>18,625</b>	<b>4,500</b>
<b>To Replace Existing Assets</b>				
Renewals	1,274	1,468	1,468	-
Cambridge Pipe Bridge	4,650	-	-	-
Plant and Pumps	1,582	251	1,551	1,300
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>7,506</b>	<b>1,719</b>	<b>3,019</b>	<b>1,300</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>16,935</b>	<b>30,040</b>	<b>39,543</b>	<b>9,503</b>

## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	542	640	638	(2)
Targeted rates	6,553	6,785	6,938	153
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	561	575	575	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>7,656</b>	<b>8,000</b>	<b>8,151</b>	<b>151</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,791	3,004	2,987	(17)
Finance costs	122	299	200	(99)
Internal charges and overheads applied	1,135	1,214	1,507	293
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,048</b>	<b>4,517</b>	<b>4,694</b>	<b>177</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,608</b>	<b>3,483</b>	<b>3,457</b>	<b>(26)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	9,738	-	(9,738)
Development and financial contributions	1,318	2,798	3,068	270
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,318</b>	<b>12,536</b>	<b>3,068</b>	<b>(9,468)</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	2,069	14,196	17,899	3,703
- to improve the level of service	7,360	14,125	18,625	4,500
- to replace existing assets	7,506	1,719	3,019	1,300
Increase (decrease) in reserves	(12,009)	(14,021)	(33,018)	(18,997)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4,926</b>	<b>16,019</b>	<b>6,525</b>	<b>(9,494)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,608)</b>	<b>(3,483)</b>	<b>(3,457)</b>	<b>26</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Water Treatment and Supply group

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### 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, Ōhaupō, Pukerimu and Karāpiro and operate seven water treatments plants. We are responsible for maintaining water supply assets worth \$198 million including 573km of water pipes plus pump stations, reservoirs and treatment plants.

### Key projects for 2019/20

To improve levels of service:

- Parallel Road Water Treatment Plant upgrade
- Parallel Road to Taylor's Hill Pipeline upgrade
- Raw water main renewal and inlet pump installation

To prepare for additional demand:

- Cambridge growth cells C1, C2, C3, C4 and C7 infrastructure development
- Cambridge North to Hautapu pipeline installation

### Changes from the 10-Year Plan 2018-28

In the 10-Year Plan Council introduced universal water metering and volumetric pricing. However, in complexes where more than one property is served by a single water meter there are difficulties in charging the volumetric costs appropriately. Council has opted to split the water bill equally between all the users on a single meter and apply a remissions policy to achieve a more equitable outcome.

#### Cost of service variances

- Higher depreciation expense, based on last revaluation.

#### Capital variances

- Parallel Road raw water main renewal and inlet pump installation: \$4.1m brought forward to 2018/19.
- Cambridge North to Hautapu Pipeline and growth cell C8: \$353,350 deferred from 2018/19 due to growth pressures.
- Cambridge water reticulation for growth cells C2 and C3: \$2m deferred to a later year to align with the timing of new growth demand.
- Hautapu East water development: \$500,000 additional cost due to growth arising from District Plan Change 11.
- Parallel Road treatment Plant and Taylors Hill pipeline deferred from 18/19 into 19/20.

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Fees and charges	410	383	443	60
Targeted rates for water supply	10,194	10,681	10,695	14
Finance Income	115	91	184	93
<b>TOTAL REVENUE</b>	<b>10,719</b>	<b>11,155</b>	<b>11,322</b>	<b>167</b>
<b>OPERATING EXPENDITURE</b>				
Depreciation and Amortisation	4,294	4,718	4,886	168
Activity Expenses	6,416	6,999	6,992	(7)
Internal charges and Overheads	907	337	373	36
Finance Costs	-	390	418	28
<b>TOTAL EXPENDITURE</b>	<b>11,617</b>	<b>12,444</b>	<b>12,669</b>	<b>225</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(898)</b>	<b>(1,289)</b>	<b>(1,347)</b>	<b>(58)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	14,468	20,175	22,928	2,753
Vested Assets	1,586	1,593	1,593	-
Debt Repayment (Internal)	-	148	227	79
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>16,054</b>	<b>21,916</b>	<b>24,748</b>	<b>2,832</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To Meet Additional Demand</b>				
Dedicated Main Leamington to Hautapu	154	123	123	-
Cambridge North to Hautapu Pipeline	141	2,101	2,454	353
Cambridge North Water Provision	2,379	-	-	-
Cambridge Growth Cells (C1, C2, C3, C4 and C7)	550	2,051	51	(2,000)
Water Supply Provision Cambridge (C6)	-	46	46	-
Cambridge Water Reticulation Active Control	70	113	113	-
Karapiro Water Treatment Plant Upgrade	260	-	-	-
Hautapu East Water Development - Industrial Supply	-	-	500	500
Te Awamutu Growth Cells	220	-	-	-
Pukerimu Airport Supply	151	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>3,925</b>	<b>4,434</b>	<b>3,287</b>	<b>(1,147)</b>
<b>To Improve Level of Service</b>				
Raw Water Main Renewal & Inlet Pump Installation	3,800	4,100	-	(4,100)
Parallel Road Water Treatment Plant Upgrade	1,097	4,100	8,100	4,000
Parallel Road to Taylors Hill Pipeline	715	4,100	8,100	4,000
Karapiro Rising Main	12	-	-	-
Hicks Rd Main Installation	1,775	-	-	-
Te Awamutu Active Reticulation Control	-	113	113	-
Kihikihi Water Supply - Advanced Treatment	55	354	354	-
Standby Generators for Treatment Plants	107	248	248	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>7,561</b>	<b>13,015</b>	<b>16,915</b>	<b>3,900</b>
<b>To Replace Existing Assets</b>				
District Wide Water Main Renewals	2,620	2,450	2,450	-
Reservoir Renewals	-	21	21	-
Te Tahī Papesch Trunk Renewal	(1)	-	-	-
Plant and Pumps	363	255	255	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>2,982</b>	<b>2,726</b>	<b>2,726</b>	<b>-</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>14,468</b>	<b>20,175</b>	<b>22,928</b>	<b>2,753</b>

## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	658	722	816	94
Targeted rates	10,330	10,713	10,753	40
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	410	443	443	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>11,398</b>	<b>11,878</b>	<b>12,012</b>	<b>134</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	6,525	6,486	6,480	(6)
Finance costs	-	390	418	28
Internal charges and overheads applied	297	337	373	36
Other operating funding applications	5	5	5	-
<b>Total applications of operating funding (B)</b>	<b>6,827</b>	<b>7,218</b>	<b>7,276</b>	<b>58</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4,571</b>	<b>4,660</b>	<b>4,736</b>	<b>76</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	1,795	1,925	2,061	136
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,795</b>	<b>1,925</b>	<b>2,061</b>	<b>136</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	3,925	4,434	3,287	(1,147)
- to improve the level of service	7,561	13,015	16,915	3,900
- to replace existing assets	2,982	2,726	2,726	-
Increase (decrease) in reserves	(8,102)	(13,590)	(16,131)	(2,541)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,366</b>	<b>6,585</b>	<b>6,797</b>	<b>212</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4,571)</b>	<b>(4,660)</b>	<b>(4,736)</b>	<b>(76)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Support Services group

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### What we do

This group provides a range of specialist skills and services to support the organisation to efficiently deliver services.

Support Services includes:

- Customer support
- Financial management
- Human resources
- Information services
- Legal and corporate support
- Business improvement

### Key projects for 2019/20

- replacement of existing assets such as computer hardware and plant.
- building upgrades to improve levels of service at Council facilities.

### Changes from the 10-Year Plan 2018-28

There are no significant or material changes from the programme outlines in the 10-Year Plan 2018-28 other than for changes in the timing of projects. The variations from the 10-Year Plan 2018-28 are shown in the following tables.

