



**AMENDED BY  
COUNCIL  
RESOLUTION ON  
30 MAY 2017**

# OUR FUTURE DECIDED



THE PATH AHEAD FOR WAIPA // 10-YEAR PLAN 2015-25

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WE ASKED. YOU TOLD US.



## Summary of amendment to 10-Year Plan 2015-25

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On 30 May 2017 Waipa District Council adopted the amended 2015-25 10 Year Plan. This amendment provides for the sale of our Palmer St Pensioner Housing complex to the charitable organisation, Habitat for Humanity. As a strategic asset, the planned sale of this housing complex is a significant variation from the original plan and as such required a formal amendment.

The amended document has only given consideration to activities directly related to pensioner housing and the consequent financial impacts. This amended document has not been updated for or given consideration to other non-pensioner housing activities. For example, you will find statements referring to non-pensioner activity that specify plans for dates in the past and some of these plans may not have materialised as forecast. The specific sections of the 10 Year Plan that have been amended are listed in the below table. Amended text has been highlighted to show where changes exist from the current 10 Year Plan.

The Palmer St complex will be sold at current market value (at the time of sale) and estimates suggest the complex could net Council \$1.7 - \$1.9 million. The proceeds from the sale will be used to build more pensioner housing units with an initial focus in and around Te Awamutu and Kihikihi.

Habitat for Humanity is committed to providing affordable housing and sees the Palmer Street complex as a great opportunity for them to expand their present Freeman Court complex and offering. As a charitable organisation, Habitat for Humanity have access to funding that is not available to Council.

They are experts in affordable housing and as such, they are better equipped than Council to carry out the necessary rehabilitation and upgrade work.

If the sale takes place Council will ensure that tenants and community interests are protected through the inclusion of special conditions (covenants) in the sale and purchase agreement. These covenants will provide for:

- lifetime tenancy for current tenants subject to their ability to continue to live independently and compliance with the provisions of the Residential Tenancies Act.
- restrictions on the use of the site to ensure it continues to be utilised for housing for the elderly.
- A first right of refusal for Council to repurchase the site should Habitat for Humanity ever want to sell it.

Pensioner housing is a 'ring-fenced' self-funded activity. Rents are in line with market rates and all activity expenses are funded by this rent. This means the impact on the financial plan is relatively minor.

The variations to the finances can be found on the following amended pages:

<b>Section</b>	<b>Change</b>	<b>Page</b>
Financial Strategy	Graphs updated to reflect updated financials	31 – 46
Disclosure statement	Graphs updated to reflect updated financials	47 – 53
Community services and facilities – Key projects	Various	162 - 163
Community services and facilities – financial tables	Various	169 – 172
Financial Planning	Various	229 – 242
Funding Impact Statements	Various	257 - 260



## **Whakatauki**

*Hutia te rito o te harakeke*

*Kei whea te tauranga o te kōmako e ko?*

*Ki mai koe, ki ahau*

*He aha te mea nui o tēnei ao?*

*Māku e ki atu*

*He tangata, He tangata, He tangata*

If you remove the heart of the flax

Where will the bellbird then rest?

If you should ask me

What is the main thing in this world?

I will say to you

It is people, it is people, it is people

## 10-Year Plan 2015-25 statement

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Every council in New Zealand must adopt a long term plan that covers a period of at least ten years (Local Government Act 2002).

The purpose of a long term plan is to:

- Describe the activities of Council;
- Describe the community outcomes;
- Provide integrated decision-making and co-ordination of the resources of Council;
- Provide a long-term focus for the decisions and activities of Council, and
- Provide a basis for accountability of Council to the community.

For the purposes of this document we have named our long term plan the 10-Year Plan 2015-25, and we generally refer to it as the 10-Year Plan.

The 10-Year Plan sets the direction for the district and is formally reviewed and updated every three years. It describes the activities of Council and shows the whole picture of how the activities are managed, delivered and funded.

This plan was adopted on 30 June 2015 and takes effect from 1 July 2015.

**Please note:** Information relating to years 4-10 in the 10-Year Plan will be updated in 2018. The achievements in any year will be reported in our Annual Report for that year.

## The future starts now

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### Waipa's plans for the next ten years

This 10-Year Plan is one of the most challenging we have had to create, yet along with the challenge, it has also been the most rewarding.

We believe we have agreed a plan that ensures our district continues to be a great place to live while at the same time keeping costs as low as possible.

Over the past year, we have had some serious conversations with the community about the key issues facing the district in the next decade. Our district is encountering some significant challenges. We are growing fast and our population is ageing – by 2041, more than a third of all people living in Waipa will be older than 65 years old. That has implications for the kind of future we need to create, what residents and ratepayers can afford to pay for and over what timeframe.

This growth is also putting stress and strain on some existing infrastructure, particularly on our town water treatment plants and pipelines that have now reached capacity and are in need of renewal and improvements.

The 10-Year Plan has forced Council and the community to make some tough calls. We needed to commit some big dollars to infrastructure but also needed to look at ways to ensure our rates are as affordable and as equitable as possible. We also needed to make some decisions around balancing the necessities for our district, like infrastructure, against those things some people would say are 'nice-to-haves'. But it is these 'nice-to-haves' that make our district such a wonderful place to be.

The conversations happened.

We started talking much earlier than the official consultation period and particularly through Facebook and through our local newspapers. We did this so the councillors could get a good understanding of community priorities before we put the draft 10-Year Plan together. We then hit the road to talk to our communities and worked hard to make it easy for people to have their say. All up, we received 476 submissions that covered a wide range of topics, more than 50% of these were received online and we even received some video submissions. The councillors also got to hear from 78 people who came in to present their submissions in person at the Hearings. It was great to hear the passion and commitment from our community about the place they live.

Council spent three days listening and three days deliberating and we are confident the final 10-Year Plan provides Waipa with a solid base and positive way forward.

This 10-Year Plan enables us to keep up with and manage the pressures our growing district is facing. It also allows us to do this while keeping our average rates increase over the ten years to just 2.0%, which is below what we discussed in the draft 10-Year Plan (2.3%).

We are really pleased to have managed to achieve more than expected and have been able to keep the rate percentage below that initially outlined. A number of factors have contributed, including lower than forecast interest rates, a lower opening debt balance and projected increase in revenue from additional ratepayers.

## **What's in the 10-Year Plan**

The 10-Year Plan outlines some major infrastructure projects, some exciting community projects, and introduces some significant changes to the way we rate.

### **Changes to our rating system**

We proposed some changes to the way we collect our rates in order to make our rates as fair and as equitable as possible. As a result of feedback Council has reduced the initial impact of its new Uniform Annual General Charge (UAGC) from \$400 in the first year to \$300. The new charge will still be phased in over a six year period.

Public feedback has also changed the percentage increase of rates based on the capital value of a property from the proposed 1.7% per year to 0.8% per year, transitioned in over a six year period.

### **Water**

Council has retained Option 1 from the Consultation Document in the final 10-Year Plan. Option 1 involves upgrading the existing Parallel Road treatment plant, taking more water from the Waikato River and bringing the treated water from Parallel Road over to Te Awamutu. This option provides a resilient, long-term supply, enables growth and resolves the current taste and odour issues. However, we have also added \$600,000 into Year 1 of the 10-Year Plan to further investigate alternatives which, if successful, would significantly reduce the overall cost to ratepayers.

### **Water meters**

Council has approved the installation of water meters in those parts of the district that do not already have them (Te Awamutu, Cambridge and Kihikihi) in 2016/17. These are part of a comprehensive plan to manage water demand that also includes things like education programmes, helping different sectors look at water use (residential, rural and industrial users) and looking at how best to use water networks.

### **Cambridge pool**

Following feedback, Council has decided to build a new pool in Cambridge. Construction will begin in late 2016 and the pool is expected to open in 2018. The project involves retaining the outdoor 50m pool (and upgrading the current plant and changing facilities) as well as building a new 25m indoor pool and a learner's pool which will provide year-round swimming. The 25m pool will either be 8-lane or 10-lane, depending on the amount of community fundraising that is secured. The preferred option is a 10-lane pool which will allow for many more activities to take place in the pool. Council has confirmed it will contribute \$7.8 million towards the project. \$2.1 million in community fundraising is

required for the 10-lane option and \$1.1 million in fundraising is required for the 8-lane option.

### **Te Awamutu Museum**

Council confirmed their commitment to a new museum in Te Awamutu. The museum will help tell the fascinating and unique stories of the Waipa District and has the potential to create other tourism and economic development opportunities.

The museum will be built in two stages. Stage 1 will include an exhibition and education space and construction is planned to begin in 2019/20. The cost of this stage is just over \$4 million. Council has set aside \$1.5 million to kick-start the project but the remaining costs of just over \$2.5 million will need to be secured through community fundraising.

Stage 2 includes a storage and research space. Construction for this stage will be after 2025 and therefore funding is not included in this 10-Year Plan.

### **Cycleways and walkways**

We received a lot of support for the development of a cycleway from Te Awamutu to Kihikihi as well as for the Te Awamutu to Pirongia option.

Council confirmed the need for cycleways on the western side of the district and has included \$1.2 million in the budget for this. However before deciding on an exact route, Council will work with the community to create a wider cycling strategy that will make sure we have the right type of cycleways, in the right place, connecting the right things.

Council also confirmed that \$1.5 million will be provided for the Te Awa River Ride (\$300,000 per annum over 5 years) on condition that the trail will be completed in full between Hamilton and Cambridge or on condition that the work will begin at the Avantidrome.

### **Waipuke Park (on the shores of Lake Karāpiro)**

Council listened to the community and agreed to spend \$417,000 to start developing Waipuke Park, Waipa's newest lakefront recreation space. The park will be developed in stages with the first stage set to open by Christmas this year. The funding will go towards the essentials of the park such as roading, parking, fencing, planting, toilets and picnic tables. Once the park is opened and we can see how it's being used, Council will then decide how to incorporate other elements to the park such as a playground and/or dog exercise areas. The park will provide a safe swimming spot for children and recreational water sports like kayaking and paddle boarding. At this stage, there will be no boat ramp at the park.

### **Rural drainage**

Council has decided to go ahead with taking a more active role in maintaining rural public drains. This will cost \$322,000 in the first year and involves inspecting and spraying all rural public drains each year.

## Road seal extensions

As a result of the large public interest demonstrated through the number and content of submissions received on the draft 10-Year Plan, Council has reconsidered this issue and has agreed to allocate \$500,000 per annum (inflation adjusted) to the district seal extension programme.

## The numbers

Based on the decisions made, our average annual rates increase over ten years will be 2.0%. This factors in the move to water meters as a separate invoice. If water meter revenue was included as part of the total rates, the average rate increase over 10 years would be 2.4%.

Council's debt levels are now expected to peak at \$99 million. The main factors influencing this were changes to the development contributions and the addition of \$500,000 per year (inflation adjusted) on road seal extensions. Debt is necessary and it is a fair way of spreading the cost across generations that will benefit from Council projects. Council's debt levels sit comfortably within financial prudence benchmarks.

We all know that Waipa is a wonderful place to live. It has an outstanding natural environment, some world-class facilities and most importantly, a community that cares. This 10-Year Plan is our commitment to you and to preserving everything that's good about this district.

Thanks for taking the journey with us, for your input and your feedback; you have been instrumental in influencing the decisions made and the directions taken. Your feedback has been appreciated.



A handwritten signature in cursive script, appearing to read 'J Mylchreest'.

Jim Mylchreest JP  
**MAYOR**

A handwritten signature in cursive script, appearing to read 'G Dyet'.

Garry Dyet JP  
**CHIEF EXECUTIVE**

## The Mayor and Councillors

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### *Waipa District Mayor & Councillors*



**Judy Bannon**  
CAMBRIDGE



**Liz Stolwyk**  
CAMBRIDGE



**John Bishop**  
CAMBRIDGE



**Sue Milner**  
CAMBRIDGE



**Hazel Barnes - JP**  
TE AWAMUTU



**Marcus Gower**  
TE AWAMUTU



**Andrew Brown**  
TE AWAMUTU



**Vern Wilson**  
TE AWAMUTU



**Clare St Pierre**  
PIRONGIA



**Mayor**  
**Jim Mylchreest - JP**  
TE AWAMUTU



**Bruce Thomas - JP**  
PIRONGIA



**Laurie Hoverd**  
KAKEPUKU



**Grahame Webber**  
Deputy Mayor  
MAUNGATAUTARI





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# Strategic Direction





## Waipa's challenge ...

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Waipa is a wonderful place to live. It has an outstanding natural environment, some world-class facilities and a community that cares deeply about preserving and enhancing all that's good about our district.

By 2041, our population will increase by around 10,000 people, with 56,400 people projected to be living here. In the next 25 to 30 years, Cambridge will grow from 17,300 people to around 25,000. Te Awamutu and Kihikihi will reach a combined population of 17,600 – up from 13,000 people.

Increasing demand, ageing infrastructure and rapid population growth means doing nothing is not an option.

To stimulate and support growth, and to cope with the current demands on our infrastructure, we have to act now. In Cambridge North for example, there are already water pressure and stormwater issues that require attention.

The water challenge alone means we face some difficult choices. We also need to look after what we already have including our natural environment, our existing infrastructure and the community facilities that make Waipa such a great place to live.

We also need to be mindful of what's fair, what rates and other charges the community can afford to pay and the potential impact our decisions will have today and in the future.

Finally, we must balance the necessities for our district - like water infrastructure - against those things some people would say are 'nice-to-haves'. But it's those 'nice-to-haves' that make Waipa such an attractive place to live in and invest in.

The bottom line is this: we can't have it all because we simply can't afford it.

This 10-Year Plan includes a work programme that translates into an average rates increase over ten years of 2.0% for existing ratepayers. Ratepayers will be charged separately for water based on how much they use.

Waipa faces challenges, opportunities and choices. We have decided what our priorities should be and how they should be paid for. That's what this document is about.

### Big Issues...

Given Waipa's projected growth and the pressing need to invest in water, we've looked hard at the big issues, projects and opportunities our community faces over the next ten years.

We've also looked further out and developed a 30-Year Infrastructure Strategy (see page 57). The Infrastructure Strategy covers issues around the district's water supply, wastewater, stormwater drainage and roads and footpaths. It will help us better plan for

major projects and major investment needed and will ensure we are aware of the risks and opportunities facing our district.

Over the next decade, we'll spend \$974 million on behalf of our community. The graph below shows, in simple terms, where that money will be spent.

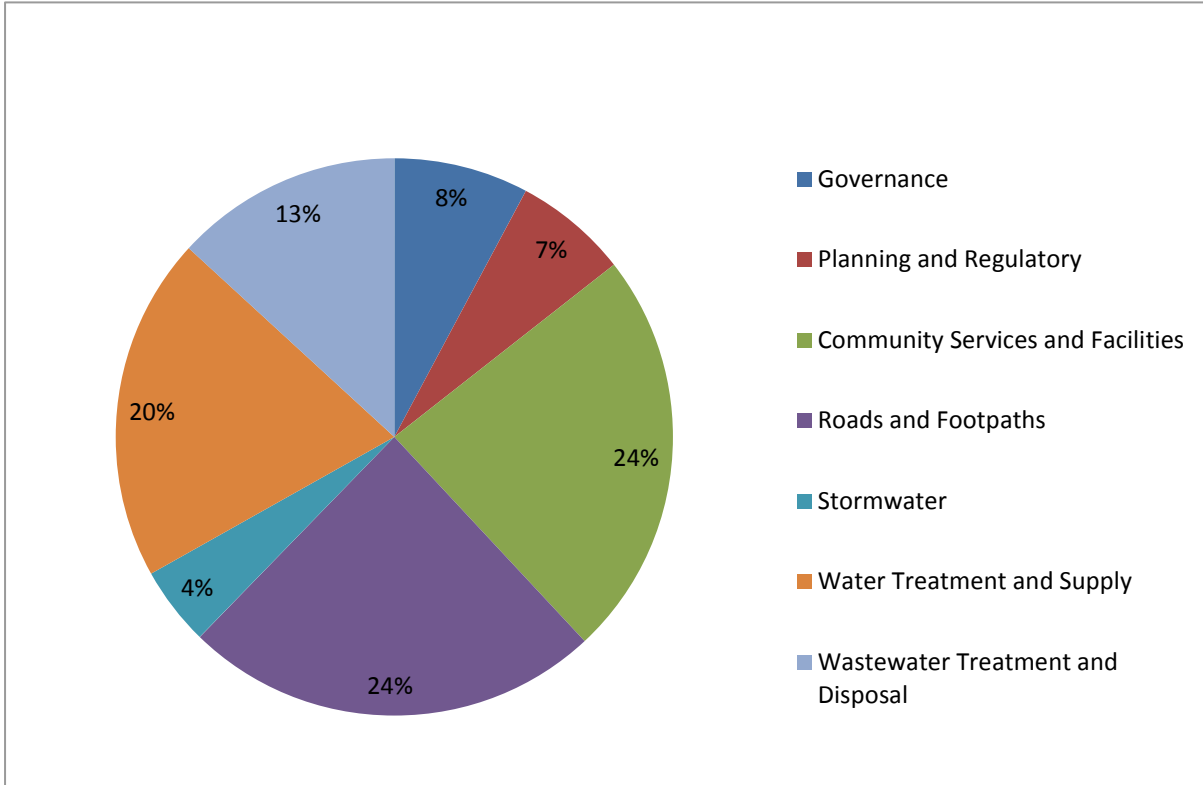


Figure 1: Where the money will be spent

You can see more detail about our Financial Strategy on page 33.