#### Cost of service variances

- Restructure, new department Business Improvement separated from Strategic Planning.
- Additional staffing required for the higher capital works instead of using external consultants.

## Statement of cost of service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Fees and Charges	66	48	67	19
<b>TOTAL REVENUE</b>	<b>66</b>	<b>48</b>	<b>67</b>	<b>19</b>
<b>OPERATING EXPENDITURE</b>				
Employee Related Expenses	8,201	7,730	9,084	1,354
Depreciation and Amortisation	1,246	1,305	1,305	-
Activity Expenses	3,924	3,585	3,326	(259)
Finance Costs	194	262	288	26
<b>TOTAL EXPENDITURE</b>	<b>13,565</b>	<b>12,882</b>	<b>14,003</b>	<b>1,121</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(13,499)</b>	<b>(12,834)</b>	<b>(13,936)</b>	<b>(1,102)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	3,802	2,137	2,378	241
Debt Repayment	272	304	326	383
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,074</b>	<b>2,441</b>	<b>2,704</b>	<b>624</b>

## Capital expenditure table

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>To Improve Level of Service</b>				
Buildings	2,016	1,276	1,097	(179)
Computer Software Upgrades	-	-	-	-
Computer Hardware Upgrades	140	-	150	150
Computer Software Upgrades	2,156	1,276	1,247	(29)
<b>Total to Improve Level of Service</b>				
<b>To Replace Existing Assets</b>				
Plant	986	552	552	-
Carparks Renewals	-	19	19	-
Computer Hardware Renewals	480	283	313	30
Computer Software Renewals	180	7	247	240
<b>Total to Replace Existing Assets</b>	<b>1,646</b>	<b>861</b>	<b>1,131</b>	<b>270</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>3,802</b>	<b>2,137</b>	<b>2,378</b>	<b>241</b>

## Funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	231	263	281	18
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges	66	48	67	19
Internal charges and overheads recovered	11,876	12,535	13,430	895
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>12,173</b>	<b>12,846</b>	<b>13,778</b>	<b>932</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	11,990	11,315	12,415	1,100
Finance costs	194	262	288	26
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>12,184</b>	<b>11,577</b>	<b>12,703</b>	<b>1,126</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(11)</b>	<b>1,269</b>	<b>1,075</b>	<b>(194)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	-	-	-	-
- to improve the level of service	2,156	1,276	1,247	(29)
- to replace existing assets	1,646	861	1,131	270
Increase (decrease) in reserves	(3,813)	(868)	(1,303)	(435)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(11)</b>	<b>1,269</b>	<b>1,075</b>	<b>(194)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>11</b>	<b>(1,269)</b>	<b>(1,075)</b>	<b>194</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Statement of prospective financial information

The financial information contained within this plan is prospective financial information which complies with the Financial Reporting Standard 42 (FRS42). FRS42 sets the principles and specifies minimum disclosures for the preparation and presentation of general purpose prospective financial information. The purpose of this financial information is to enable the public to participate in the decision making process as to the services that we will provide over the financial year 2019/20, and to provide a broad accountability mechanism for Council to the community. The financial information may not be appropriate for purposes other than those described.

In relation to the FRS42, the financial year 2019/20 is considered to be a 'forecast year' and based on future events, which are expected to occur. The actual results achieved for the period are likely to vary from the information presented and may vary depending upon the circumstances that arise during the period.

The forecast financial information has been prepared in accordance with Council's current policies which comply with the New Zealand International Financial Reporting Standards.

We are responsible for the Prospective Financial Statements, including the appropriateness of the underlying assumptions and all other required disclosures.

### Use of prior year surpluses

In the 2018/28 10 year plan Council indicated the use of prior year cash surplus funds to help smooth the rate requirement of the 10 years. This included \$550,000 in year 2 of the 10 year plan increasing to \$705,600 (to cover one-off operating projects) in the 19/20 Annual Plan.

### Hall Rates

One community Hall has requested increases to their hall rate which are collected and paid to the hall committees.

Ngahinapouri Hall Assn – requested its levy be increased by \$9.60 per dwelling to be \$30.00 GST inclusive, an additional \$3,329 GST inclusive to cover the higher basic costs of running the hall.

## Prospective statement of comprehensive revenue and expense for year ending 30 June 2020

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>OPERATING INCOME</b>				
Rates	59,554	62,872	63,174	302
Fees and charges	10,956	10,704	11,232	528
Reserve contributions	612	504	578	74
Development contributions	8,766	10,740	11,534	794
Gain on revaluation of investment properties & forestry	366	421	421	-
Vested assets	12,477	12,504	12,504	-
Dividends	44	-	40	40
Finance revenue	786	265	265	-
Subsidies and grants	8,352	8,010	8,206	196
Other revenue	435	403	404	1
<b>Total Operating Income</b>	<b>102,348</b>	<b>106,423</b>	<b>108,358</b>	<b>1,935</b>
<b>OPERATING EXPENDITURE</b>				
Employee benefit expenses	22,407	22,962	24,053	1,091
Depreciation & amortisation	22,036	23,674	23,714	40
Other expenses	37,219	35,464	35,683	219
Finance costs	1,175	2,265	2,176	(89)
<b>Total Operating Expenditure</b>	<b>82,837</b>	<b>84,365</b>	<b>85,626</b>	<b>1,261</b>
<b>OPERATING SURPLUS</b>	<b>19,511</b>	<b>22,058</b>	<b>22,732</b>	<b>674</b>
<b>Other Comprehensive Income recognised directly in Equity</b>				
Property Plant and Equipment				
Revaluation gains/(losses) taken to equity	12,736	47,234	47,234	-
Cash flow hedges	250	219	219	-
<b>Total Other Comprehensive Income for the year</b>	<b>12,986</b>	<b>47,453</b>	<b>47,453</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>	<b>32,497</b>	<b>69,511</b>	<b>70,185</b>	<b>674</b>

Any operating surpluses generally come from non-cash items; we budget for a general funds cash break-even position. The statement of comprehensive revenue and expense also includes significant infrastructural revaluations which are also non-cash items.

**Prospective statement of changes in equity for the year ending 30 June 2020**

	<b>2018/19 Forecast \$000</b>	<b>2019/20 LTP Yr 2 \$000</b>	<b>2019/20 Budget \$000</b>	<b>2019/20 Variance \$000</b>
Balance at 1 July	1,570,795	1,612,169	1,603,292	(8,877)
Total comprehensive income previously reported	32,497	69,514	70,185	671
	<b>1,603,292</b>	<b>1,681,683</b>	<b>1,673,477</b>	<b>(8,206)</b>

## Prospective statement of financial position as at 30 June 2020

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	5,400	2,360	6,120	3,760
Trade and other receivables	6,401	3,400	6,633	3,233
Other financial assets	96	112	96	(16)
Non current assets held for sale	7,689	-	7,689	7,689
<b>Total Current Assets</b>	<b>19,586</b>	<b>5,872</b>	<b>20,538</b>	<b>14,666</b>
<b>Non Current Assets</b>				
Trade and other receivables	32	-	32	32
Property plant and equipment	1,605,022	1,759,519	1,747,589	(11,930)
Intangible Assets	1,383	1,539	1,779	240
Forestry Assets	2,381	1,911	2,419	508
Other financial assets	13,603	13,278	13,603	325
Investment Properties	16,475	17,627	15,976	(1,651)
<b>Total Non Current Assets</b>	<b>1,638,896</b>	<b>1,793,874</b>	<b>1,781,398</b>	<b>(12,476)</b>
<b>Total Assets</b>	<b>1,658,482</b>	<b>1,799,746</b>	<b>1,801,936</b>	<b>2,190</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	13,917	10,540	14,055	3,515
Provisions	88	38	86	48
Employee benefit liabilities	1,277	1,274	1,314	40
Borrowings	-	-	-	-
<b>Total Current Liabilities</b>	<b>15,282</b>	<b>11,852</b>	<b>15,455</b>	<b>3,603</b>
<b>Non Current Liabilities</b>				
Trade & Other Payables	5,873	14,488	18,733	4,245
Derivative financial instruments	935	626	716	90
Provisions	598	597	555	(42)
Borrowings	32,500	90,500	93,000	2,500
<b>Total Non Current Liabilities</b>	<b>39,906</b>	<b>106,211</b>	<b>113,004</b>	<b>6,793</b>
<b>Total Liabilities</b>	<b>55,188</b>	<b>118,063</b>	<b>128,459</b>	<b>10,396</b>
<b>EQUITY</b>				
Retained Earnings	485,149	503,191	505,987	2,796
Other reserves	1,118,144	1,178,492	1,167,490	(11,002)
<b>Total Equity</b>	<b>1,603,293</b>	<b>1,681,683</b>	<b>1,673,477</b>	<b>(8,206)</b>

## Prospective statement of cash flow for the year ending 30 June 2020

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Cash Flows from Operating Activities</b>				
Receipts from rates revenue	59,554	62,872	63,174	302
Interest received	786	265	265	-
Dividends received	44	-	40	40
Receipts from other revenue	29,099	40,026	44,830	4,804
Payments to suppliers and employees	(52,862)	(56,029)	(57,746)	(1,717)
Interest Paid	(828)	(2,265)	(2,176)	89
<b>Net Cash Flow from Operating Activities</b>	<b>35,793</b>	<b>44,869</b>	<b>48,387</b>	<b>3,518</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from sale of property, plant and equipment	970	816	504	(312)
Proceeds from sale of investment property	-	1,169	-	(1,169)
Purchase of intangible assets	(322)	(6)	(396)	(390)
Purchase of property, plant and equipment	(61,937)	(88,958)	(108,010)	(19,052)
Purchase & Development of investment property	(389)	(265)	(265)	-
<b>Net Cash Flow from Investing Activities</b>	<b>(61,678)</b>	<b>(87,244)</b>	<b>(108,167)</b>	<b>(20,923)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from borrowings	19,500	41,500	60,500	19,000
Repayment of borrowings	-	-	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>19,500</b>	<b>41,500</b>	<b>60,500</b>	<b>19,000</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,385)</b>	<b>(875)</b>	<b>720</b>	<b>1,595</b>
Cash and cash equivalents at the beginning of the year	11,785	3,235	5,400	2,165
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>5,400</b>	<b>2,360</b>	<b>6,120</b>	<b>3,760</b>



## Statement of borrowing for the year ending 30 June 2020

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Movements in Borrowings</b>				
Opening Balance	13,000	49,000	32,500	(16,500)
Net Loans Raised/(Repaid)	19,500	41,500	60,500	19,000
Closing Balance	32,500	90,500	93,000	2,500
Current Portion of External Debt	-	-	-	-
Term Portion of External Debt	32,500	90,500	93,000	2,500
	32,500	90,500	93,000	2,500

## Operating expenditure variations to 10-Year Plan

	2019/20 Annual Plan \$000	2019/20 LTP \$000	2019/20 Variance \$000
<b>Net Cost of Service of Significant Activities</b>			
<b>Governance</b> Restructure, Business Improvement as a new activity in Support Services	8,035	8,415	(380)
<b>Planning and Regulatory</b> More staffing to cover larger quantity Resource consents, and impact of Business Improvement on all activities within Planning and Regulatory	2,632	2,524	108
<b>Community Services and Facilities</b> Delay in opening of Cambridge Pool, offset by higher scope for the recycling contract and restructure within the Parks & reserves	20,836	20,954	(118)
<b>Roads and Footpaths</b> Higher depreciation than anticipated from the revaluation in 17/18 year	12,797	12,654	143
<b>Stormwater</b> Additional Consultancy costs & impact of higher overhead allocation	3,775	3,708	67
<b>Water Treatment and Supply</b> Higher interest expense & higher depreciation expense.	1,346	1,289	57
<b>Wastewater Treatment and Disposal</b> reduced depreciation expense offset by higher internal charges and overheads	7,385	7,396	(11)
<b>Support Services</b> Restructure Business support as a new activity with some costs previously under Governance. Technology leasing costs instead of purchasing computers out-right	(1,816)	(2,336)	520
	54,990	54,604	386

## Capital expenditure programme

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Projects</b>				
Governance	68	-	-	-
Community Services and Facilities	23,405	11,769	20,558	8,789
Roads and Footpaths	18,685	21,021	22,688	1,667
Stormwater	13,356	12,442	10,453	(1,989)
Wastewater Treatment and Disposal	24,054	21,767	42,100	20,333
Water Treatment and Supply	11,486	32,597	24,519	(8,078)
Support Services	3,802	2,137	2,378	241
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>94,856</b>	<b>101,733</b>	<b>122,696</b>	<b>20,963</b>

**Note:** Refer to the group of activity section in this plan which outlines the individual projects in detail and the variations to the 10-Year Plan.

## Council reserve funds, movements and balances

	2018/19 Forecast \$000	2019/20 Transfer to Reserve \$000	2019/20 Transfer From Reserve \$000	2019/20 Closing Balance \$000
<i>Council created reserves consist of:</i>				
<b>Property Reserves</b>				
Asset Sales Cambridge	7	1,993	(2,000)	-
Asset Sales Te Awamutu	238	976		1,214
Asset Sales General	544		(88)	456
Endowment Land Cambridge	415	1,564	(1,979)	-
Endowment Land Pirongia	19	1		20
Endowment Land Te Awamutu	118	5		123
Endowment Land Waipa District	13	1		14
Residential Housing Reserve	50		(46)	4
<b>Reserve Contributions &amp; Development Contributions</b>				
Cambridge North	2,255	6,360	(5,084)	3,531
District Wide Stormwater	171	5,613	(5,621)	163
District Wide Waste Water	3,224	13,601	(13,468)	3,357
District Wide Water Treatment and Supply	1,194	6,847	(6,716)	1,325
District Wide Roading	2,206	1,654	(2,801)	1,059
District Wide Reserve Developments	504	21		525
District Wide Land Purchase	1,200	236	(1,000)	436
Cambridge Pool				-
Te Awamutu Library/Museum	75	7	(82)	-
Karapiro Reserve Development	-	17	(17)	-
<b>Special Funds</b>				
Cemetery Paterangi	4	-	-	4
Project Funding Reserve	4,092		(500)	3,592
General Insurance Reserve	537	24	-	561
Infrastructure Insurance Reserve	521	23	-	544
Te Awamutu 110kv Compensation Reserve	326	14	-	340
Pavement Levies	67	3	-	70
Road Asset Technical Accord (RATA)	268	12		280
Waste Minimisation	508	103		611
<b>Separate Balances</b>				
Roading Reserve	2,087	23,363	(23,457)	1,993
Stormwater Reserve	1,323	10,555	(10,453)	1,425
Water Supply Reserve	4,178	16,841	(16,748)	4,271
Waste Water Reserve	5,984	42,947	(42,176)	6,755
Depreciation Reserve - Long Term Assets	1,557	2,424	(1,408)	2,573
Depreciation Reserve - Medium Term Assets	1,041	1,436	(884)	1,593
<b>Asset Revaluation Reserves</b>				
<b>Asset revaluation reserves consist of:</b>				
<b>Operational assets</b>				
Land	199,439	12,231	-	211,670
Buildings	23,042	4,039	-	27,081
Intangible	344	-	-	344
Investments	10,733	-	-	10,733
<b>Infrastructural Assets</b>				
Sewerage System	57,169	-	-	57,169
Water System	64,334	-	-	64,334
Drainage network	41,036	-	-	41,036
Roading network	687,321	30,963	-	718,284
<b>Total</b>	<b>1,118,144</b>	<b>183,874</b>	<b>(134,528)</b>	<b>1,167,490</b>