## Changing our rating system

We've decided to change the way we collect our rates and fund the services we provide to people in our district.

We're making these changes because it's important rates are affordable (particularly for those on low or fixed incomes). We need to ensure the rates we charge are as fair and as equitable as possible.

**The changes are not about increasing rates or about increasing the total amount of rates paid. We will collect exactly the same amount of money in rates.**

They will have no impact on debt (see page 34) or on the services you get from Council.

Instead, these proposed changes are about 'cutting the pie' differently and splitting rates more fairly among different property owners.

## **Our thinking**

We think the proportion of our rates charged on a uniform (fixed) basis was previously too high. This impacts particularly on those ratepayers with lower-value properties.

For example, for the 2014/15 year, a Te Awamutu ratepayer on a property worth \$240,000 paid \$2,425 in rates (including GST). In comparison, a ratepayer in a property worth \$620,000 paid \$3,161 (including GST). Even though the second property is worth two and a half times more, the second ratepayer is paying only 30% more.

While we could choose NOT to make these changes, we think it is fairer if we do. Given that, we've decided to:

### **Introduce a new rate called a Uniform Annual General Charge (UAGC)**

A Uniform Annual General Charge (UAGC) is a fixed charge applied to each separately used or inhabited part of a property, (for example, retirement villages, blocks of flats, multiple business units, houses with self-contained granny flats and cottages on large farms). Previously there was no Uniform Annual General Charge in Waipa District.

A UAGC is applied to ensure every ratepayer pays a minimum contribution for Council services. Introduced at \$300 the UAGC will increase by \$102 per year for the next four years, and \$82 in year 6 to be \$790 at the end of the transition stage.

That means properties with more than one dwelling or business unit will pay their fair share and will pay more than properties with only one dwelling or business unit on their property.

### **Reducing targeted ward rates**

Targeted ward rates are charged to property owners on a uniform per-property basis in each ward in the district. We will significantly reduce these rates over 6 years as we phase in the proposed Uniform Annual General Charge.

### **Increasing the percentage of our rates based on the capital value of a property**

As per the 2014/15 Annual Plan, 53.8% of our rates for general, district-wide activities comes from the general rate which is based on a property's capital value. We are proposing, over the same six years that we transition to a Uniform Annual General Charge, that this increases from 54.6% in year one, to 58.6% in year six.

Future individual rates bills will include:

- A much smaller targeted ward rate (which helps pay for specific facilities in different parts of the district).
- A general rate, based on the capital value of your property (meaning those with higher-value properties pay more).
- A Uniform Annual General Charge (a flat rate based on each separate dwelling or business unit).

- Any other relevant service charges or other targeted rates applicable to your property (like recycling and water for example).

These proposed changes are all outlined in more detail in our Revenue and Financing Policy.

See the policy online at [www.waipadc.govt.nz/finance](http://www.waipadc.govt.nz/finance)

### **Not budgeted....**

We can't afford to do everything we want to do. So we have prioritised and made sure our most important projects are funded first.

A number of projects considered by elected councillors have not been funded.

That's not to say we don't believe these projects are important – they are. We will continue working to identify other possible avenues of funding which may allow these projects to go ahead.

Some of the projects considered but not funded are listed on page 242.

## Strategic context

This section sets out our vision for the district and how we propose to work towards achieving it. This section makes it clear what we consider to be important for Waipa and Council’s strategic focus for the next ten years.

The priorities below have guided the development of this 10-Year Plan, including the prioritisation of programmes and projects within the financial resources available.

### Guiding principles

The following principles support and inform the strategic context, and the Financial and Infrastructure strategies, and will guide their implementation. The principles also support our decision-making processes.

Table 1: Guiding principles

Principle	Supporting objectives
Investing for future wellbeing	Our funding decisions will be aligned with our strategic direction. Each community outcome will be funded, with expenditure prioritised and timed according to available funding. We will invest to support the staged development of the district.
Building on what we have	We will maintain our core asset base in order to sustain agreed levels of service. We will maximise value from infrastructure investment. We will review existing strategies to ensure alignment with strategic direction.
Collaboration not isolation	We will work with community partners and stakeholders to achieve desired outcomes while minimising rate impacts. We will work with other councils to maximise shared services opportunities.
Financial prudence	We will maximise non-rate revenue to support our operations. We will investigate and develop new business models for the efficient and effective delivery of services. We will build financial reserves to manage rating peaks.
Leadership	We will be a good corporate citizen. We will engage with stakeholders and foster debate within the community on key issues.

### Our vision, purpose and community outcomes

Council’s purpose is set by the Local Government Act 2002. The focus is to enable local decision-making on behalf of communities and to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

## **Our vision**

Building Champion Communities

## **Our role**

Working together to achieve our communities' aspirations.

## **Our goals and community outcomes**

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



### **Goal 1: Economically progressive**

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

To be economically progressive, we will continue to develop Waipa as a sustainable thriving economy built upon the district's unique characteristics by:

- Efficiently using resources to deliver services without unreasonably burdening future ratepayers;
- Developing Waipa as a great place in which to do business; and
- Building a diversified and productive economic base that supports the natural and cultural environment.

### **Economically progressive : Our community outcomes**

*We are financially sustainable.*

To support the achievement of this outcome, we will implement a Financial Strategy and financial management policies (contained within this Plan). These will guide our decision making and inform our work programmes.

*Our services are acknowledged as excellent value for money.*

We will continue to monitor, review, and improve the services we deliver to ensure they provide value for money.

*Waipa's growth is built on its strengths.*

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

See the policy online at [www.waipadc.govt.nz/our-district/EconomicDevelopment](http://www.waipadc.govt.nz/our-district/EconomicDevelopment)



## **Goal 2: Environmental & cultural champions**

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

See the policy online at [www.waipadc.govt.nz/our-council/Waipac2050](http://www.waipadc.govt.nz/our-council/Waipac2050)

We will continue to build a community that is proud of Waipa's physical and cultural environment and the value it provides by:

- Ensuring we have a low carbon footprint;
- Ensuring staff have a high level of cultural awareness;
- Promoting environmental responsibility and cultural awareness within the community; and
- Ensuring people have access to protected environmental and cultural sites.

### **Environmental & cultural champions: Our community outcomes**

*We are recognised as an environmental and cultural leader.*

Within our organisation we will identify, minimise, and monitor the environmental effects of our operations.

Staff will be provided with opportunities to raise their cultural awareness and skill levels regarding cultural protocols.

Through our policies, plans and work programmes we will encourage a focus on environmental considerations, such as increased walking, cycling and the use of public transport.

*Waipa's environmental and cultural heritage is a showcase for excellence.*

We will develop and implement programmes that protect, enhance and interpret the district's environmental and heritage assets and features for our community and visitors to enjoy.



## **Goal 3: Connected with our community**

We empower and engage our communities to determine and contribute to desired outcomes, whilst providing them with opportunity, equality and efficient service.

We will ensure the Waipa community is actively involved in the decisions and actions that affect the wellbeing of the District by:

- Building a community that advocates on behalf of its council and district;
- Encouraging high levels of participation in Council decision making processes; and

- Developing collaborative and enduring partnerships with key stakeholders.

### **Connected with our community: Our community outcomes**

*Our stakeholders are advocates/ambassadors for Waipa and Council.*

We will focus on creating stronger, resilient and more enduring relationships by informing, consulting, involving and empowering our residents, ratepayers and key stakeholders.

*We engage with all parts of our community.*

Our Community Engagement Strategy will guide our actions.

*See the policy online at <http://www.waipadc.govt.nz/our-council/about-us/vision>*

*We have collaborative and enduring partnerships.*

Formal relationship and partnership agreements with key stakeholders, including Treaty Settlements and Joint Management Agreements, will be developed and actively supported.



### **Goal 4: Socially responsible**

We act with conscience and integrity to lead the district in valuing and protecting the members of our organisation and community, and enhancing their wellbeing.

We will ensure the knowledge and resources within Waipa are used for the benefit of the whole community by:

- Encouraging staff to be actively engaged in the community;
- Creating an organisation that attracts, employs and retains the best people;
- Engaging and empowering people to perform to their full potential; and
- Building vibrant neighbourhoods and liveable communities.

### **Socially responsible: Our community outcomes**

*We give back to the community.*

Staff will be encouraged to develop a great sense of connection with our community that goes beyond their role.

*We are a workplace of choice.*

We will continue to focus on attracting and retaining people who demonstrate champion performance and attitude.

*Waipa offers an excellent quality of life.*

We will further develop an understanding of, and an appropriate response to, the factors that influence the district's ratepayers and resident's perception of quality of life. Critical



factors that Council is responsible for and aware of, is the maintenance of good quality local infrastructure and the management of effective regulatory functions.

### **Using our community outcomes**

Council works together with a number of partners on implementing the community outcomes – these partners are acknowledged in the Governance group of activities which begins on page 133.

Progress towards our community outcomes is measured through a combination of organisational, customer satisfaction and level of service indicators and is reported to the public annually in Council's Annual Report.



# Financial Strategy





## The Financial Strategy

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### Introduction

Our Financial Strategy in the 10-Year Plan 2012-22 was set towards the latter part of the global financial crisis which formed the backdrop for the financial strategy. The theme for the financial strategy was resourcefulness i.e. making the best use of what we have in maintaining levels of service, optimising the use of assets and finding innovative ways to deliver services more efficiently while operating in a manner that is financially prudent. In keeping with this theme we have managed over the first three years of the 10-Year Plan 2012-22 to keep the rates increases lower than that signalled in the Plan.

The Financial Strategy 2015-25 has quite a different theme around significant infrastructure challenges facing the District. These challenges relate to substantial infrastructure investment in the water, wastewater and stormwater activities. For example, the level of capital expenditure proposed for the 10-Year Plan 2015-25 increases from \$409 million (2012-22) to \$474 million which will be funded from a combination of debt, depreciation funds, development contributions revenue and income from external sources such as the New Zealand Transport Agency subsidies. Council's Infrastructure Strategy (which begins on page 55) demonstrates the need for these levels of investment.

We also recognise that a greatly increasing proportion of the population will be aged 65 years and above. Most of these residents will be on fixed incomes for whom rates affordability will be a prime concern.

In preparing the Plan, we were mindful of achieving a balance in providing the necessary resources to address significant infrastructure investment as a priority, creating sufficient financial headroom to deliver on an acceptable level of discretionary projects, maintaining current levels of service, enabling growth in light of a changing demographic structure and remaining financially prudent. This means doing more for less, keeping rates increases low, delivering high quality services and ensuring that new infrastructure (like water, wastewater and stormwater) is able to meet current service demands and keep pace with the population growth envisioned for the district.

One of the key advantages for Council is that it is in a very strong position financially to address these challenges. We have relatively low levels of debt compared to neighbouring councils. To keep debt over the next ten years at manageable levels we have prioritised core service needs and have deferred level of service projects in Community Facilities, and Roads and Footpaths, to either the latter years of this plan or beyond. Council uses its reserves and external borrowing to fund capital expenditure. The finance function is responsible for administering Council's internal loan portfolio. The primary objective in funding internally is to use reserves and external borrowing effectively, by establishing a portfolio that provides funding to internal activity centres. This creates operational efficiencies as savings may be created by eliminating the margin that would be owing through Council separately investing and borrowing externally.

The average rates increase over the 10-Year Plan is anticipated to be at 2.0% for existing ratepayers and annual rates increases are at a maximum of 3.27% for the 2016/17 financial year .

We are of the view that this financial approach for the 10-Year Plan is prudent, sustainable and complies with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014.

### Debt and rate limits

The following section outlines the core elements of the financial strategy.

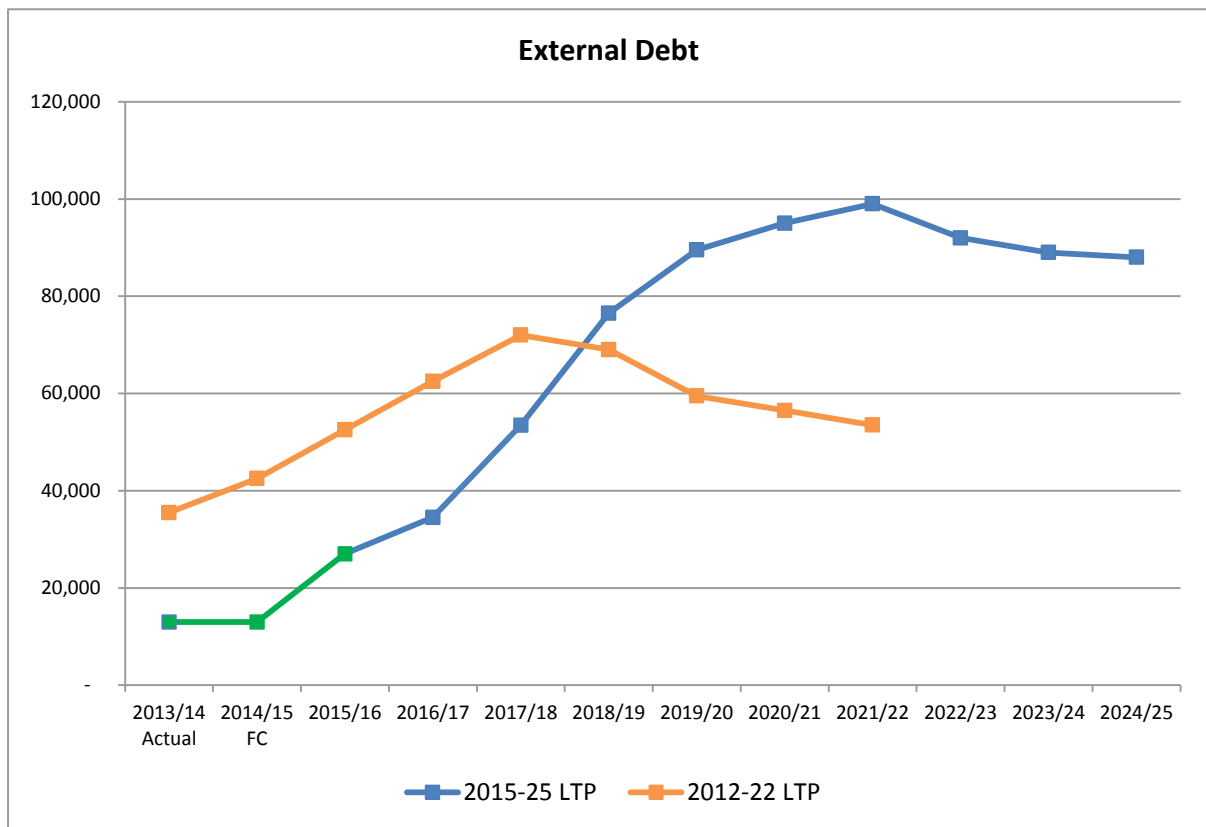


Figure 2: External debt

Council’s debt is expected to be \$13 million at the end of June 2015. Debt levels are set to rise over the first six years of the 10-Year Plan with a peak at \$99 million at the end of the 2021/22 year. The key projects driving this level of debt are:

- a) Construction of the Cambridge Pool (Years 1-3: \$4.6 million);
- b) Implementation of the Waipa District-Wide Water Strategy for Te Awamutu and Cambridge (Years 1-7: \$36 million);
- c) Construction of the waste water treatment plants in Te Awamutu and Cambridge, including the upgrade of the pipe bridge (Years 1-7: \$25 million);
- d) Construction of stormwater infrastructure in Cambridge North (Years 1-5: \$6.4million); and

e) Construction of roads, footpaths and cycle ways (Years 1-6: \$11.7million).

Council’s aim in addressing this demand for infrastructure investment is to ensure that the rates required to both service and repay debt are affordable. A healthy level of debt repayment has been put in place which results in Council debt at the end of the 10-Year Plan reducing to \$88 million.<sup>1</sup>

Debt per rateable property in 2015/16 is \$1,296 based on 20,829 rateable properties.