## Council reserves

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

Reserve	Purpose	Activity
<b>Property Reserves</b>		
Asset Sales Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	Properties
Asset Sales Te Awamutu	Proceeds from Te Awamutu asset sales held in reserve to fund future asset purchases	Properties
Asset Sales General	Proceeds from district wide asset sales held in reserve to fund future asset purchases	Properties
Endowment Land Cambridge	Proceeds from sale of Cambridge endowment land held in reserve for endowment purposes	Properties
Endowment Land Pirongia	Proceeds from sale of Pirongia endowment land held in reserve for endowment purposes	Properties
Endowment Land Te Awamutu	Proceeds from sale of Te Awamutu endowment land held in reserve for endowment purposes	Properties
Endowment Land Waipa District	Proceeds from sale of District Wide endowment land held in reserve for endowment purposes	Properties
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	Properties
Pensioner Housing & Own Your Own Housing	Proceeds from pensioner housing and own your own housing revenue to fund the operating and capital expenditure within its own portfolio	Properties
<b>Reserve Contributions &amp; Development Contributions</b>		
Cambridge North	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths / Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
District Wide Stormwater	Proceeds from development contributions to fund growth related expenditure	Stormwater
District Wide Wastewater	Proceeds from development contributions to fund growth related expenditure	Wastewater Treatment & Disposal

Reserve	Purpose	Activity
District Wide Water Treatment & Supply	Proceeds from development contributions to fund growth related expenditure	Water Treatment & Supply
District Wide Roding	Proceeds from development contributions to fund growth related expenditure	Roads & Footpaths
District Wide Reserve Developments	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
District Wide Land Purchase	Proceeds from development contributions to fund growth related expenditure	Parks & Reserves
Te Awamutu Library/Museum	Proceeds from development contributions to fund growth related expenditure for Te Awamutu Library/Museum	District Libraries / Museums
<b>Special Funds</b>		
Cemetery Paterangi	Proceeds held in reserve to fund future capital works	Cemeteries
Project Funding Reserve	Funding for specific projects to be completed in the following year	All activities
General Insurance Reserve	Provision to pay call-ups and to fund increase in deductibles of claims as well as to help to pay future premium increases	All activities
Infrastructure Insurance Reserve	Provision to pay additional contributions that may occur and to help cover the insurance deductible if a major event happens in the Waipa District	Stormwater / Wastewater Treatment & Disposal / Water Treatment & Supply
Te Awamutu 100kv Compensation Reserve	Proceeds from the granting of easement rights for the Waipa Networks 110kv line, held in reserve for appropriate future utilisation with due regard to the source of these funds.	Properties
Pavement Levies	Levies collected from land use consents for future pavement rehabilitation	Roads & Footpaths
Road Asset Technical Accord (RATA)	Funds held in reserve for future works	Roads & Footpaths
Waste minimisation	Net funds from waste minimisation levy held for use on waste minimisation activities	Waste Minimisation
<b>Separate Balances</b>		
Roding Reserve	Funds held in reserve for capital works expenditure	Roads & Footpaths
Stormwater Reserve	Funds held in reserve for capital works expenditure	Stormwater
Water Supply Reserve	Funds held in reserve for capital works	Water Treatment &

Reserve	Purpose	Activity
	expenditure	Supply
Wastewater Reserve	Funds held in reserve for operating and capital works expenditure	Wastewater Treatment & Disposal
Depreciation Reserve Long Term Assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
Depreciation Reserve Medium Term Assets	Funds held in reserve for capital works expenditure	Community Services & Facilities
<b>Asset Revaluation Reserves</b>		
<b>Operational</b>		
Land	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
Buildings	Non cash reserve to record appreciation values arising from asset revaluations	Community Services & Facilities
<b>Infrastructural Assets</b>		
Sewerage System	Non cash reserve to record appreciation values arising from asset revaluations	Wastewater Treatment & Disposal
Water System	Non cash reserve to record appreciation values arising from asset revaluations	Water Treatment & Supply
Drainage Network	Non cash reserve to record appreciation values arising from asset revaluations	Stormwater
Roading Network	Non cash reserve to record appreciation values arising from asset revaluations	Roads & Footpaths

# Financial Disclosure Statements

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Annual plan disclosure statement for year ending 30 June 2020.

## What is the purpose of this statement?

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

Benchmark		Planned	Met
Rates affordability benchmark:			
▪ Income	Rate levels will be limited to a maximum of 65% of total revenue.	48%	Yes
▪ Increases	Annual increases for existing ratepayers will be limited to no more than the forecast Local Government Cost Index for the year plus 2%	3.7%	Yes
Debt affordability benchmark	Quantified limit is set at 175% of total revenue forecasted	\$93m	Yes
Balanced budget benchmark	100%	98%	No
Essential services benchmark	100%	449%	Yes
Debt servicing benchmark	15%	2.6%	Yes

### Notes:

#### 1 Rates affordability benchmark

- (a) For this benchmark:
- (i) The council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's 10-year Plan; and
  - (ii) The council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's 10-year Plan.
- (b) The council meets the rates affordability benchmark if:
- (i) Its planned rates income for the year equals or is less than each quantified limit on rates; and
  - (ii) Its planned rates increases for the year equal or are less than each quantified limit on rates increases.

#### 2 Debt affordability benchmark

- (a) For this benchmark, the council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the council's 10-year Plan.



- (b) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

**3 Balanced budget benchmark**

- (a) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- (b) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

**4 Essential services benchmark**

- (a) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (b) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

**5 Debt servicing benchmark**

- (a) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (b) Because Statistics New Zealand projects that the council's population will grow faster than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

# Statement of accounting policies

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## Reporting entity

Waipa District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The group consists of the ultimate parent, Waipa District Council, and the Waipa Community Facilities Trust. Council is not presenting group forecast financial statements as the parent statements are considered to be more relevant to users. The main purpose of these statements is to provide users with information about the core services that Council intends to provide ratepayers, the expected cost of those services and the consequent requirement for rate funding.

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.

## 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). The functional currency of Council is New Zealand dollars.

## Summary of significant accounting policies

### ***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.

### ***Income tax***

The Council is tax exempt for income tax purposes.

### ***Budget figures***

The budget figures have been prepared in accordance with the New Zealand Generally Accepted Accounting Practices, using accounting policies that are consistent with those adopted by Council for the preparation of these financial statements.

### ***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.

### ***Revenue***

Revenue may be derived from either exchange or non-exchange transactions.

### ***Exchange transactions***

Exchange transactions are transactions where Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Specific accounting policies for major categories of exchange revenue transactions are listed below.

### ***Interest and dividends***

Interest income is recognised using the effective interest method.

Dividends are recognised when Council's right to receive the payment is established.

### ***Pensioner housing revenue***

Rental revenue arising from tenancy agreements is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of revenue and expenditure due to its operating nature.

### ***Other gains and losses***

Other gains and losses include fair value gains and losses on financial instruments at fair value through surplus or deficit, unrealised fair value gains and losses on the revaluation of investment properties and realised gains and losses on the sale of Property, Plant and Equipment (PPE) held at cost.

### ***Sales of goods***

Revenue from the sale of goods is recognised when a product is sold to the customer.

### ***Non-exchange transactions***

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange, or where the value given or received is not able to be accurately measured.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.

A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and/or that future economic benefits or service potential must be returned to the owner.

Specific accounting policies for major categories of non-exchange revenue transactions are listed below.

### ***Rates revenue***

The following policies for rates have been applied:

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

### ***Development contributions***

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

### ***New Zealand Transport Agency roading subsidies***

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

### ***Other grants received***

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

the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

### ***Direct charges***

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

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

### ***Building and resource consent revenue***

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

### ***Entrance fees***

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

### ***Infringement fees and fines***

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

### ***Vested or donated physical assets***

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

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

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

Council is required by the New Zealand Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue

received by Council from other local authorities for services provided by that Council for which those other Local Authorities rate.

## Personnel costs

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

## Other expenses

### ***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.

### ***Finance costs***

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

## Cash and cash equivalents

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.

## Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return of a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

A provision between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

A provision for impairment of receivables is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of receivables. The amount

of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## Other financial assets

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.

### **Assets held for sale**

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.

### **Property, plant and equipment**

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:

**Table 1: Useful lives and associated depreciation rates of major classes of assets**

	<b>Components</b>	<b>Years</b>
Water Treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Water Reticulation	Pipes	25 – 130
	Fittings	10 – 30
Sewage Treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Sewerage Reticulation	Pipes	50 – 130
	Fittings	25 – 80
	Manholes	50 – 80
Stormwater	Structures	15 – 80
	Pipes	50 – 130
	Manholes	50 – 80
Formation/carriageway and shoulder		Infinite
Pavement structure		30 – 150
Pavement surface (seal)		10 – 20
Catchpits and culverts		30 – 80

	Components	Years
Bridges		20 – 120
Kerb and channel		30 -50
Lighting		10 – 50
Footpaths		15 – 100
Signs		5 – 35
Railings		20 – 35
Islands		35 - 100
Buildings – not componentised		20 – 100
Building – structure		30 – 100
Building – fit-out		25 – 80
Building – services		25 – 80
Plant/motor vehicles		3 – 15
Furniture, fittings and equipment		3 – 15
Computer equipment		3 – 15
Intangibles		3 – 15
Library Books		7

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

### **Revaluation**

Those asset classes that are revalued are valued on a yearly cycle on the basis described below, with the exception of Operational Land and Buildings, which is valued every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### **Operational land and buildings**

At fair value as determined from market-based evidence where there is a market, or depreciated replacement cost for specialised assets, by an independent valuer.

### ***Infrastructural assets***

At fair value determined on a Depreciated Replacement Cost (DRC) basis by an independent valuer.

### ***Land under roads and road reserves***

Land under roads is no longer revalued.

### ***Accounting for revaluations***

Revaluations of property, plant and equipment are on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase in revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

### ***Impairment of property, plant and equipment and intangible assets***

Assets that have a finite useful life are reviewed for indicators of and are tested annually for impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

### ***Value in use for non-cash-generating assets***

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

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

### *Value in use for cash-generating assets*

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

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

### ***Impairment of revalued assets***

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

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

## **Intangible assets**

### ***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.

### ***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.

## Forestry assets

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.

## Investment property

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.

## Trade and other payables

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

## Provisions

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".

## Employee benefit liabilities

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.

## **Borrowings**

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

## **Derivative financial instruments**

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

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

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

### ***Hedging***

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

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

#### ***Fair value hedge***

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

#### ***Cash flow hedge***

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

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

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

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

#### *Derivatives that do not qualify for hedge accounting*

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

## Equity

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

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

#### ***Council created reserves***

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

#### ***Revaluation reserves***

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

#### ***Cash flow hedge reserves***

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

## 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 landfill aftercare provision - Council has the responsibility under the resource consents to provide ongoing maintenance and monitoring of the landfills after the sites are closed. The landfill provision is estimated taking into account existing technology and is discounted using a weighted average cost of capital.
- Estimating the fair value of land, buildings, and infrastructural assets – there are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over land, buildings and infrastructural assets. These include:
  - The physical deterioration and condition of an asset, for example 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.
  - 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 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 Council’s infrastructural assets useful lives have been determined with reference to the New Zealand 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 Council’s asset management planning activities, which gives Council further assurance over its useful life estimates.
  - Experienced independent valuers perform Council’s land, buildings and infrastructural asset revaluations.
  - 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.
  - 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.

## Funding Impact Statement

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The funding impact statement, has been prepared in accordance with schedule 10 of the Local Government Act 2002, as well as sections 13 to 19 of the Local Government (Rating) Act 2002 and sets out:

- The revenue and financing mechanisms used;
- An indicative level or amount of funding for each mechanism;
- A summary of the total rates requirement; and
- The application of funding methods to Council activities.

This statement should be read in conjunction with our Revenue & Financing Policy (refer to 10-Year Plan 2018-28) that sets out our policies in respect of each source of funding for operating and capital expenses.

In relation to the FRS42, the financial year 2019/20 is considered to be a 'forecast year' and based on future events, which are expected to occur. The actual results achieved for the period are likely to vary from the information presented and may vary depending upon the circumstances that arise during the period.

The forecast financial information has been prepared in accordance with Council's current policies which comply with the New Zealand International Financial Reporting Standards.

We are responsible for the Prospective Financial Statements, including the appropriateness of the underlying assumptions and all other required disclosures.

## Consolidated statement of cost of Service

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>REVENUE</b>				
Governance	42	108	108	-
Planning and Regulatory	5,215	5,088	5,610	522
Community Services and Facilities	4,199	3,859	3,782	(77)
Roads and Footpaths	7,927	8,227	8,529	302
Stormwater	63	72	58	(14)
Wastewater Treatment and Disposal	764	828	838	10
Water Treatment and Supply	10,719	11,155	11,322	167
Support Services*	11,942	12,583	13,497	914
<b>GROSS REVENUE</b>	<b>40,871</b>	<b>41,919</b>	<b>43,744</b>	<b>1,824</b>
Less Internal Charges	11,876	12,535	13,430	895
<b>NET REVENUE</b>	<b>28,995</b>	<b>29,384</b>	<b>30,314</b>	<b>929</b>
<b>OPERATING EXPENDITURE</b>				
Governance	8,724	8,523	8,142	(381)
Planning and Regulatory	7,471	7,614	8,242	628
Community Services and Facilities	22,113	24,813	24,618	(195)
Roads and Footpaths	20,563	20,881	21,326	445
Stormwater	5,027	3,780	3,833	53
Wastewater Treatment and Disposal	7,538	8,224	8,224	-
Water Treatment and Supply	11,617	12,444	12,669	225
Support Services	13,565	12,882	14,003	1,121
<b>GROSS EXPENDITURE</b>	<b>96,618</b>	<b>99,161</b>	<b>101,057</b>	<b>1,896</b>
Less Internal Charges	11,876	12,535	13,430	895
Less rates charged to Council properties	900	1,103	1,080	(23)
<b>NET EXPENDITURE</b>	<b>83,842</b>	<b>85,523</b>	<b>86,547</b>	<b>1,024</b>
<b>NET COST OF SERVICE - OPERATING</b>	<b>(54,847)</b>	<b>(56,139)</b>	<b>(56,233)</b>	<b>(95)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>				
Capital Expenditure (excluding Vested)	82,381	89,230	110,191	20,961
Vested Assets	12,478	12,504	12,504	-
Debt Repayment	7,000	-	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>101,859</b>	<b>101,734</b>	<b>122,695</b>	<b>20,961</b>