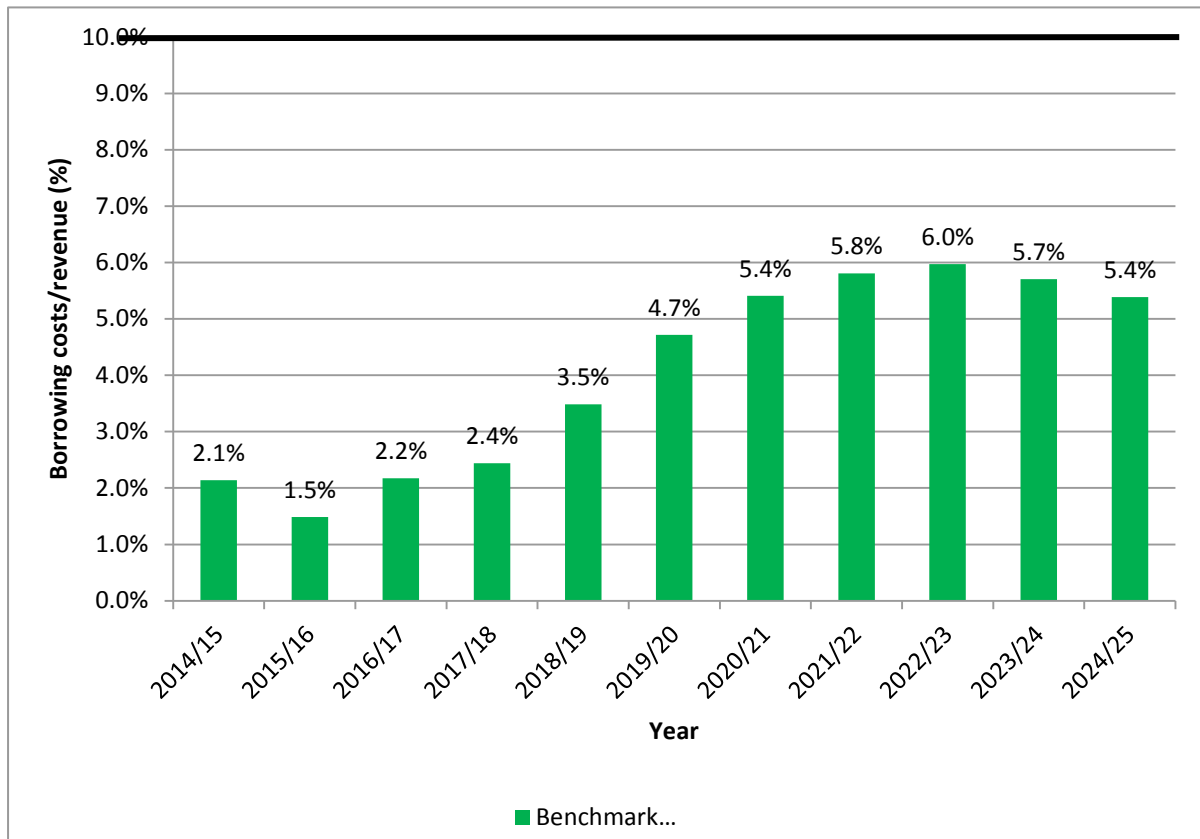
Debt per rateable property in 2024/25 is \$3,499 based on 25,147 rateable properties.

**Debt limits**

Our borrowing limits are based on our ability to service the cost of debt as set out in our Treasury Management Policy which states that gross interest expense will not exceed 10% of specific, defined revenue sources.

This interest affordability ratio since 2009 has been between 1.6% and 3.8%. Interest affordability in the 10-Year Plan peaks at 6.0% in the 2022/23 year after the level of debt is projected to reach \$99 million.

This level is substantially lower than our prudent threshold of 10% as set out in the Treasury Management Policy.



<sup>1</sup> All loans are repaid over a 20 year period.

Figure 3: Gross interest expense

### Debt affordability benchmark

Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares Council’s planned debt against a quantified limit on borrowing. The quantified limit is set at 110% of the debt forecasted for each year of this 10-Year Plan. The green bars in the graph indicate that our planned borrowing is below this limit (black bars) for each year of this 10-Year Plan.

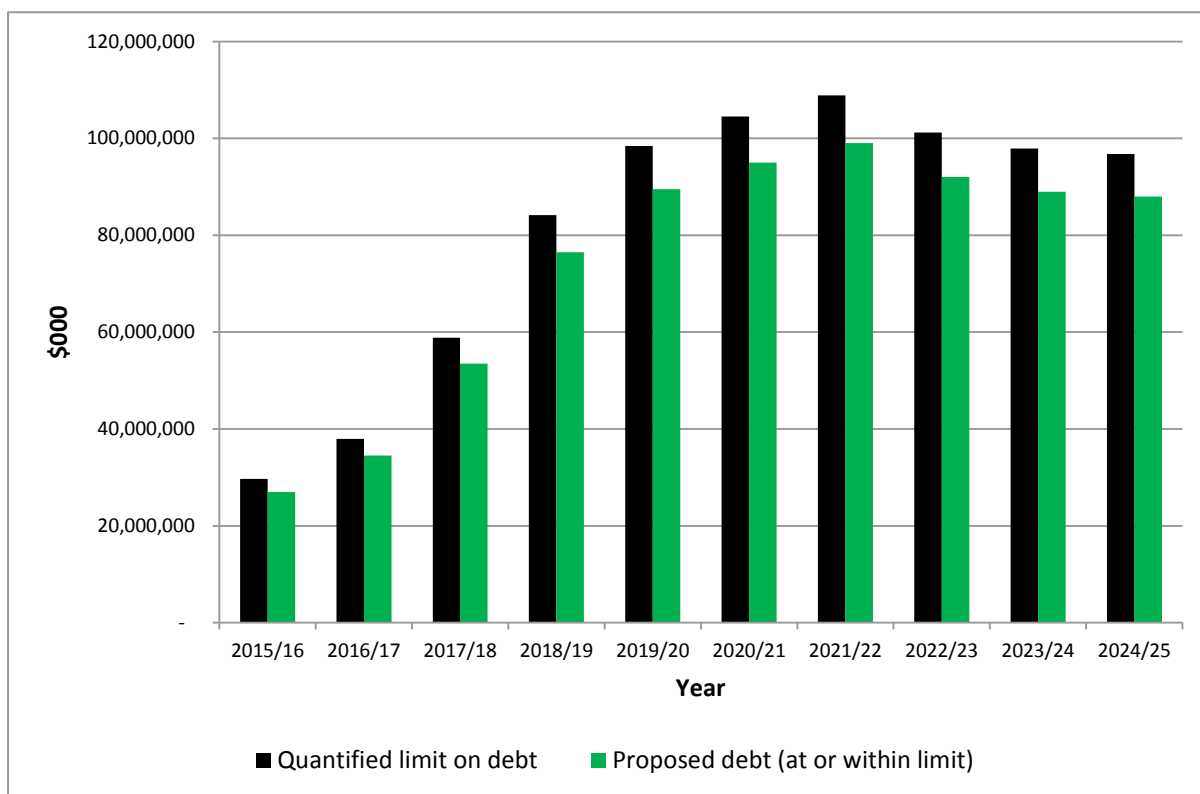


Figure 4: Proposed debt levels

### Rates

To keep rates rises at an affordable level we propose an average rates increase over 10 years of 2.0% for existing ratepayers. This factors in the move to water meters as a separate invoice. Rates for each property will increase depending on the value of the property and the services that property receives. The following graph dips in the 2019/20 year because in that year, urban properties in Cambridge, Te Awamutu and Kihikihi will be billed separately for water, in addition to their rates bill. Most of the existing water charges will be included in the rates bill. Residents won’t be charged twice for the same amount of water. If water meter revenue was included as part of the total rates, the average rate increase over ten years would be 2.4%. It is important to note that this increase relates to total rates income, the actual percentage increase for each property will differ depending on the value of the property and the services received. Tables of indicator properties in Table 101 on page 269



are provided to illustrate the rates impact on example properties located in each of the five wards.

The key drivers for the increase in rates are:

- a) Growing levels of depreciation and interest payments;
- b) Service level increases; and
- c) Meeting statutory compliance requirements.

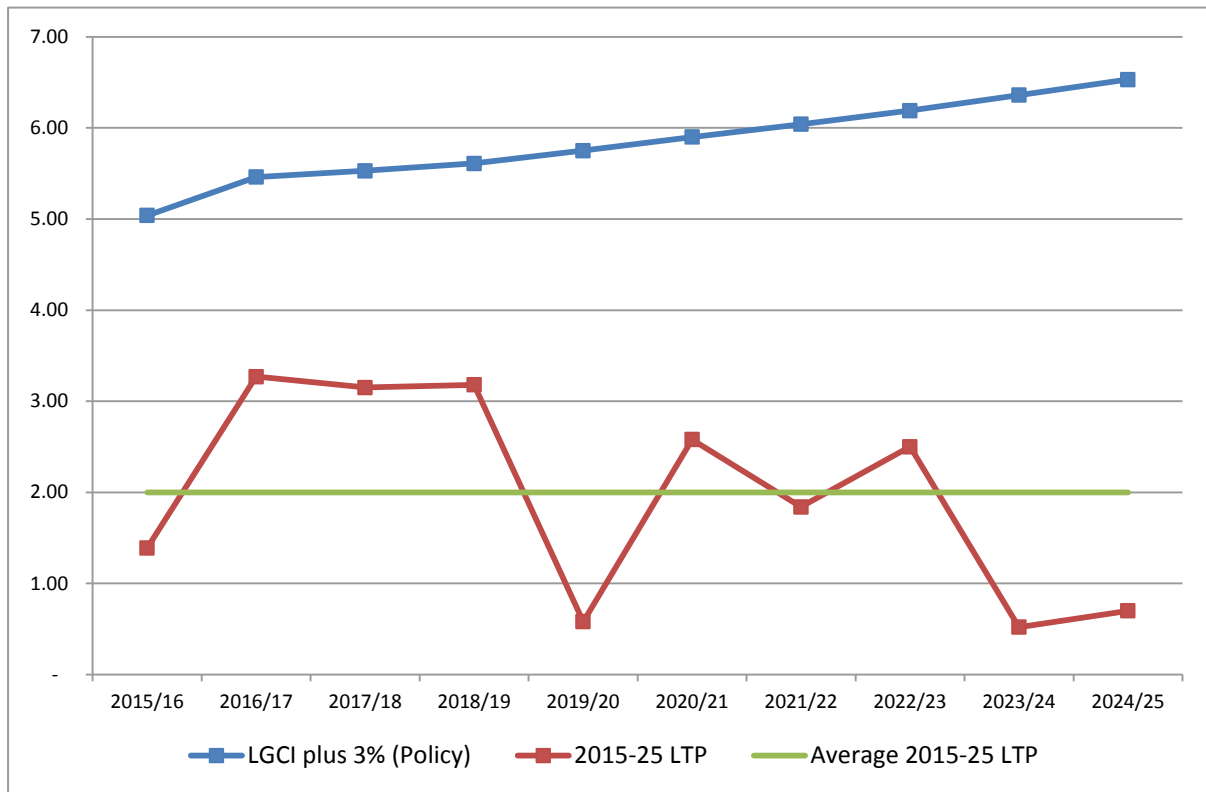


Figure 5: Rates increases for existing ratepayers

Setting limits on rates and rate increases is a key part of ensuring financial sustainability. We set these limits at levels that provide a focus on maximising revenue from non-rate sources and are affordable given our strategic goals and priorities.

We are committed to limiting rates levels to a maximum of 65% of our total revenue.



Figure 6: Rates income limits

### Rates increases

We will limit annual increases for existing ratepayers to no more than the forecast Local Government Cost Index for that year plus 3%. The Local Government Cost Index is an inflation measure based on the cost structures of New Zealand’s local authorities. The Local Government Cost Index is different to the Consumer Price Index as it includes goods which consumers would not normally purchase. These goods, such as bitumen or piping, often have different inflation pressures than the goods which are included in the Consumer Price Index basket. The Local Government Cost Index examines the main cost drivers for Local Government activities and measures the degree these change from year to year. The Local Government Cost Index is sourced from Business Economic and Research Limited.

The Local Government Cost Index is a more accurate measure of the cost changes that we are faced with over the ten year period. Using this measure will provide ratepayers with a more accurate picture of how these costs impact on rates. Figure 5 shows how Council’s projected rates increases compare to the Local Government Cost Index plus 3% limit.

### Balanced budget

In setting the rates for the 10-Year Plan we aim to achieve an annual financial result where revenue equals or is greater than operating expenses.

The following graph displays Council’s ten year projections for revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment) as a proportion

of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment).

The 100% line in the graph depicts our planned operational expenditure. The revenue projection for each year is anticipated to be in excess of this operational expenditure line demonstrating our objective to live within our means.

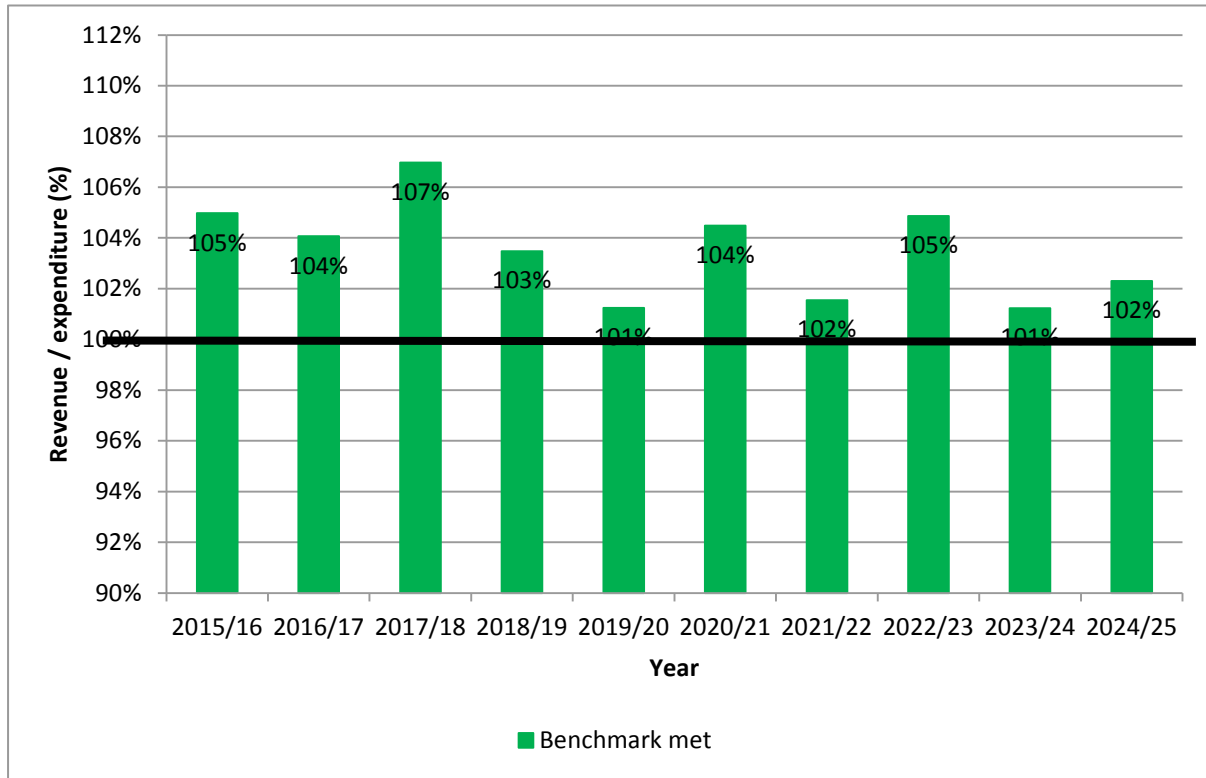


Figure 7: Revenue projections

### Growth/expected changes in population and land use

A population study commissioned by Future Proof<sup>2</sup> in 2008 developed population projections for Waipa based on various scenarios with associated assumptions. For Waipa this translated to a projected population growth rate of 18% over the years 2009-19 and a 20% increase in new households. However, this scenario was developed prior to the Global Financial Crisis which has had a significant negative economic effect on the District’s growth.

A subsequent study was commissioned by Future Proof in 2014<sup>3</sup>. This has suggested a significantly lower population growth profile with approximately 9% over the years 2015-25. However the study projects a 19% growth in households over the same period. This forecast is largely driven by a dramatic increase in one and two person households during the period as a consequence of the aging population.

<sup>2</sup> Future Proof is a partnership between Waikato and Waipa District Councils, Hamilton City and Waikato Regional Councils, NZTA and Waikato Tainui. It has developed and implemented a growth strategy for this sub-region and conducts on-going monitoring of this, including demographic projections.