## Consolidated funding impact statement

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	41,789	45,539	46,284	745
Targeted rates	17,765	17,333	16,890	(443)
Subsidies and grants for operating purposes	2,972	2,183	3,041	858
Fees and charges	10,956	10,704	11,232	528
Interest and dividends from investments	830	265	265	-
Local authorities fuel tax, fines, infringement fees, and other receipts	435	403	403	-
<b>Total sources of operating funding (A)</b>	<b>74,747</b>	<b>76,427</b>	<b>78,115</b>	<b>1,688</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	53,860	54,994	56,590	1,596
Finance costs	1,175	2,265	2,176	(89)
Other operating funding applications	1,678	1,308	1,308	-
<b>Total applications of operating funding (B)</b>	<b>56,713</b>	<b>58,567</b>	<b>60,074</b>	<b>1,507</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>18,034</b>	<b>17,860</b>	<b>18,041</b>	<b>181</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,380	15,465	5,165	(10,300)
Development and financial contributions	9,378	11,244	12,112	868
Increase (decrease) in debt	19,500	41,500	60,500	19,000
Gross proceeds from sale of assets	970	1,985	504	(1,481)
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>35,228</b>	<b>70,194</b>	<b>78,281</b>	<b>8,087</b>
<b>Applications of capital funding</b>				
Capital expenditure				
- to meet additional demand	17,824	32,175	31,755	(420)
- to improve the level of service	42,712	43,740	63,559	19,819
- to replace existing assets	21,845	13,315	14,877	1,562
Increase (decrease) in reserves	(29,119)	(1,176)	(13,869)	(12,693)
Increase (decrease) of investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>53,262</b>	<b>88,054</b>	<b>96,322</b>	<b>8,268</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(18,034)</b>	<b>(17,860)</b>	<b>(18,041)</b>	<b>(181)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Reconciliation between the funding impact statement and statement of comprehensive revenue and expense

The funding impact statement is prepared in compliance with the requirements of clause 20, 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 us are applied. It does not include “non-cash” that is classified as income on the statement of comprehensive revenue and expense (as required by GAAP) such as assets that are vested to us 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 these two statements.

	2018/19 Forecast \$000	2019/20 LTP Yr 2 \$000	2019/20 Budget \$000	2019/20 Variance \$000
Total prospective revenue and expense wholly attributable to District Council	32,497	69,511	70,185	674
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	18,034	17,860	18,041	181
<b>Difference</b>	14,463	51,651	52,144	493
<b>The difference is due to:</b>				
Capital income	14,764	17,076	17,283	207
Vested assets	12,477	12,504	12,504	-
Revaluation of assets	13,352	47,874	47,874	-
Gain (loss) on sale/disposal of assets	(4,094)	(2,129)	(1,843)	286
Depreciation and amortisation	(22,036)	(23,674)	(23,674)	-
<b>Total explained difference</b>	14,463	51,651	52,144	493

## Rates Information

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The number of rateable properties estimated for 2019/20 is 22,079.

The capital value of rateable properties estimated for 2019/20 is \$17,212,443,850.

The land value of rateable properties estimated for 2019/20 is \$9,795,524,175.

Rates requirement figures quoted in the section below are inclusive of GST at the prevailing rate.

### **District wide funding**

The funding of district wide activities will be from a combination of general rates, uniform annual general charge (UAGC) and targeted ward rates. This combination of general rates, UAGC and targeted ward rates is referred to as 'district wide funding'. Activities funded from district wide funding include governance, animal control, building, environmental health, resource management, development engineering, parks and reserves, Mighty River Domain, libraries, Cambridge pool, Te Awamutu Events Centre, museums, heritage, cemeteries, public toilets, property, rural halls, town halls, community buildings, civil defence, litter bins, recycling, roading, stormwater, water supply and sewerage.

### **Definition of a separately used or inhabited part of a rating unit (SUIP)**

A separately used or inhabited part of a rating unit exists where there is use or ability to use a part or parts of the rating unit as an independent residence; or in the case of a rating unit used for commercial or industrial business, where there is use or ability to use a part or parts of the rating unit for independent trading operations. This is on the basis that where a rating unit is configured for the purpose of separate habitation or use, even if it is not currently occupied, this constitutes a separate use of the rating unit by the owner.

### **General rate**

A general rate is set under section 13 of the Local Government (Rating) Act 2002 based on the capital value of each rating unit in the district with no differential being set. The rate for 2019/20 is 0.1469 cents in the dollar on the capital value of each rating unit.

The general rate will fund 58 percent of the district wide funding.

Amount to be raised: \$25,290,214 inclusive of GST.

### **Uniform annual general charge (UAGC)**

A uniform annual general charge is set under section 15 of the Local Government Rating Act 2002 at \$708.00 inclusive of GST per separately used or inhabited part of a rating unit.

The uniform annual general charge will fund a portion of the district wide funding.

Amount to be raised: \$16,621,008 inclusive of GST.

## Targeted rates

Targeted rates are set under sections 16 and 19 of the Local Government Rating Act 2002 for the activities listed below. Council will not invite lump sum contributions in respect of any of these targeted rates.

### *Targeted ward rates*

A targeted ward rate is set on each rating unit in the district. The targeted rate will be a fixed amount per rating unit. This rate will be set on a differential basis based on location, being the wards of Te Awamutu, Kakepuku, Cambridge, Maungatautari and Pirongia. The rates for the 2019/20 year are shown in the following table:

Ward	\$ Rate (GST inclusive)	\$ Raising
Cambridge	270.64	2,332,661
Kakepuku	281.23	338,604
Maungatautari	228.42	320,251
Pirongia	258.09	780,994
Te Awamutu	322.90	2,131,120

The targeted ward rate will fund a portion of the district-wide funding and fund the public community/group benefit element of activities.

The activities funded from the targeted ward rate include community boards, community grants, libraries, Cambridge pool, Te Awamutu Events Centre, museums, Cambridge Town Hall (Cambridge ward only) community properties (Cambridge and Te Awamutu Wards), passenger transport, Cambridge Refuse Centre grant, and National Cycling Centre of Excellence.

Amount to be raised: \$5,903,630 inclusive of GST.

### *Cambridge community sports hall*

A targeted rate is set to fund the loan charges for the grant made for the development of the sports hall located at the Cambridge High School.

The targeted rate is a fixed amount per rating unit. A rate of \$10 inclusive of GST is set for each rating unit in the Cambridge and Maungatautari wards.

Amount to be raised: \$100,213 inclusive of GST.

### *Urban Town Halls*

A targeted rate is set to fund the maintenance costs for the Pirongia Memorial Hall and the Kihikihi Town Hall and part of the maintenance costs of the Cambridge Town Hall.

The targeted rate is a fixed amount per rating unit. A rate of \$8.95 inclusive of GST is set for each rating unit in the Cambridge and Te Awamutu wards and in the Pirongia Township being roll number 4605.

Amount to be raised: \$140,425 inclusive of GST.

### **Capital works**

A targeted rate is set to fund capital costs in connection with improvements and extensions to footpaths, kerbing and channelling of roads and street lighting for each ward as follows.

The capital works rate is based on the capital value of each rating unit in the district. The capital works rate is set on a differential basis based on location, with the categories being the wards of Te Awamutu and Cambridge. The rates in cents per dollar of capital value are shown in the following table:

Ward	Rate in cents per dollar (GST inclusive)	\$ Raising
Cambridge	0.0011	63,371
Te Awamutu	0.0012	40,203

Amount to be raised: \$103,574 inclusive of GST.

### **Stormwater**

A targeted rate is set to fund the operating costs and loan charges for stormwater in urban and rural areas of the district. The stormwater rate is based on the capital value of each rating unit in the district. The stormwater rate is set on a differential basis based on location, the categories being urban and rural. Urban is defined as being the urban drainage areas of Cambridge, Te Awamutu, Kihikihi, Ohaupo, Pirongia and Karāpiro, as shown on Drainage Maps on [www.waipadc.govt.nz](http://www.waipadc.govt.nz). Rural is defined as the remaining area of the district not defined as urban. The rates for 2019/20 in cents per dollar of capital value are shown in the following table:

	Rate in cents per dollar (GST inclusive)	\$ Raising
Urban	0.0422	3,132,712
Rural	0.0069	649,101

Amount to be raised: \$3,781,813 plus GST.