<sup>3</sup> Study supplied by University of Waikato, National Institute of Demographic and Economic Analysis (NIDEA)

Following delivery of the 2014 report NIDEA have updated their assumptions using data from the 2013 census. This has indicated a population projection higher than the 2014 report. This updated report is in the process of a being peer reviewed. Census area unit and household data have yet to be provided. The information provided in the updated report is limited to population data only. This information was used to calculate the number of additional dwellings based on an average number of 2.5 people per household which equates to 155 additional dwellings per year.

When considering these results Council has taken a conservative approach and recognised an additional 100 dwellings per year between years two to ten of the Plan. Please refer to our significant forecasting assumptions for more information (begins on page 109).

There is a level of uncertainty regarding these projections, particularly in terms of how this will translate to new dwellings. However we are confident that sufficient land is zoned and able to be serviced to cater for this. This was the key objective of our Waipa 2050 Growth Strategy (more on our population assumptions is provided on page 89).

New industrial land has been provided for in the Proposed District Plan at Bond Road (Te Awamutu), Hautapu (Cambridge), and Titanium Park (Hamilton Airport). These developments have been largely unfunded in this 10-Year Plan. However some of the proposed plant infrastructure upgrades have allowed for growth in these areas.

Apart from residential, commercial and industrial development (outlined in the Growth Strategy and provided for in the 10-Year Plan) no other significant land use changes are anticipated over the next ten years.

Key growth cells provided for where development is expected over the next ten years are outlined in the table below.

Table 2: Key growth cells

Growth cell	Location	Type	Approx. capacity (lots)
Cambridge North (Stage 2)	Cambridge	Residential	1,000
Cambridge Park	Cambridge	Residential	300
St Kilda	Cambridge	Large Lot Residential	285
Te Awamutu South (T7)	Te Awamutu	Residential	110
Pirongia Rd (T1)	Te Awamutu	Residential	420
Bond Rd Residential	Te Awamutu	Residential	120
Picquet Hill	Te Awamutu	Residential	170
Fairview Estate, Rosehill and Taylors Ave	Te Awamutu	Residential	120
St Legers Rd (T6)	Te Awamutu	Large Lot Residential	500
Hautapu	Cambridge	Industrial	NA

Growth cell	Location	Type	Approx. capacity (lots)
Titanium Park	Airport	Business	NA
Bond Rd	Te Awamutu	Industrial	NA
<b>Total growth capacity</b>			<b>3,025</b>

## Operating expenditure

This covers the day-to-day spending on services we provide such as the cost of treating and pumping water, powering street lighting, maintaining parks and reserves, issuing building consents, and the cost of interest on loans and depreciation. This forecasted budget provides for the services we currently deliver, together with the operating costs related to growth and new capital projects that we have outlined in the plan.

A significant proportion (35-45%) of revenue is drawn from non-rate sources. Our operating expenditure is forecast to increase from \$65 million in 2015/16 to \$96 million in the 2024/25 year.

The majority (63%) of our operating expenditure is spent on the following activities:

- Roads and footpaths;
- Community services and facilities; and
- Water treatment and supply.

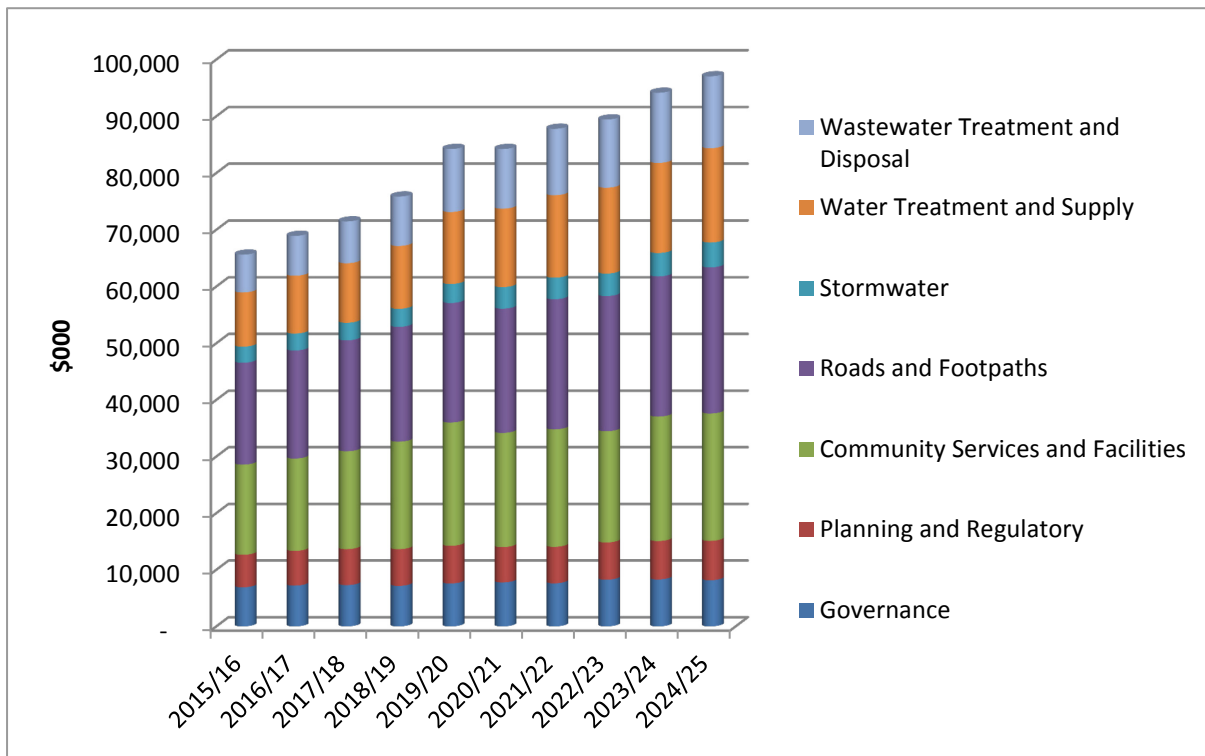


Figure 8: Operating costs by activity

## Capital expenditure

This relates to spending on replacing or upgrading existing assets. Capital expenditure is incurred to either maintain current services or purchase/build new assets to increase our services or cater for growth.

Capital expenditure (building or upgrading assets) usually results in increased operating expenditure in the following years. For example, if we built a new water treatment plant, then aside from the construction costs (capital expenditure), we would need to budget for additional annual costs such as maintenance, power and insurance. Asset construction costs are usually funded by loans which impact the operating budget (and rates) as this has to cater for an increase in annual costs for repaying the interest and principal portions of the loan. We have allowed for the estimated increases in operating costs arising from our planned capital spending in our ten year forecasts.

On top of those operating costs, another significant cost that is rated for is depreciation. Continuing with the treatment plant example, depreciation provides funding to eventually replace this asset after a period of use (80 years in this example). As time progresses the cost to replace the asset will increase due to inflation and other economic factors hence the amount of depreciation included in the budget increases to match the estimated cost of this asset at the time of replacement. While the majority of assets (except for land) are depreciated each year we have chosen not to charge rates for the depreciation for particular assets. These are assets which we have decided would not be replaced in future, at least not at Council cost. These include buildings such as rural community halls and buildings that have been moved onto our parks and reserves over the years by various community groups that do not contribute to our core services. We encourage the community to undertake local fundraising initiatives to maintain these assets if they so choose.

\$474m of capital expenditure is planned over the period of the Plan. Our Financial Strategy recognises the infrastructure demands signalled in the Infrastructure Strategy by catering for a significant proportion of the 30-year capital spend in this 10-Year Plan.

### Total cost of capital expenditure

The capital cost to maintain existing levels of service (renewals) over the next ten years is forecasted at \$181 million. \$162.3 million of this is the cost to maintain/replace our basic network infrastructure.

We've also budgeted \$161 million of capital costs over the next ten years for increasing/improving our services. The most significant projects include:

- |    |                                       |                |
|----|---------------------------------------|----------------|
| a) | Water Strategy                        | \$41.1 million |
| b) | Cambridge Bypass Roading Improvements | \$12.7 million |
| c) | Cambridge Wastewater Treatment Plant  | \$ 8.4 million |
| d) | Cambridge Town Pool Development       | \$ 9.9 million |
| e) | Te Awamutu Museum                     | \$ 4.0 million |

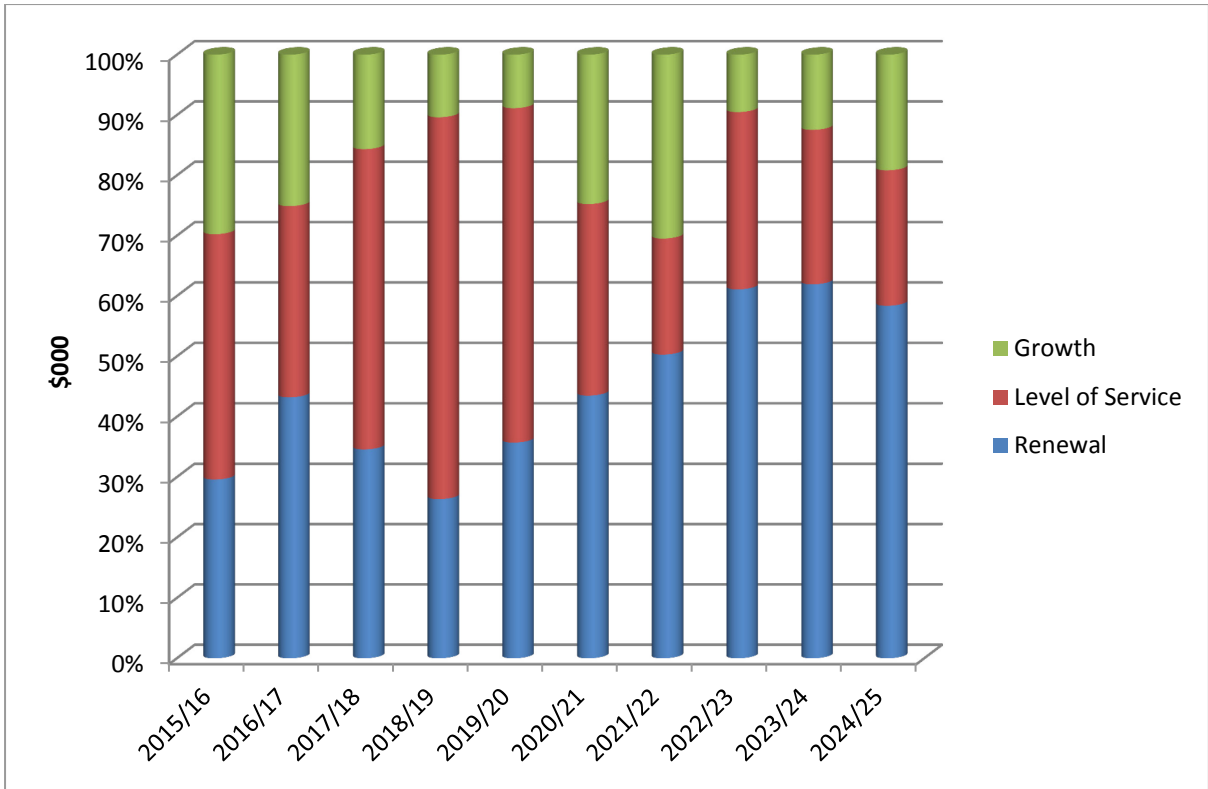


Figure 9: Mix of capital expenditure

Council’s Infrastructure Strategy demonstrates the need for these projects. The Infrastructure Strategy begins on page 55.

The split of capital expenditure by group of activities is as follows:

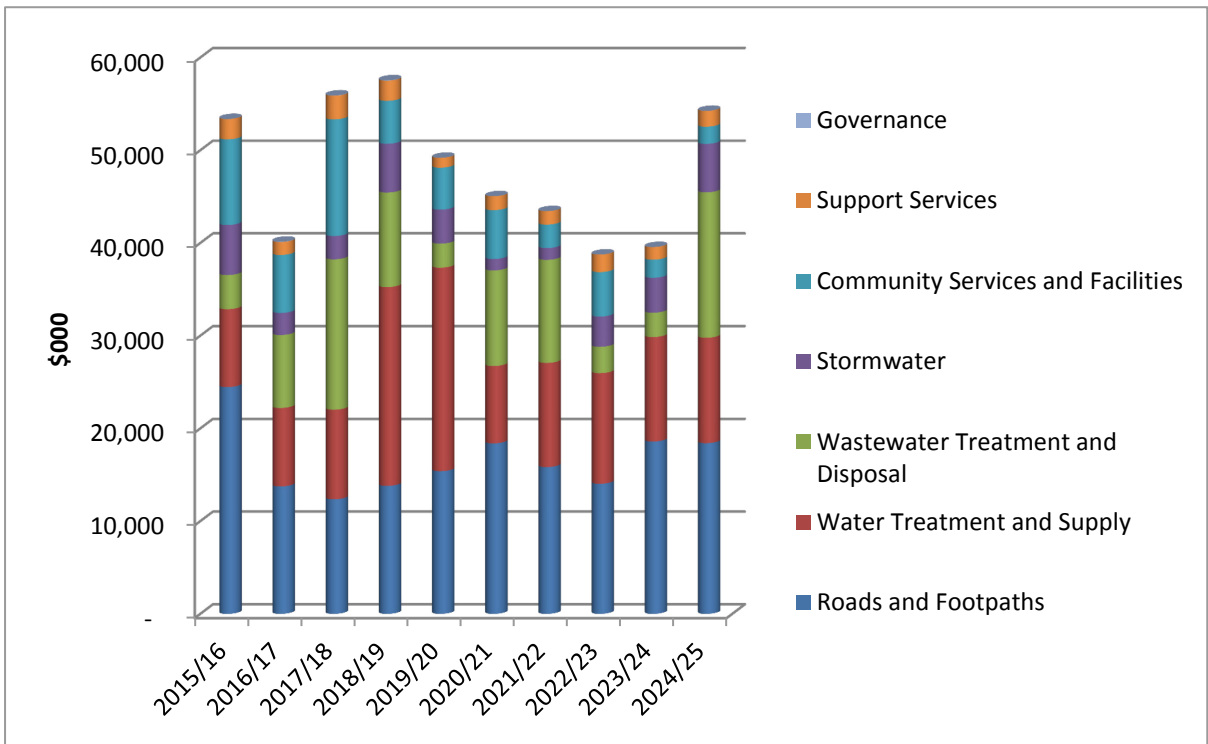


Figure 10: Capital expenditure by group of activities

Our capital expenditure programme is the key driver for the level of debt required over the ten year period.

Rates are set at a level to meet depreciation costs which provides the cash required to fund the renewal of assets.

Level of service improvements are generally funded from debt and capital subsidy. Where capital work has a growth component, this component will be funded by development contributions. The capital expenditure required to meet future growth during the ten years is \$77.4 million with contributions of \$53.3 million expected to be received from developers.

## **Security for borrowing**

Borrowing is secured by a charge over rates and rates revenue by way of a debenture trust deed. Generally assets are not offered as security for any loan or performance of any obligation under an incidental arrangement.

## **Investments**

Our investment policy sets out the detail of the type of investments we currently hold, and our objectives and risk management strategies related to holding these investments. Our approach to investments is set out in our Treasury Management Policy. However, we have minimal levels of cash investments as our focus is on minimising debt.

We are shareholders in the Waikato Regional Airport Limited, New Zealand Local Government Funding Agency Limited and Local Authority Shared Services Limited. We also hold a small interest in the New Zealand Local Government Insurance Company Limited.

Other than to achieve strategic objectives, it is not our intention to undertake new equity investments. We will periodically review investments with a view to exiting at a time when market conditions are favourable and overall strategic objectives are not compromised.

Any dividend income is included as part of general revenue.

Any purchase or disposition of equity investments not identified in this Plan is by Council resolution.

At the time of disposal, we will determine the most appropriate use of sale proceeds.

## **Changes to the way we collect rates**

The Revenue and Financing Policy outlines Council's policies on the funding sources to be used to fund the operational and capital expenditure of Council's activities and the rationale for their use.

The Policy identifies the following challenges:

- a) Affordability for those on fixed incomes;



- b) The fairness and equity of the current policy; and
- c) The high incidence of uniform (fixed) rates.

To help address these issues, Council has changed the structure of the district-wide funding to the following key elements:

- a) A new uniform annual general charge (UAGC) is applied on a separately used or inhabited part of a rating unit (SUIP) basis.
- b) A reduction in the value of the targeted ward rate, which is applied on a per rating unit basis, until it is no longer an element of the district-wide funding.
- c) An increase in the proportion of the capital value rates within the district-wide funding.

This rating approach is to be transitioned in over six years with the UAGC introduced at \$300 increasing by \$102 per year for the next four years, and \$82 in year 6. The capital value rate is anticipated to increase by 0.8% per year for the first six years. The result in year 6 of the 10-Year Plan is a district-wide funding structure as follows:

- a) A UAGC of \$790;
- b) No targeted ward rate as part of the district-wide funding; and
- c) A capital value rate comprising 58.6% of the district-wide funding.

As a consequence of the move to SUIPs via a UAGC, the following remission is included in the Policy on the Remission and Postponement of Rates (Rates Remission Policy):

*The UAGC per SUIP will not be applied to a rating unit where there are two or more rating units that are:*

- a) *Owned by the same person;*
- b) *Used jointly as a single rating unit;*
- c) *Contiguous or separated only by a road, railway, drain, water race, river or stream; and*
- d) *Do not have a dwelling, flat or unit recorded as improvements.*

## Summary

To summarise, our Financial Strategy aims to achieve the following:

- a) Invest in delivering the district-wide Water Supply Strategy (this drives our biggest area of near-future spend) and infrastructure demands signalled in the Infrastructure Strategy over the period of the 10-Year Plan.
- b) Maintain the core services we currently provide as efficiently as possible (many of these are essential services and legislatively required).
- c) Allow financial headroom for high priority discretionary projects within the ten year period of the plan, including the Cambridge Pool, Te Awamutu Library and Te Awamutu Museum developments.
- d) Deliver on the above objectives while maintaining debt at financially prudent levels and keeping rates rises affordable. This will involve some changes to the way that

we collect rates.

- e) Ensure Council is in a sound financial position at the end of the 10-Year Plan to address the future infrastructure demands signalled in the Infrastructure Strategy.

## Disclosure statement

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### Long-term plan disclosure statement for period commencing 1 July 2015.

#### 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 long-term 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.

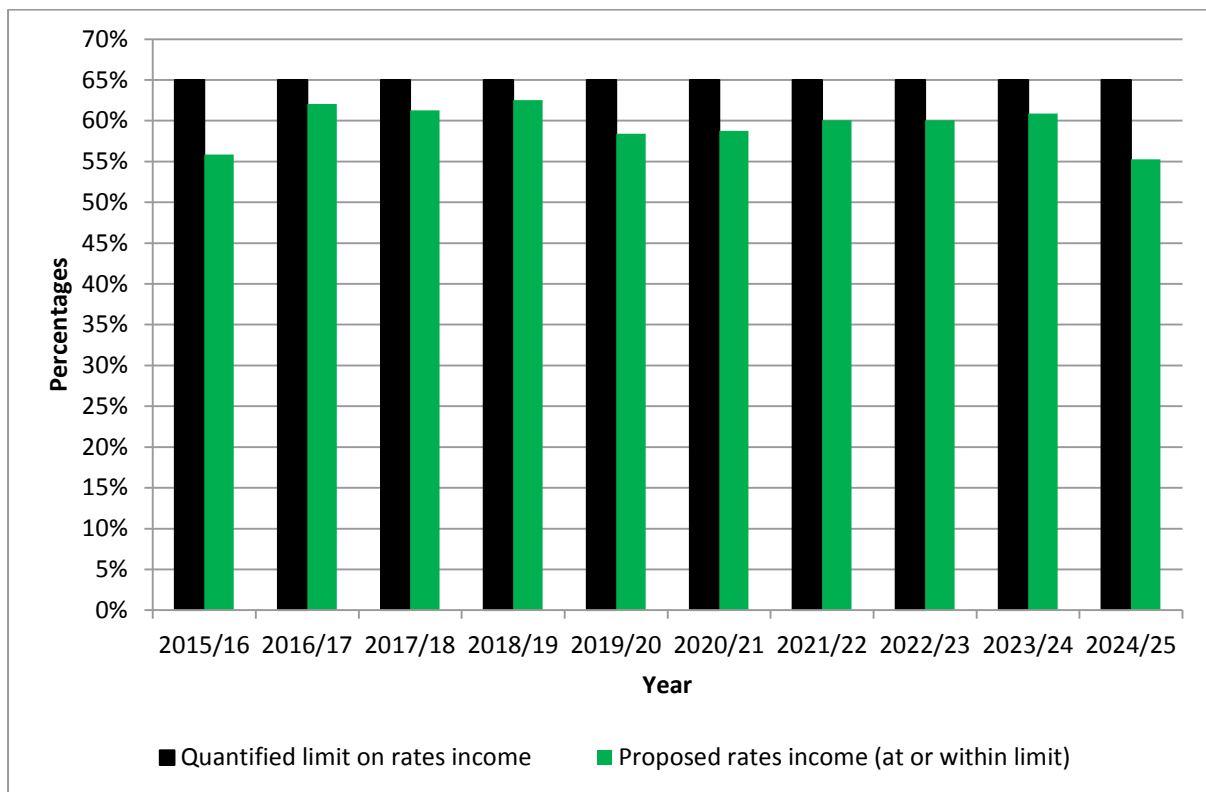
## Rates affordability benchmark

The council meets the rates affordability benchmark if –

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increase.

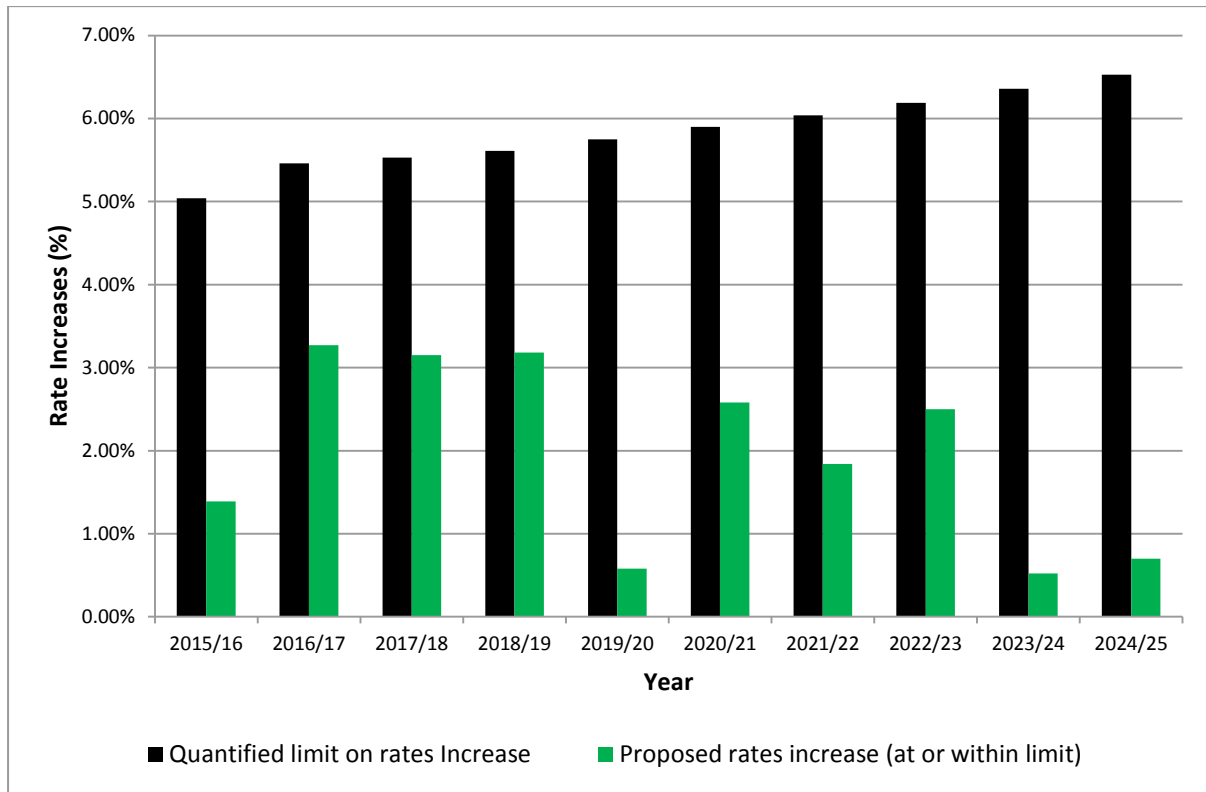
### Rates (income) affordability

The following graph compares the council’s planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is limiting rates levels to a maximum of 65% of our total revenue.



## Rates (increases) affordability

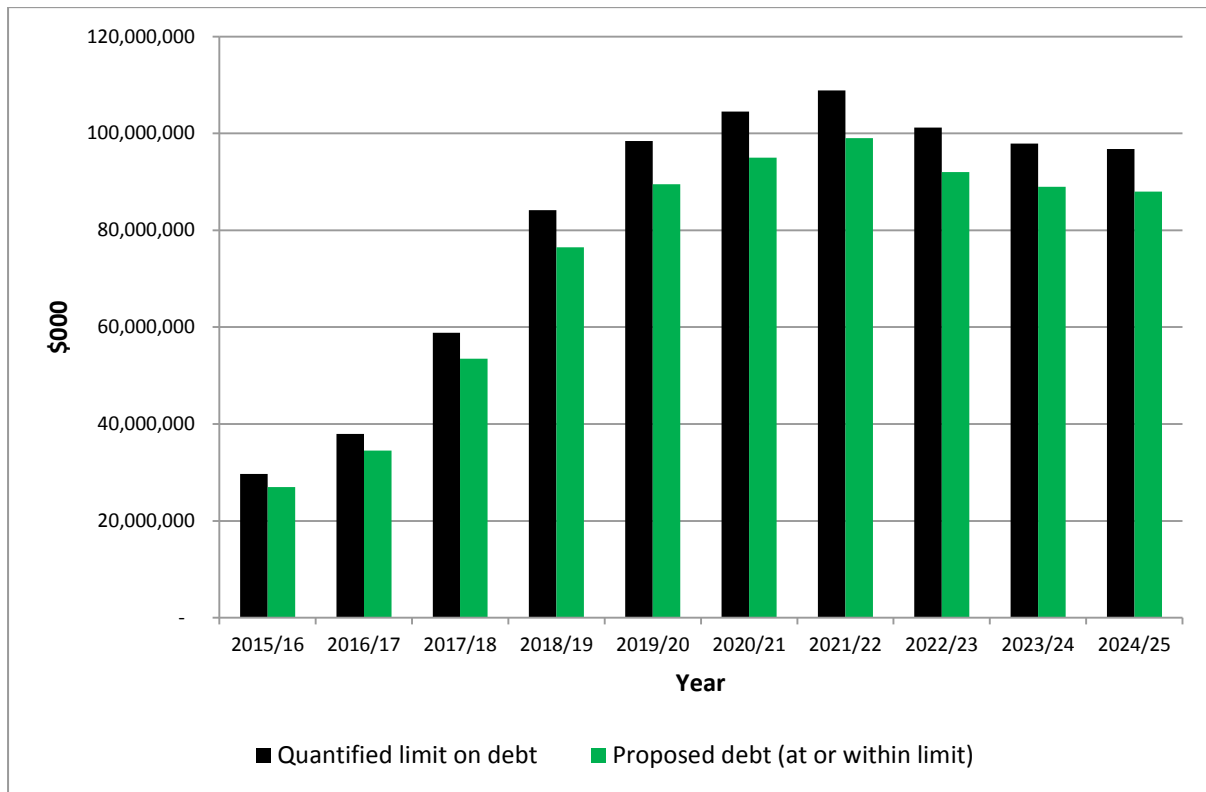
The following graph compares the council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is council will limit annual increases in the average rate requirement (after growth) to no more than the forecast Local Government Cost Index for that year plus 3%.



## Debt affordability benchmark

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

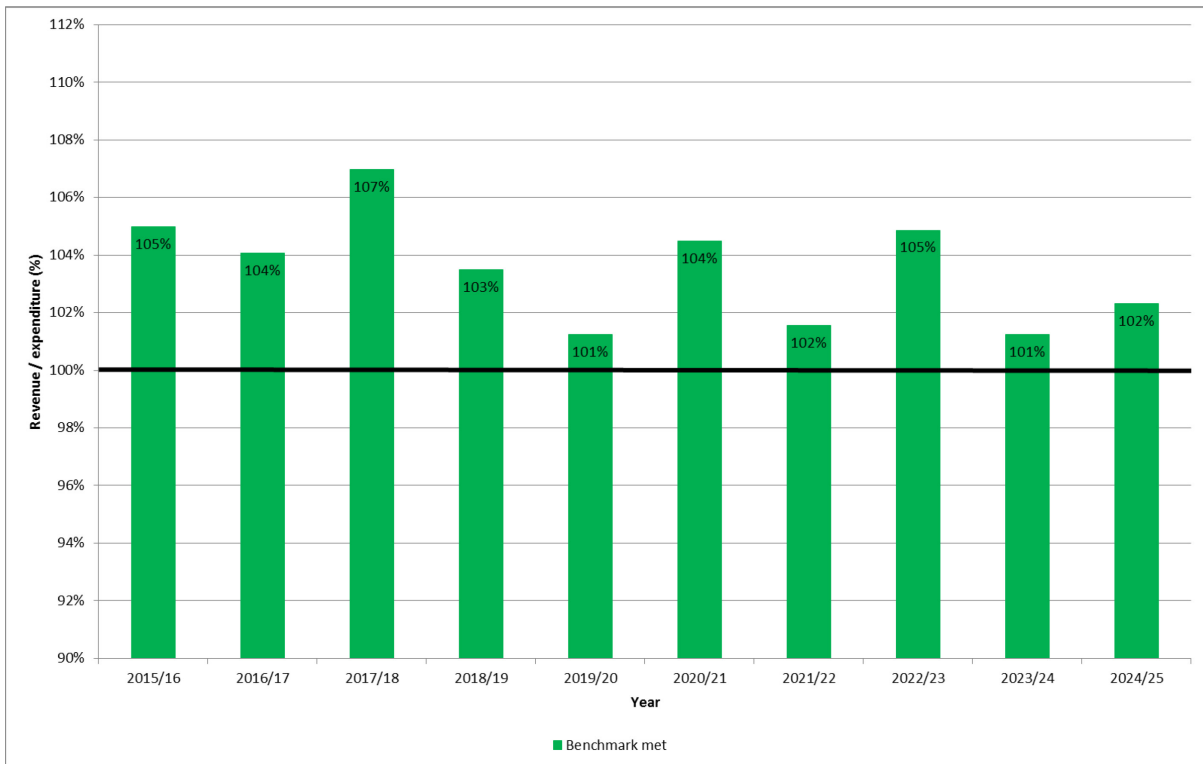
The following graph compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is set at 110% of the debt forecasted for each year of this plan.



## Balanced budget benchmark

The following graph displays the council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment).

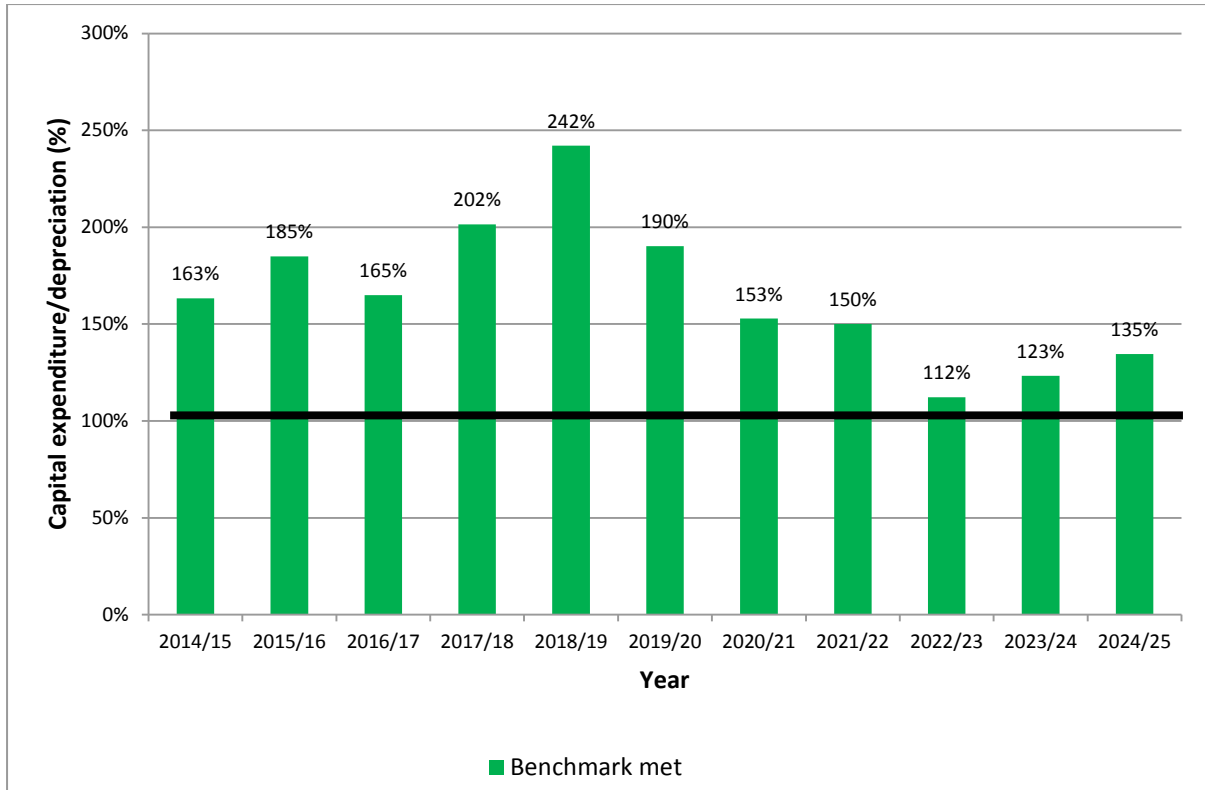
The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



## Essential services benchmark

The following graph displays the council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

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.