### **Sewerage charges**

A targeted rate is set for sewerage disposal costs and loan charges for each rating unit in the areas of the Cambridge sewerage scheme and the Te Awamutu sewerage scheme.

The targeted rate is set on a differential basis based on the provision of service, the categories of service being connected and serviceable. Connected means any rating unit that is connected to the Cambridge or Te Awamutu sewerage scheme. Serviceable means any rating unit situated within 30 metres of a public sewerage drain in one of the above Council sewerage scheme areas to which it is capable of being effectively connected but which is not so connected. For connected rating units, the liability is an amount per rating unit, calculated based on the number of pans and urinals at the rating unit. The rates for the 2019/20 year are:

A rating unit used primarily as a residence for one household will be treated as having no more than one pan or urinal. Rating units that are neither connected to the scheme nor serviceable are not liable for this rate.



	\$ Rate per pan or urinal (GST inclusive)	\$ Raising
Connected (3 or less pans)	511.46	6,726,076
Connected (4 to 10 pans)	434.76	485,177
Connected (11-15 pans)	358.03	159,323
Connected (16-20 pans)	312.00	63,647
Connected (21-35 pans)	281.30	149,934
Connected (36-45 pans)	245.51	20,868
Connected (46 or more pans)	230.16	222,796
	\$ Rate per rating unit (GST inclusive)	\$ Raising
Serviceable	255.74	119,940

Amount to be raised: \$7,947,762 inclusive of GST.

### **Water charges**

A targeted rate is set to fund water supply costs and loan charges to non-metered rating units in the areas of the Cambridge water supply and the Te Awamutu water supply.

The targeted rate is set on a differential basis based on the provision of service, the categories of service being connected and serviceable, and is a fixed amount per separately used or inhabited part of a rating unit. Connected means connected to Council water works in the Cambridge or Te Awamutu water supply areas, but excluding metered connections. Serviceable means within 100 metres of a supply pipe in either of the above water supply areas and capable of being effectively connected but not so connected. The rates for the 2019/20 year are:

	\$ Rate per Suip (GST inclusive)	\$ Raising
Connected	-	-
Serviceable	109.25	21,741

Rating units that have a metered supply and those that are neither connected to the scheme, nor serviceable are not liable for this rate.

Amount to be raised: \$21,741 inclusive of GST.

- (a) A targeted rate is set for the supply of water to rating units with metered connections.

The targeted rate includes both an amount per separately used or inhabited part of a rating unit and a charge based on the cubic metres of water consumed and is set on a differential basis based on the provision of service, for all metered rating units other than rating units subject to a separate water supply contract. The differential categories of service are potable and raw water supply. The rates for the 2019/20 year are:

	\$ Rate per SUIP (Incl GST)	Consumption \$ Rate (GST incl)
Potable Water	109.25	1.5295 per m <sup>3</sup>
Raw Water	109.25	0.3824 per m <sup>3</sup>

Amount to be raised: \$12,298,905 inclusive of GST.

- (b) A targeted rate is set to fund the Arohena rural water supply loan costs for Waipa ratepayers within the Arohena rural water supply area.

This revenue is collected on behalf of Otorohanga District Council, which administers the Arohena rural water supply. The Arohena water rate is based on the capital value of each rating unit located within the Arohena rural water supply area. The rate for 2019/20 in cents per dollar of capital value is 0.0082 inclusive of GST.

Amount to be raised: \$5,635 inclusive of GST.

### ***Recycling charges***

A targeted rate is set to fund the provision of a kerbside refuse recycling service to each household in the district.

- a) Recycling Rate

The targeted rate is a fixed amount of \$81.00 inclusive of GST per separately used or inhabited part of a rating unit SUIP (where for the purposes of Recycling rates SUIP is defined to include only household units).

Amount to be raised: \$1,669,214 inclusive of GST.

### ***Community hall charges***

Council has a number of community halls which have a targeted rate set for each hall. The targeted rates are to fund part of the costs of the relevant community hall.

These rates are a fixed amount per separately used or inhabited part of a rating unit SUIP (where for the purposes of Community Hall rates SUIP is defined to include only household units), and will be charged to every rating unit within the relevant community hall areas on which there is at least one residential household.

The plans showing the boundaries of the various community hall areas can be found at [www.waipadc.govt.nz](http://www.waipadc.govt.nz).

The following table shows the details for the various community hall targeted rates:

	\$ Rate per Suip (GST inclusive)	\$ Raising
Fencourt Hall	14.30	5,376
Hautapu Hall	20.40	8,589
Horahora Hall	26.95	3,719
Karapiro Hall	26.75	9,229
Koromatua Hall	20.40	5,651
Maungatautari Hall	37.25	5,661
Monavale	30.00	5,881
Ngahinapouri Hall	30.00	10,021
Ohaupo Hall	13.30	5,640
Parawera Hall	18.60	2,176
Paterangi Hall	28.55	5,339
Pukeatua Hall	21.30	3,792
Rangioawhia Hall	14.25	1,824
Rukuhia Hall	26.10	7,491
Te Miro Hall	27.90	4,911
Whitehall Hall	30.00	2,670
Te Rore Hall	13.80	662

### ***Sports and Recreation Centre charges***

Council has a number of sports and recreation centres which have a targeted rate set for each sports and recreation centre. The targeted rates are to fund part of the costs of the relevant sports and recreation centre.

These rates are a fixed amount per separately used or inhabited part of a rating unit SUIP (where for the purposes of sports and recreation centre rates SUIP is defined to include only household units), and will be charged to every rating unit within the relevant sports and recreation centre area on which there is at least one residential household.

The plans showing the boundaries of the various community centres areas can be found at [www.waipadc.govt.nz](http://www.waipadc.govt.nz).

The following table shows the details for the various community centres targeted rates:

	\$ Rate per Suip (GST inclusive)	\$ Raising
Kaipaki	39.70	11,472
Pirongia	17.35	16,764
Ohaupo	38.80	34,882

### **Early payment of rates**

Sections 55 and 56 of the Local Government Rating Act 2002 empower us to accept early payment of rates. Council accepts payment in full of all rates assessed in each year on or before the due date for the first instalment of the year. No discount will be given to any payment of rates received on this basis.

## Rates payable by instalments

Rates are payable by four equal instalments with the due dates and penalty dates as set out in the table below:

Instalment	Due Date	Penalty Added
Instalment 1	21 August 2019	28 August 2019
Instalment 2	21 November 2019	28 November 2019
Instalment 3	21 February 2020	28 February 2020
Instalment 4	21 May 2020	28 May 2020

Invoices for the supply of water via metered connections are payable in four instalments. The location where the water is supplied within the District will determine the month the meter is read, the invoice date, the due date and penalty date. The due dates and penalty dates are per the following table.

Location	Invoiced during month of:	Due Date	Penalty Added
Te Awamutu / Pirongia	July	30-Aug-19	9-Sep-19
	October	29-Nov-19	6-Dec-19
	January	28-Feb-20	6-Mar-20
	April	29-May-20	5-Jun-20
Kihikihi	July	30-Aug-19	9-Sep-19
	October	29-Nov-19	6-Dec-19
	January	28-Feb-20	6-Mar-20
	April	29-May-20	5-Jun-20
Cambridge	August	30-Sep-19	7-Oct-19
	November	3-Jan-20	10-Jan-20
	February	31-Mar-20	7-Apr-20
	May	30-Jun-20	7-Jul-20
Pukerimu / Ohaupo	September	31-Oct-19	7-Nov-19
	December	31-Jan-20	7-Feb-20
	March	30-Apr-20	7-May-20
	June	31-Jul-20	7-Aug-20

## Penalties on rates not paid by the due date

Section 58 of the Local Government Rating Act 2002 enables penalties to be imposed. A penalty of 10 per cent will be added to all instalments or part thereof remaining unpaid on the relevant date in the “Penalty Added” column of the table above under the heading “Rates payable by instalment”.