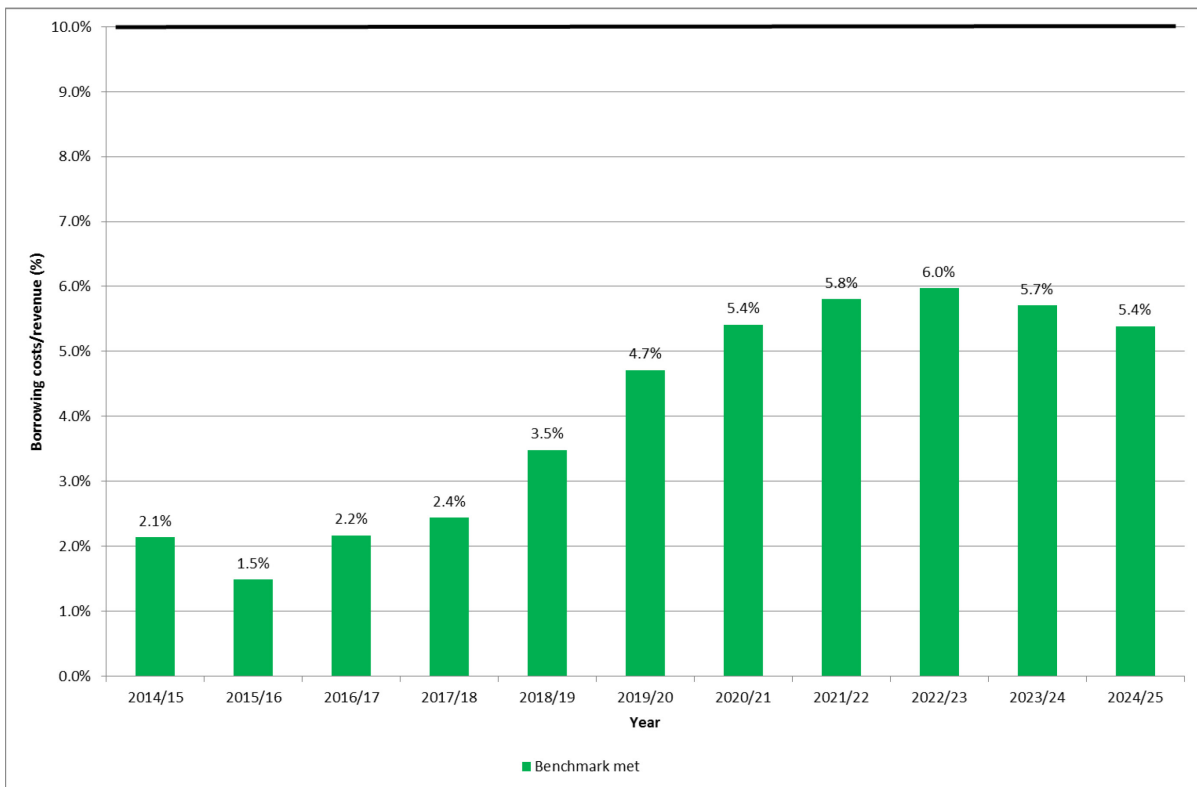




## Debt servicing benchmark

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

Because Statistics New Zealand projects the council’s population will grow slower than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.





# Infrastructure Strategy





## The Infrastructure Strategy

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### List of abbreviations

Table 2: Abbreviations

Abbreviation	Definition
AMP	Activity management plan
LOS	Level of service
LTP	Long term plan
WTP	Water treatment plant
WWTP	Wastewater treatment plant
BCM	Business continuity management
ODRP	Optimised depreciated replacement costs
NZTA	New Zealand Transport Agency
NIDEA	National Institute of Demographic and Economic Analysis

### Purpose of the Infrastructure Strategy

Our people use infrastructure on a daily basis, and as our communities grow, increased pressure is placed on existing infrastructure networks. A strategic planning approach is needed given the large operational and capital expenditure expected during the long lives of infrastructure assets and the lead times in planning for upgrades, replacements and the creation of new assets.

This approach ensures that significant infrastructure issues, the principal options for managing those issues, and the implications of those options are identified. The purpose of this Infrastructure Strategy is to formally document the management philosophy that is applied to Waipa District's infrastructure assets as required under section 101b of the Local Government Act 2002.

The Infrastructure Strategy signals Council's intended direction for the provision of core water and roading infrastructure over the next 30 years. By taking this longer term view, Council is able to take a more proactive approach to asset and service planning and procurement. This will include exploring opportunities for shared services and assets with neighbouring councils. It also provides a framework to understand the risks and affordability of our infrastructure over the longer time horizon rather than the comparatively short period of the 10-Year Plan 2015-25.

Responding to growth at the appropriate scale and time will also be important to delivering cost effective and sustainable infrastructure.

## Infrastructure activities

Waipa District Council is responsible for the following activity groups covered by this Strategy:

- a) Water (treatment and supply)
- b) Wastewater (sewerage and the treatment and disposal of sewage)
- c) Stormwater drainage
- d) Roads and footpaths.

Note that under the Local Government Act 2002, flood protection and control works are also considered infrastructure assets. This activity is not included in this Infrastructure Strategy as Council does not own or manage flood protection and control works.

In addition, Council manages a number of assets which are not covered in this Infrastructure Strategy:

- a) Parks and reserves
- b) Mighty River Domain (on Lake Karāpiro)
- c) Libraries
- d) Museums and heritage
- e) Swimming pools
- f) Public toilets
- g) Community halls
- h) Pensioner housing
- i) Cemeteries
- j) Civil defence emergency management and rural fire
- k) Waste management and minimisation.

## Infrastructure assets

### Asset overview

An overview of the assets associated with this Infrastructure Strategy is shown below.

Table 3: Asset summary (June 2014)

Water treatment & supply assets					
	Asset Description	Unit	Quantity	Average Base Life	Average Age
Above Ground Assets	Pipe Bridges	qty	6	61	37
	Monitors	qty	19	14	3
	Pump Stations	qty	15	28	17

Water treatment & supply assets					
	Reservoirs	qty	14	42	16
	Treatment Plants	qty	6	30	16
In Ground Assets	Connection	qty	14,272	37	24
	Hydrants	qty	1769	25	33
	Pipes	km	559	67	30
	Valves	qty	3,322	25	26

Wastewater treatment & disposal assets					
	Asset Description	Unit	Quantity	Average Base Life	Average Age
Above Ground Assets	Pump Stations	qty	50	30	13
	Treatment Plants	qty	2	37	13
	Pipe Bridges	qty	4	75	28
In Ground Assets	Connections	qty	11,485	44	19
	Pipes	km	248	69	35
	Valves	qty	66	25	9
	Manholes	qty	4365	06	36

Stormwater drainage assets					
	Asset Description	Unit	Quantity	Average Base Life	Average Age
Primary System	Outlets & Inlets Structures	qty	188	49	13
	Pipes	km	142	77	26
	Connections	qty	1082	47	8
	Manholes	qty	2652	60	25
	Treatment Devices	qty	3	50	8
	Silt Traps	qty	31	50	13
	Soak Holes	qty	158	50	20
	Soakage Trenches	qty	40	15	4
Land Drainage	Retention Ponds & Swales	qty	7	-	-
Rural Drains		km	230	-	-

Roads and footpaths assets					
Asset Type	Component	Unit	Quantity	Average Base Life	Average Age
Road	Formation /Sub-Grade	m <sup>2</sup>	9,745,322	-	-
		km	1,128		
	Sub-Base (Sealed)	m <sup>2</sup>	9,130,371	-	-
		km	1,116		
	Sub-Base (Unsealed)	m <sup>2</sup>	453,018	-	-
		km	71		
	Basecourse	m <sup>2</sup>	8,629,925	64	33
		km	1,136		
	Surfacing	m <sup>2</sup>	9,570,748	14	11
		km	1,340		
	Road Islands	qty	76	42	4
Drainage	Surface Water Channel	km	1,923	50	30
	Catchpit	qty	2,431	50	22
Structures	Bridge	qty	225	67	34
	Culverts	m	40,408	73	34
		qty	2884		
	Retaining Wall	m	2,808	33	11
		qty	58		
	Bus Shelters	qty	52	31	24
Traffic Facilities	Signs	qty	13	5	2
	Railings	m	10,301	30	19
Street Lights	Lamps	qty	2,800	11	13
	Mounts	qty	2,609	20	13
Pedestrian	Footpath	m <sup>2</sup>	353,910	49	24
		km	215		

Source: Draft 2015-2025 Activity Management Plans (Rev. October 2014)



Council uses confidence grades in order to identify the degree of uncertainty of the asset data. Further detail can be found in Table 14: Confidence grades on page 92.

## **Strategic issues**

Council has considered the following important issues in this Infrastructure Strategy:

**Renew or replace existing assets** – The required level of investment to maintain, renew and replace existing assets.

**Growth/decline in demand for services** – The level of infrastructure investment necessary to provide for growth and the appropriate timing of growth related investment, to minimise costs to the community and operate at optimum infrastructure capacity.

**Increase/decrease in level of service** – The balance between level of service expectations and affordability; and any potential threats or opportunities to maintain or improve the level of service.

**Public health and environmental outcomes** – Any potential threats or opportunities to maintain or improve public health and environmental outcomes and mitigate any adverse effects on them.

**Resilience in relation to natural hazards** – Identifying and managing risks relating to natural hazards and making appropriate financial provision for those risks.

The key strategic issues that affect Council's infrastructure and the likely response are shown in the following table.

Table 4: Key strategic issues affecting infrastructure

Strategic issue	Description	Most likely scenario principal options for managing the issue	Implications of the option(s)
Population growth	<p>Residential growth in most of the larger towns requires additional capacity at water/wastewater treatment plants and new network assets such as roads and pipes to be installed.</p> <p>The Cambridge North development is the most significant area of greenfields development.</p>	<p>Upgrade water and wastewater treatment plants and construct new infrastructure to meet the needs of a growing population.</p>	<p>If the capacity of core infrastructure is not increased to keep up with a growing population, the existing infrastructure is put under pressure. This may result in water outages, wastewater overflows, increased flooding and crowded roads.</p>
Aging population	<p>The design of new assets and renewals programmes need to consider the requirements of an aging population, including demand and affordability.</p>	<p>Consider the changing demographic of Waipa's population when designing new infrastructure to meet current and future needs, including demand and affordability.</p>	<p>As the population ages there are fewer people per household and typically less income per household. This may result in less demand for water and roading services in specific parts of the district in the long term.</p>
Aging infrastructure	<p>Some of our infrastructure is in poor condition and needs replacing. Many assets installed in the 1960's and 1970's are now in poor condition and the chance of them failing is increasing.</p>	<p>Identify the most critical assets in the poorest condition and prioritise these for renewal. Continue condition assessment programmes of three waters and roading assets to programme replacements.</p>	<p>If aging infrastructure is not renewed or replaced at the right time there may be a decrease in the level of service. This may result in more frequent water outages, wastewater overflows, increased flooding and road safety issues.</p>
Resilience	<p>There is an increased community expectation that there are back-up options in case important water or roads infrastructure fails.</p>	<p>Review the three waters and roading networks and implement changes to increase the resilience in providing services.</p>	<p>Non-resilient networks have an increased risk of being affected by natural hazards such as storm events, earthquakes and landslips. This may result in more water and wastewater service outages, flooding and road use and safety issues.</p>

Strategic issue	Description	Most likely scenario principal options for managing the issue	Implications of the option(s)
Backlog of levels of service work for water and wastewater infrastructure	Towns and industrial areas have outgrown their water supplies and Council is struggling to provide enough water during high demand periods. There are water pressure, taste and odour issues. While drinking water meets Public Health Drinking Water Standards, compliance with other standards is challenging, particularly for wastewater.	Upgrade water and wastewater treatment plants to meet agreed levels of service with the community.	Failure to meet levels of service for water and wastewater services means that community expectations are not met.
Environmental requirements	Resource consent conditions have changed or are likely to change, including restrictions on how much water we can take from local streams, bores and rivers and the requirement for improved quality of treated wastewater and stormwater discharged to the environment. Using water efficiently and reducing wastage is considered during allocation processes.	Upgrade water and wastewater treatment plants and implement district-wide water metering to meet current and likely future consent conditions.	There is some uncertainty around whether consent conditions will change over the next 30 years and what impact this may have on water and roading infrastructure.
Traffic safety	The Cambridge section of the Waikato Expressway will have a big impact on traffic patterns in Cambridge. Traffic volumes are expected to be significantly reduced once the expressway opens. Council will assess road sections and intersection design following the expressway opening.	Assess road sections, intersections, bridge requirements and implement works required with regard to the Cambridge section of the Waikato Expressway. Continue to monitor traffic information and carry out traffic safety improvements.	If traffic safety improvements are not carried out then there may be an increase in injuries and fatalities from roads which do not fit user needs.
Traffic congestion	Constrictions such as bridges and heavy vehicles in urban areas can contribute to increased traffic congestion.	Assess current and future transport needs and implement works to divert heavy vehicles and install bridges.	If not effectively managed, traffic congestion can lead to increased safety issues and also affect the economic growth of the District.

Strategic issue	Description	Most likely scenario principal options for managing the issue	Implications of the option(s)
Cycle and walkways	Increased demand for cycle and walkways both for locals and visitors.	Support extensions to the Te Awa cycleway.	More cycle and walkways have a positive effect on the overall health of the community and may increase tourism to the District.
Industrial demand	Fonterra is a major water supply customer. Council is working with Fonterra and other industrial and farming consumers to manage water demand. There are significant areas of undeveloped industrial zoned land that may require water and other infrastructure services in future.	Upgrade water and wastewater treatment plants and construct new infrastructure to meet current and future industrial demand.	If water services are not expanded to meet demand from industry, then economic growth may be hindered within the District.

The Infrastructure Strategy also outlines Council's most likely scenario for managing its infrastructure assets, including:

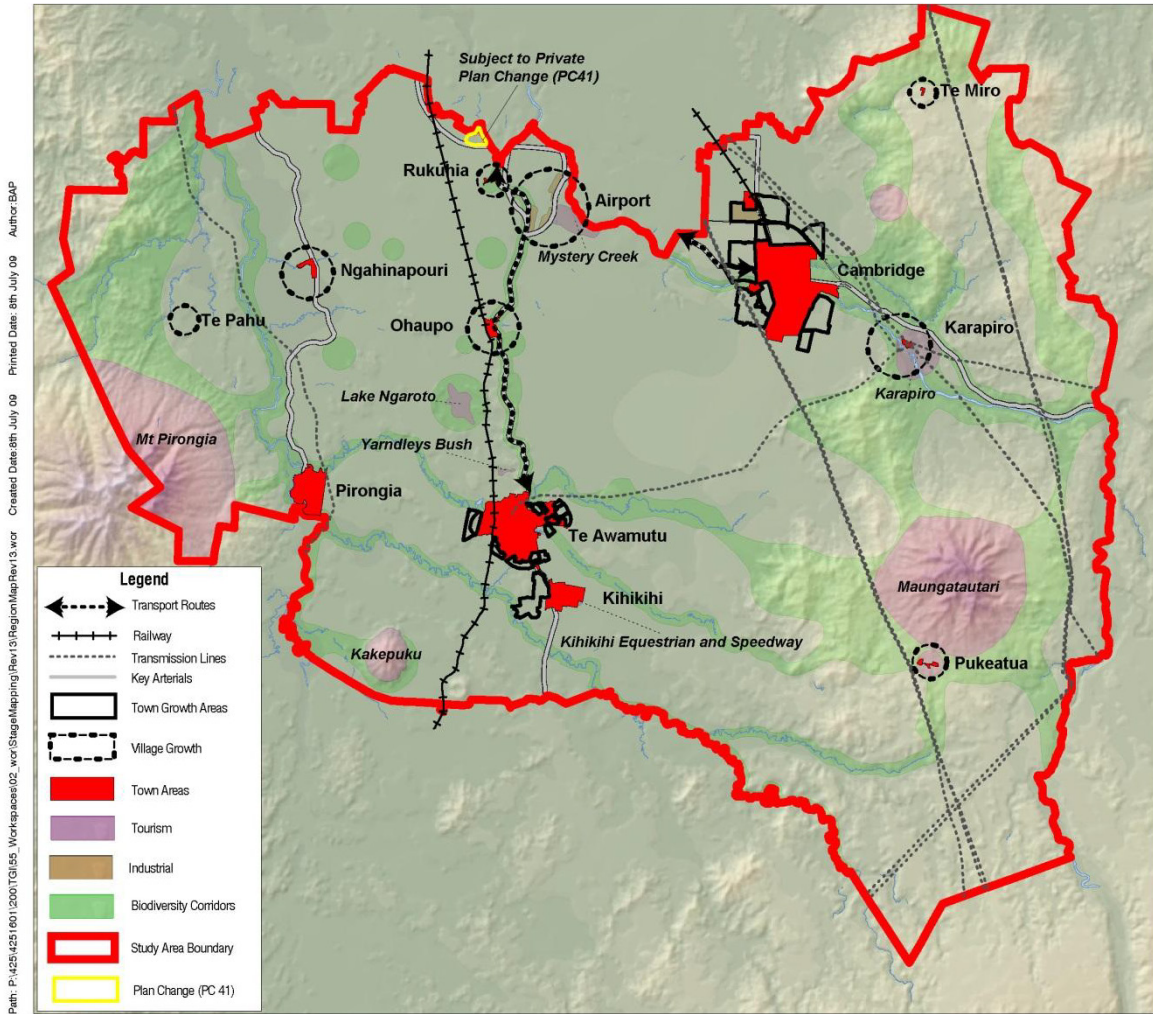
- a) Management regimes for its activities;
- b) Indicative estimates of operational and capital expenditure;
- c) Funding of its capital works and operational activities in relationship to access to services e.g. targeted vs. district-wide rates;
- d) The timing of the decision making process about capital expenditure; and
- e) The nature of prediction uncertainties and any potential impacts that they might have.

## **Waipa District description**

### **Geographic context**

Waipa District is located in the Waikato Region and has a land area of about 1470km<sup>2</sup>. The district is situated between Hamilton City to the north and Otorohanga District to the south. Other neighbours include Waikato, Matamata-Piako and South Waikato districts.

Waipa District has an agricultural base that is dominated by dairy farming but also features sheep and beef, thoroughbred horse studs, deer farming and fruit production. The main urban populations are centred in the towns of Te Awamutu, Cambridge and the smaller settlements of Ohaupo, Kihikihi and Pirongia. Employment is mainly in the agricultural sector, manufacturing, retail, service and tourism. The region is well linked with state highways, rail and an airport.



(Source: Waipa 2050)

Figure 2: Waipa District map

Not all of the properties in the district are serviced by Council’s water infrastructure services. The number of rateable properties connected to each of Council’s infrastructure services is provided in Table 6 below with optimised depreciated replacement costs (ODRP).

Table 5: Activity summary

Infrastructure service	Population serviced	Number of properties connected to activity	ODRC (\$Million)
<b>Water</b>	28,816	11,272	60.9
<b>Wastewater</b>	28,219	11,518	77.8
<b>Stormwater</b>	31,413	12,957	49.3
<b>Roads and footpaths</b>	Full district	Not applicable	541.4

Source: 2013/2014 Annual Report and Rates Records

## Demographic context

### Waipa 2050

The Waipa 2050 Growth Strategy (Growth Strategy) is a plan to manage the growth of the Waipa District. The overall aim of the Growth Strategy is to take an integrated approach to managing growth with the following identified as key action areas:

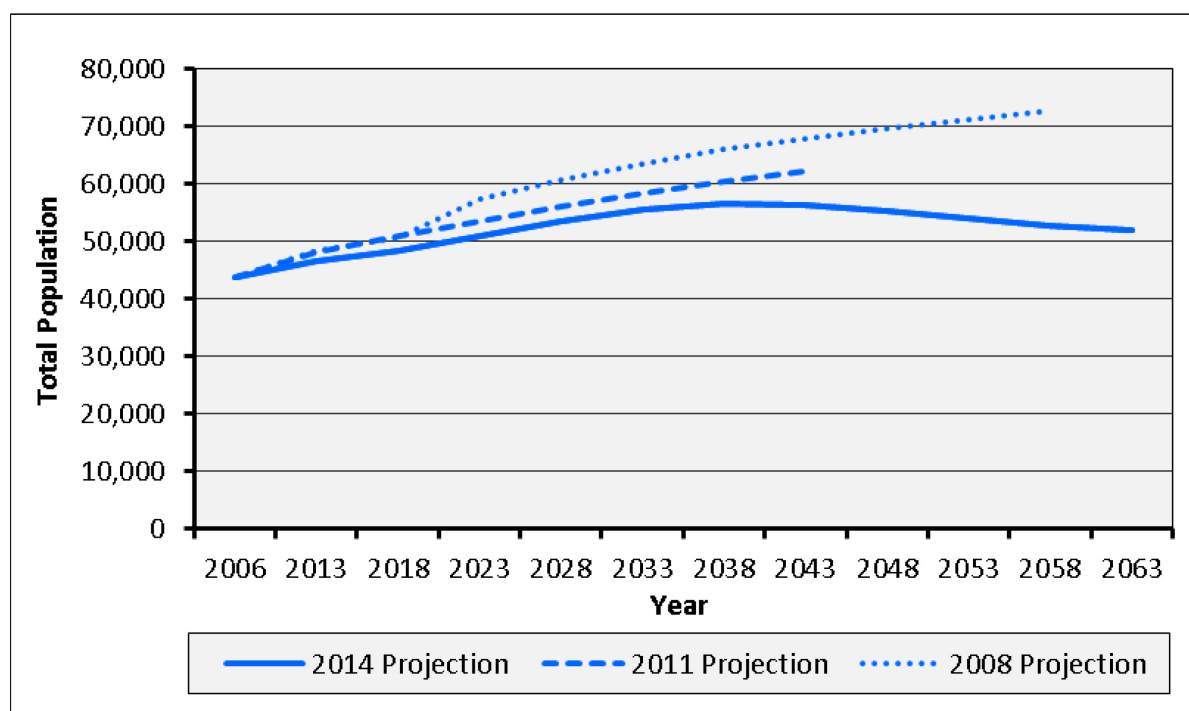
- a) Recognise, protect and enhance the features of Waipa that make the district a special place;
- b) Set a pattern for the future growth of settlements; and
- c) Integrate growth with infrastructure provision for a more cost effective approach to development.

### Residential growth

In 2014 Future Proof commissioned the University of Waikato, National Institute of Demographic and Economic Analysis (NIDEA), to prepare demographic, household and labour force projections for the Future Proof sub-region for the period 2013 – 2063.

This work forms the basis of our demand projections.

The population of the Waipa District was 46,400 at the time of the 2013 Census and NIDEA projected it to peak at around 56,400 in 2041. The subsequent slowing of growth and the onset of depopulation results in projected population of 52,150 by 2061. The new projection along with the 2008 projection (Waipa 2050) and 2011 projection (2012-2022 AMPs) are shown in Figure 12.



(Source: NIDEA - University of Waikato 2014)

Figure 3: Waipa District projected population

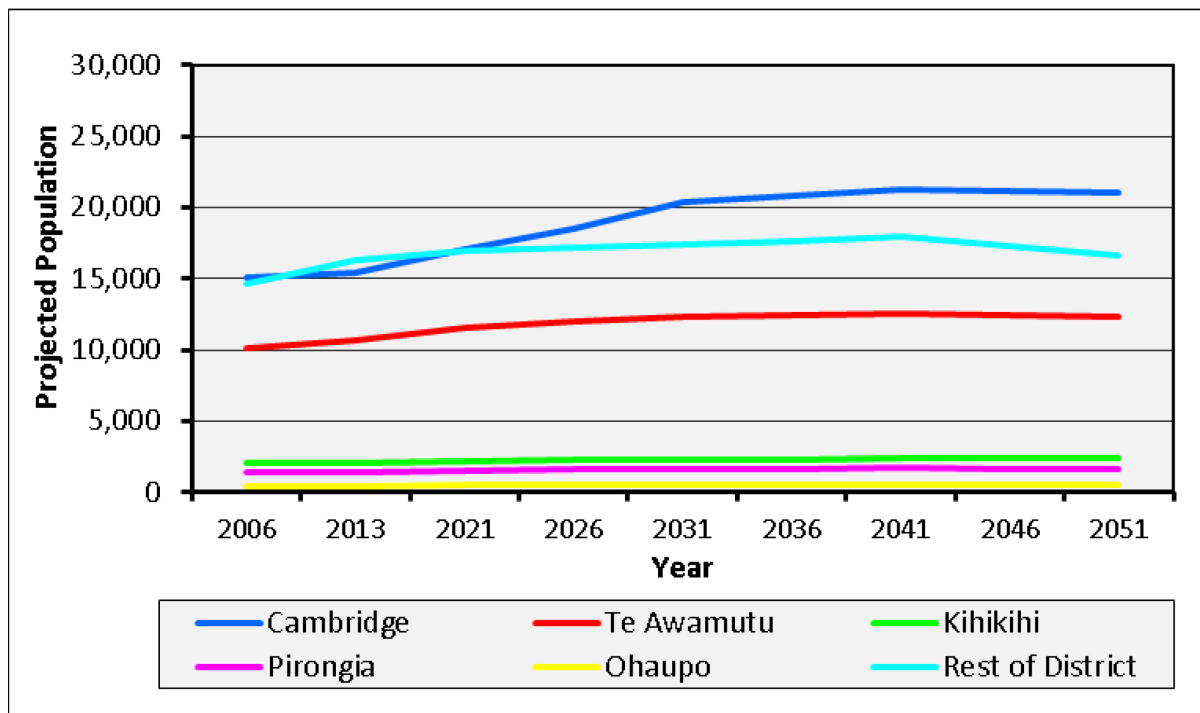
This Infrastructure Strategy has provided for the lower level of growth in the 2014 projections. However, the plan needs to be flexible in case the projections, particularly in the latter years, are not realised. However in some cases (such as Cambridge North stormwater) in the first ten years of the Infrastructure Strategy, capacity will be provided well before forecast requirements (in anticipation of higher than projected growth rates).

Further work is currently underway to confirm likely population changes. The risk and level of uncertainty associated with the population projections are discussed on page 115.

The population change is not likely to be consistent across all age groups, resulting in a significant change in the District’s age structure. Both the 0-14 and 15-39 age groups are projected to decline, both in real terms and as a percentage of total population. The biggest shift however is in the population aged 65 plus. This group is predicted to change from being the smallest group in 2013 at 17% to the dominant group in 2063 at 43% of the population.

Detailed projections for the different areas of the district have also been prepared as shown in Figure 12.

The decline in population after 2033 is expected to be mostly in the rural areas of the District. Refer to Figure 13 below. More information on our demographic assumptions is discussed on page 115.



(Source: NIDEA - University of Waikato 2014)

Figure 4: Waipa District population projections by area

*Industrial growth*

The Waipa District has industrial zoned areas for development in Cambridge, Hautapu, Te Awamutu and near the Airport. Development of new areas usually occurs under an



agreement with a developer for provision of infrastructure. However, Council may need to take a lead role for the Hautapu area due to the larger size of the development. The demand for more industrial land is expected to be catered for by growth areas which have already been identified including Bond Road (Te Awamutu), Hautapu and Titanium Park (near the airport).

Industrial use of water currently accounts for about half of all water supplied by Council. Industrial areas produce less than half of the wastewater and stormwater flows as not all is discharged to Council systems.

#### *Impacts of growth/decline and demographics on infrastructure*

The following impacts of growth/decline and population demographic change are anticipated:

- a) Increased demand for water services in reticulated areas;
- b) Increase in water use and wastewater/stormwater discharges to the environment;
- c) Increased traffic volumes and pressure on the road network;
- d) Requirement for reliable asset condition information and network modelling to assist in decision making;
- e) Increase in the number of assets vested in Council;
- f) The need for Council to provide major infrastructure in advance of development;
- g) NIDEA forecasts of a 37.5% increase in motor vehicles in the district from 2013-2033 will lead to greater demand for road capacity which could lead to areas of congestion in peak periods;
- h) Whilst the residential growth forecast indicates a decline in residential population from 2040, this will not have a major impact on the three waters infrastructure, as the number of households remains similar to the previous forecasts and the water supply is heavily influenced by rural and industrial demand as opposed to residential demand;
- i) Additional requirements of an aging population; and
- j) Population decline from 2040 may result in declining vehicle numbers, mainly in the rural areas.

#### **Regional/national context**

##### *National legislation, strategies, policies and guidelines associated with infrastructure*

Council is required to provide water supply, wastewater, stormwater and roading and footpath infrastructure services under the Local Government Act 2002. The National Infrastructure Plan is a guide to the Government's future strategy to providing a nationally coordinated infrastructure framework.

The table below lists the key national legislation, strategies, policies and guidelines which specifically influence Waipa's infrastructural activities.

Table 6: National legislation, strategies, policies and guidelines

Infrastructure service	National legislation	Strategies, policies and guidelines
<b>Water supply, Wastewater and Stormwater drainage</b>	<ul style="list-style-type: none"> <li>▪ Health Act 1956</li> <li>▪ Health (Drinking Water) Amendment Act 2007</li> <li>▪ Resource Management Act 1991</li> <li>▪ Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010</li> <li>▪ Ngati Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010</li> <li>▪ Nga Wai o Maniapoto (Waipa River) Act 2012 Land Drainage Act 1908</li> </ul>	<ul style="list-style-type: none"> <li>▪ Drinking-Water Standards for New Zealand 2005 (revised 2008)</li> <li>▪ National Policy for Freshwater Management 2014</li> <li>▪ Water NZ publications</li> </ul>
<b>Roads and footpaths</b>	<ul style="list-style-type: none"> <li>▪ Local Government Act 1974</li> <li>▪ Transport Act 1962</li> <li>▪ Land Transport Act 1998</li> <li>▪ Land Transport Management Act 2003</li> <li>▪ Government Roothing Powers Act 1989</li> <li>▪ Road User Charges Act 2012</li> <li>▪ Utilities Access Act 2010</li> <li>▪ Land Transport (Road User) Rule 2004</li> </ul>	<ul style="list-style-type: none"> <li>▪ Government Policy Statement National Infrastructure Plan</li> <li>▪ NZ Transport Agency Strategic Direction and other publications</li> <li>▪ Connecting New Zealand</li> <li>▪ National Land Transport Plan</li> <li>▪ Safer Journeys</li> <li>▪ National Code of Practice for Utility Operators' Access to Transport Corridors</li> <li>▪ Safer Journeys – Safer Speeds Action Plan</li> </ul>

### *Regional legislation, strategies, policies and guidelines associated with infrastructure*

The Future Proof Growth Strategy and Implementation Plan 2009 (Future Proof Growth Strategy) is a sub-regional growth strategy specific to the Hamilton, Waikato and Waipa Districts. It was developed jointly with Waikato Regional Council, Hamilton City Council, Waipa and Waikato District Councils. Key stakeholders also involved in this project were Tāngata Whenua, the New Zealand Transport Agency (NZTA) and Matamata-Piako District Council.

Future Proof addresses the big picture and discusses what the region might look like in 50 years' time. Community feedback indicated that a 'business as usual' approach to growth was not sustainable. Therefore the Future Proof Growth Strategy aims to provide direction for a mixture of the following:

- a) **Compact settlement** – a managed increase in the number of households in urban areas and in some cases increasing the density of housing; and
- b) **Concentrated growth** – a major shift to intensify housing, especially in Hamilton City.

The Future Proof partners are preparing a Sub-regional Infrastructure Strategy to:

- a) Provide a context for future infrastructure investment;

- b) Achieve broad scale alignment between infrastructure and the Future Proof settlement pattern;
- c) Summarise the individual council's infrastructure strategies;
- d) Identify key strategic infrastructure issues and opportunities for the sub-region;
- e) Highlight infrastructure which is of sub-regional significance; and
- f) Make recommendations on next steps.

The purpose of the Sub-regional Infrastructure Strategy work is to ensure that there is a high level analysis of sub-regional issues which can be used by the individual partners to better inform their own infrastructure strategies in order to achieve some spatial consistencies between them.