An additional penalty of 10 per cent will be added to any rates assessed in any previous year that are still unpaid on 4<sup>th</sup> July 2019. The penalty will be added on 8<sup>th</sup> July 2019.

A further additional penalty of 10 per cent will be added to rates from the previous years that are still unpaid after 6<sup>th</sup> January 2020.

The penalty will be added on 9<sup>th</sup> January 2020.

## Rates breakdown – Indicator Properties

A rates calculator is provided on Council's website which enables the proposed rates changes to be seen on individual properties.

The indicator properties are shown GST INCLUSIVE but do not include metered water.

Cambridge Ward (Residential) Rating Valuation,	2018/19 \$350,000 \$	2019/20 \$	2018/19 \$570,000 \$	2019/20 \$	2018/19 \$1,190,000 \$	2019/20 \$
Fixed Targeted Rates	915	872	915	872	915	872
UAGC	606	708	606	708	606	708
Capital Value Rates	651	674	1,057	1,093	2,199	2,272
Total Rates	2,172	2,254	2,578	2,673	3,720	3,852
\$ incr per week		1.57		1.82		2.53
Percentage Increase		3.8%		3.7%		3.5%

Rural Residential Cambridge Rating Valuation,	2018/19 \$395,000 \$	2019/20 \$	2018/19 \$800,000 \$	2019/20 \$	2018/19 \$1,523,000 \$	2019/20 \$
Fixed Targeted Rates	370	281	443	381	452	391
UAGC	606	708	606	708	606	708
Capital Value Rates	594	616	1,204	1,248	2,287	2,367
Total Rates	1,570	1,605	2,253	2,337	3,345	3,466
\$ incr per week		0.64		1.61		2.33
Percentage Increase		2.1%		3.7%		3.6%

Commercial / Industrial Cambridge Rating Valuation,	2018/19 \$250,000 \$	2019/20 \$	2018/19 \$690,000 \$	2019/20 \$	2018/19 \$1,800,000 \$	2019/20 \$
Fixed Targeted Rates	863	792	1,356	1,303	1,849	1,814
UAGC	606	708	1,212	1,416	1,212	1,416
Capital Value Rates	467	484	1,278	1,321	3,322	3,432
Total Rates	1,936	1,984	3,846	4,040	6,383	6,662
\$ incr per week		0.92		3.73		5.35
Percentage Increase		2.5%		5.0%		4.4%

Te Awamutu Ward (Residential) Rating Valuation,	2018/19 \$310,000 \$	2019/20 \$	2018/19 \$430,000 \$	2019/20 \$	2018/19 \$760,000 \$	2019/20 \$
Fixed Targeted Rates	988	914	988	914	988	914
UAGC	606	708	606	708	606	708
Capital Value Rates	578	599	800	827	1,408	1,455
Total Rates	2,172	2,221	2,394	2,449	3,002	3,077
\$ incr per week		0.93		1.07		1.45
Percentage Increase		2.2%		2.3%		2.5%

Rural Residential Te Awamutu Rating Valuation,	2018/19 \$480,000 \$	2019/20 \$	2018/19 \$845,000 \$	2019/20 \$	2018/19 \$1,720,000 \$	2019/20 \$
Fixed Targeted Rates	495	403	495	403	554	483
UAGC	606	708	606	708	1,212	1,416
Capital Value Rates	726	753	1,273	1,319	2,577	2,675
Total Rates	1,827	1,864	2,374	2,430	4,343	4,574
\$ incr per week		0.71		1.07		4.45
Percentage Increase		2.0%		2.4%		5.3%

Commercial / Industrial Te Awamutu Rating Valuation,	2018/19 \$255,000 \$	2019/20 \$	2018/19 \$670,000 \$	2019/20 \$	2018/19 \$1,830,000 \$	2019/20 \$
Fixed Targeted Rates	936	834	1,436	1,345	2,538	2,498
UAGC	606	708	2,424	2,832	2,424	2,832
Capital Value Rates	477	494	1,235	1,284	3,380	3,491
Total Rates	2,019	2,036	5,095	5,461	8,342	8,821
\$ incr per week		0.33		7.04		9.23
Percentage Increase		0.9%		7.2%		5.8%

Pirongia Ward - Rural Rating Valuation,	2018/19 \$500,000 \$	2019/20 \$	2018/19 \$2,720,000 \$	2019/20 \$	2018/19 \$5,920,000 \$	2019/20 \$
Fixed Targeted Rates	441	364	494	418	466	418
UAGC	606	708	1,212	1,416	1,212	1,416
Capital Value Rates	743	769	4,042	4,182	8,796	9,102
Total Rates	1,790	1,841	5,748	6,016	10,474	10,936
\$ incr per week		0.99		5.16		8.86
Percentage Increase		2.9%		4.7%		4.4%

Pirongia Village Rating Valuation,	2018/19 \$360,000 \$	2019/20 \$	2018/19 \$540,000 \$	2019/20 \$	2018/19 \$880,000 \$	2019/20 \$
Fixed Targeted Rates	435	355	428	355	428	355
UAGC	606	708	606	708	606	708
Capital Value Rates	659	690	995	1,030	1,618	1,673
Total Rates	1,700	1,753	2,029	2,093	2,652	2,736
\$ incr per week		1.02		1.22		1.61
Percentage Increase		3.1%		3.1%		3.2%

Ohaupo Village Rating Valuation,	2018/19 \$480,000 \$	2019/20 \$	2018/19 \$650,000 \$	2019/20 \$	2018/19 \$710,000 \$	2019/20 \$
Fixed Targeted Rates	428	390	428	390	428	351
UAGC	606	708	606	708	606	708
Capital Value Rates	713	738	1,190	1,229	1,336	1,380
Total Rates	1,747	1,836	2,224	2,327	2,370	2,439
\$ incr per week		1.72		1.99		1.28
Percentage Increase		5.1%		4.6%		2.8%

Ngahinapouri Rating Valuation,	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	\$390,000		\$1,130,000		\$3,645,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	435	368	435	358	507	478
UAGC	606	708	606	708	1,212	1,416
Capital Value Rates	579	600	1,679	1,737	5,859	6,063
Total Rates	1,620	1,676	2,720	2,803	7,578	7,957
\$ incr per week		1.07		1.61		7.27
Percentage Increase		3.4%		3.1%		5.0%

Kakepuku Ward Rating Valuation,	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	\$1,110,000		\$4,140,000		\$6,290,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	438	361	583	573	542	521
UAGC	606	708	1,818	2,124	1,818	2,124
Capital Value Rates	1,887	1,953	7,013	7,257	10,549	10,917
Total Rates	2,931	3,022	9,414	9,954	12,909	13,562
\$ incr per week		1.75		10.37		12.53
Percentage Increase		3.1%		5.7%		5.0%

Maungatautari Ward Rating Valuation,	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	\$500,000		\$2,080,000		\$5,160,000	
	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	403	346	389	333	522	521
UAGC	606	708	606	708	1,818	2,124
Capital Value Rates	936	969	3,462	3,582	8,766	9,072
Total Rates	1,945	2,023	4,457	4,623	11,106	11,717
\$ incr per week		1.50		3.18		11.72
Percentage Increase		4.0%		3.7%		5.5%