In addition to the Future Proof sub-regional growth and infrastructure strategies, Council's infrastructure services are influenced by the Waikato Regional Policy Statement and the following regional strategies, policies and guidelines.

Table 7: Regional strategies, policies, plans and guidelines

Infrastructure service	Regional legislation strategies, policies and guidelines
<b>Water supply, Wastewater and Stormwater drainage</b>	<ul style="list-style-type: none"> <li>▪ Waikato Regional Plan</li> <li>▪ Sub-regional Three Waters Strategy</li> <li>▪ Waikato-Tainui Environmental Plan</li> <li>▪ Raukawa Environmental Management Plan</li> <li>▪ Maniapoto Iwi Environmental Plan</li> <li>▪ Healthy Rivers Forum</li> </ul>
<b>Roads and footpaths</b>	<ul style="list-style-type: none"> <li>▪ Regional Transport Strategy</li> <li>▪ Regional Land Transport Plan</li> <li>▪ Regional Public Transport Plan</li> <li>▪ Road Safety Strategy for the Waikato Region</li> <li>▪ Walking and Cycling Strategy for the Waikato Region</li> <li>▪ Waikato Expressway Network Plan</li> </ul>

The Waikato Expressway will provide improved connections to both Auckland and Hamilton and stimulate economic development in communities along its route. Construction of the Cambridge section is being undertaken between 2013-2016 and will result in the following outcomes:

- a) Separating inter-regional SH1 traffic from local Cambridge traffic;
- b) Reducing congestion and intersection delays;
- c) Improving safety for local pedestrians, horse riders, cyclists and traffic; and
- d) Reducing traffic noise within the confines of Cambridge town.

Council is considering the implications of the Expressway for commuter rates and Cambridge north development.

NZTA's Southern Links project aims to develop an effective transport network of well-connected state highway and urban arterial routes linking State Highway 1 from Kahikatea Drive in Hamilton to the Waikato Expressway at Tamahere and State Highway 3 from Hamilton Airport to central and east Hamilton. A route protection designation process is underway; however, construction is not expected during the 30-year period for this Infrastructure Strategy.

Cycleways provide a safe all weather passage for cyclists (generally these are shared paths for pedestrians and cyclists where the width of the path exceeds 2.5m). There are currently two cycleways provided as part of the district transport network. There is a 5.5km cycleway constructed to connect Mighty River Domain at Lake Karāpiro (a major sporting and leisure site) with Cambridge, and a 3.6km path between the Avantidrome (Hanlin Rd) and Cambridge. Both facilities are managed and maintained by the Parks and Reserves team at Council and make up part of the Te Awa – Great New Zealand River Ride through the Waikato Region. Further extensions to the Te Awa Cycleway are planned.

Elsewhere, there are a number of marked on-road cycle lanes but none of these are designated as such, but are marked to remind drivers of the presence of cyclists. Waikato and Waipa River iwi and Waikato Regional Council are partners on the *Healthy Rivers: Plan for Change/Wai Ora: He Rautaki Whakapaipai* project, as set out in settlement and co-management legislation for the Waikato and Waipa rivers. This involves working with stakeholders to develop changes to the regional plan to help restore and protect the health of the Waikato and Waipa rivers, which are key to a vibrant regional economy. The project aims to reduce over time the amount of sediment, bacteria and nutrients (nitrogen and phosphorus) entering water bodies (including groundwater) in the Waikato and Waipa River catchments.

### **Shared services**

Council has partnered with Hamilton City and Waikato councils to provide joint services in the areas of professional services procurement, trade waste, water sampling and analysis and Smart Water (water conservation programme management and education).

Council is participating in the Road Asset Technical Accord (RATA) which will be a centre of excellence for road asset management within the Waikato Region aimed at improving decision making for road asset renewals and maintenance programmes. The Roads and footpaths activity also participates in a joint procurement of professional services for the inspection of bridges and structures along with Hamilton City Council and Waikato District Council.

An investigation for the delivery of water services across the sub-region is currently underway. A range of options will be examined to look at improving the delivery and management of water services. The study will investigate three options; enhancing the existing shared service arrangement between all three councils, retaining the status quo with each council running its own operations, or considering a ratepayer-owned and council controlled water management company.

## **Environmental and public health context**

### *Joint management agreements*

In 2010 the Waikato-Tainui Raupatu Claims (Waikato River) Settlement and Ngati Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Acts recognised the significant relationship that Waikato-Tainui and Ngati Raukawa have with the Waikato River and set out arrangements for co-managing the Waikato River catchment with the Crown. Council has joint management agreements with Waikato-Tainui and Ngati Raukawa for the Waikato River catchment.

The Nga Wai o Maniapoto (Waipa River) Act 2012 recognises the significant relationship that Ngati Maniapoto has with the Waipa River and sets out arrangements for co-managing the Waipa River catchment with the Crown. Council has a joint management agreement with Ngati Maniapoto for the Waipa River catchment.

Waikato-Tainui, Ngati Raukawa and Ngati Maniapoto have developed and adopted environmental plans, which provide high level guidance on their objectives and policies with respect to the environment for resource managers, users and activity operators and those regulating such activities. These agreements and environmental plans are considered when planning and obtaining resource consent for infrastructure projects.

Local Iwi are involved in Council's decision making process through the Iwi Consultative Committee. This Committee considers matters such as the development of policy and infrastructure projects requiring resource consent, and then makes appropriate recommendations for Council's consideration.

### *Environmental effects of infrastructure*

Council adopted an Environment Strategy in February 2010 which provides guidance to Council and the community on how environmental issues and features should be managed. The Environment Strategy includes the following goals relevant to the Infrastructure Strategy:

- a) Water is conserved and used wisely;
- b) Improving water quality in the District;
- c) Sustainable transport alternatives are promoted and increasingly used;
- d) High quality and strategic water planning that enables Waipa to grow; and
- e) Waipa is prepared for and adapts well to climate change.

Actions listed in the Environment Strategy to achieve these goals included:

- a) Prepare Waipa District-Wide Water Supply Strategy (includes water demand management plans, water conservation, water saving techniques, universal metering and volumetric charging for both water consumption and disposal) (underway);
- b) Budget to upgrade the Cambridge Wastewater Treatment Plant (WWTP);
- c) Set up database for consents;

- d) Prepare a Walking and Cycling Strategy (completed); and
- e) Prepare a Waipa Integrated Transport Strategy (completed).

Waikato Regional Council is responsible for managing environmental effects related to activities such as surface water and groundwater use and discharges of wastewater and stormwater to the environment. It is likely that the allocation of water will be more restricted and environmental monitoring requirements will become more stringent as consents come up for renewal in the future.

Regional Plan Variation 6 has introduced a new resource allocation system for surface water and groundwater takes. The Te Tahī Water Treatment Plant consent will impose a significant reduction in the consented abstraction with additional constraints at low flows (e.g. summer). A reduction of the allowable take and low flow restrictions are to occur from 2030. This has resulted in the provision of a supplementary supply for the Te Awamutu and Pirongia Water Supply area in this Infrastructure Strategy. All schemes have water demand management plans and drought management plans in place to ensure compliance with present and future water consents. Water demand management is being actively promoted to ensure water is being used wisely and defer and reduce capital spend on future infrastructure works.

The Cambridge wastewater treatment plant currently has substantial non-compliance with the conditions of the resource consent for the discharge of treated effluent to the Waikato River. An upgrade at the Cambridge plant has been provided for in this Infrastructure Strategy. The consent for the Te Awamutu wastewater treatment plant is currently being renewed and although this discharge currently has a high level of compliance with the resource consent, upgrade and improvement works are provided for in this Infrastructure Strategy.

#### *Public health effects of infrastructure*

The Waikato District Health Board provides a regional public health overview in the Waipa District.

Council reports to the Waikato District Health Board on the public health performance of its water supply systems including compliance with the Drinking-Water Standards for New Zealand 2005 (Revised 2008).

The Hicks Road water treatment plant is non-compliant with the Drinking-water Standards (requiring a boil water notice). Alpha Street (Cambridge) and Rolleston Street (Kihikihi) water treatment plants were fully compliant with the Drinking-water Standards for the 2013/14 year, however, other treatment plants at Karāpiro, Te Tahī (Te Awamutu) and Parallel Road (Pukerimu) were not fully compliant. The water supplied for all schemes meets the reticulation zone monitoring and quality requirements of the Drinking-water Standards. The security of drinking water supply for Te Awamutu may also impact on public health.

These public health issues are addressed through projects in this Infrastructure Strategy for water treatment plant upgrades, additional trunk mains and the supplementary supply to Te Awamutu from the Parallel Road water treatment plant.

## **Local context**

### *Strategies and plans*

Council has considered the following strategies and plans in preparing the Infrastructure Strategy:

- a) Waipa District Plan;
- b) Sub-Regional Three Waters Strategy 2011;
- c) Waipa 2050 Growth Strategy;
- d) Waipa District-Wide Water Supply Strategy 2014;
- e) Waipa Integrated Transport Strategy 2010;
- f) Waipa Walking and Cycling Strategy;
- g) Waipa 2050 Environment Strategy; and
- h) Town Centre Concept Plans.

## **Strategic infrastructure decisions for Waipa District**

### *Section 101b of the Local Government Act 2002*

The section requires that Council identify:

- a) The significant decisions about capital expenditure Council expects it will be required to make;
- b) When Council expects those decisions will be required;
- c) For each decision, the principal options Council expects to have to consider; and
- d) The approximate scale or extent of the costs associated with each decision.

The tables on the following pages summarise the significant projects to address the infrastructure issues and opportunities facing Council, the most likely scenario and the potential alternative.

## **Delivery options**

The Waipa District-Wide Water Supply Strategy includes three comprehensive options that are relevant to a number of water projects in this Infrastructure Strategy.

- a) **Delivery Option 1 - local solutions:** This option provides no interconnectivity between schemes. This option requires a new source (including consent) and treatment plant to be provided at the Waipa River to meet current and future demands in Te Awamutu. In Cambridge there will be local improvements to the

existing treatment plants to increase capacity to support anticipated future growth in that area.

- b) **Delivery Option 2 (preferred option) - distributed cross-scheme solutions:** This option interconnects the schemes. This utilises the current 'spare' consent capacity at Parallel Road and provides new treatment plant capacity to meet demands in Te Awamutu. This would also require a new bulk supply pipeline to transfer water to the Te Awamutu network. In Cambridge there will be local improvements to the existing treatment plants to increase capacity to support anticipated future growth in that area.
- c) **Delivery Option 3 – a centralised approach:** This option interconnects the schemes, by concentrating all capacity upgrades at Parallel Road for both Te Awamutu and Cambridge.

### **Preferred option**

Council's preferred delivery option is Option 2 (\$45.6M capital cost – non-inflated) which achieves a good balance of resilience, low consent risk and cost. Option 1 has a slightly lower capital cost (\$42.6M – non-inflated) but has the greatest risk from a consenting perspective. Option 3 has improved resilience and flexibility but this comes at a higher cost (\$64.0M – non-inflated) due to the requirement for additional transfer mains.



## Water treatment and supply

Table 8: Water supply significant decisions

Community	Most likely scenario (and date of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>Cambridge</b>	Upgrade the Hicks Rd water treatment plant to meet levels of service, comply with resource consent conditions and meet Drinking-water Standards. (2015, 2018)	LoS backlog, Environmental requirements	Do nothing. Community remains on boil water notice, scheme does not meet drinking-water standards. Levels of service and consent conditions are not met.	2015/16, 2020/21	\$2.5
<b>Cambridge</b>	Upgrade the Alpha St water treatment plant to meet Drinking-water Standards, levels of service and comply with resource consent conditions as per Delivery Option 2 of the Waipa District-Wide Water Supply Strategy. (2036)	LoS backlog, Environmental requirements, Population growth	Waipa District-Wide Water Supply Strategy Delivery Options 1 and 3 <sup>4</sup> .	2036-2040	\$12.4
<b>Cambridge Karāpiro Village</b>	Upgrade the Karāpiro water treatment plant to meet Drinking-water Standards, levels of service and comply with resource consent conditions as per Delivery Option 2 of the Waipa District-Wide Water Supply Strategy. (2015)	LoS backlog, Environmental requirements, Population growth	Waipa District-Wide Water Supply Strategy Delivery Options 1 and 3.	2015/16-2017/18	\$5.9

<sup>4</sup> The Waipa District-Wide Water Supply Strategy 2014 described the following future water supply options:

- Delivery Option 1: Local solutions to local issues (treatment plant upgrades and new water take consents required, no interconnection between schemes)
- Delivery Option 2: Distributed solutions across schemes (treatment plant upgrades required and interconnection between Parallel Road and Te Awamutu)
- Delivery Option 3: Concentrated Solution for the district (new water consent and capacity upgrade at Parallel Road)

The Infrastructure Strategy recommended Delivery Option 2 as the preferred option to be implemented as it provided the best balance between cost and resilience and the lowest consent risk.

Community	Most likely scenario (and date of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>District-wide</b>	District-wide installation and replacement of water meters to manage demand by: <ul style="list-style-type: none"> <li>Better promotion of water conservation.</li> <li>Improved tracking of usage.</li> <li>Introduction of a user-pays system. (2015)</li> </ul>	Environmental requirements, Population growth	Do nothing. Delivery Option 2 will not achieve level of service or capacity for growth without demand management through water metering.	2015/16-2024/25	\$7.9
<b>Ohaupo Pukerimu Mystery Creek Hamilton Airport Te Awamutu</b>	Upgrade the Parallel Rd water treatment plant to meet Drinking-water Standards, levels of service and comply with resource consent conditions as per Delivery Option 2 of the Waipa District-Wide Water Supply Strategy. Provide supplementary supply to Te Awamutu. (2015)	LoS backlog, Environmental requirements, Population growth, Resilience	Waipa District-Wide Water Supply Strategy Delivery Options 1 and 3. Or Alternative Te Awamutu Option which is to re-consent the water take to enable 100% take during drought conditions and provide a local Te Awamutu supplementary supply of 6ML/day via bores or surface water source.	2017/18-2019/20	\$10.1
<b>Te Awamutu</b>	Install a pipeline and associated pumps from the Parallel Rd WTP to the reticulation in Te Awamutu as per Delivery Option 2 of the Waipa District-Wide Water Supply Strategy. (2015)	Population growth, Resilience	Waipa District-Wide Water Supply Strategy Delivery Options 1 and 3. Or Alternative Te Awamutu Option which is to re-consent the water take to enable 100% take during drought conditions and provide a local Te Awamutu supplementary supply of 6ML/day via bores or surface water source.	2016/17-2019/20	\$21.8
<b>Ohaupo Pukerimu Mystery Creek Hamilton Airport Te Awamutu</b>	Upgrade the Parallel Rd water treatment plant to meet levels of service and comply with resource consent conditions as per Delivery Option 2 of the Waipa District-Wide Water Supply Strategy. (2036)	LoS backlog, Environmental requirements, Population growth,	Waipa District-Wide Water Supply Strategy Delivery Options 1 and 3. Or Alternative Te Awamutu Option which is to re-consent the water take to enable 100% take during drought conditions and provide a local Te Awamutu supplementary supply of 6ML/day via bores or surface water source.	2036-2040	\$16.6

Community	Most likely scenario (and date of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>Te Awamutu Pirongia</b>	Te Tahī - Papesch Rd Trunk Duplication & Renewal to maintain the level of service and provide additional security of supply. (2021)	Population growth, Resilience	Do nothing. No renewal and capital development resulting in loss of supply, hindered growth. Levels of service are not met.	2021/22- 2024/25	\$6.8
<b>Cambridge</b>	Renew the Karāpiro Rising Main to meet future growth needs and levels of service. Provide additional security of supply. (2015)	Population growth, Resilience	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met.	2015/16	\$1.5
<b>Cambridge</b>	Provide extra reticulation capacity Cambridge North to Hautapu Pipeline and C8 and security of supply from the Watkins reservoir to the Fonterra Hautapu reservoir. (2018)	Population growth, Resilience	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met.	2020/21- 2022/23	\$3.0
<b>Te Awamutu</b>	A connection between the Frontier Road and Taylors hill reservoirs to give security of supply to Te Awamutu and to allow water from the Parallel Road and Te Tahī treatment plants to feed either reservoir via a dedicated main (2018)	Resilience	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met. Less resilience in water supply.	2020/21, 2021/22	\$1.4
<b>District-wide</b>	Pipeline upgrade and reconfiguration of existing reticulation to supply new development at the Airport (2018).	Industrial demand	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met.	2020/21	\$1.2
<b>Cambridge</b>	Construct new reservoir for Cambridge (2039)	Population growth, Resilience	Do nothing. No capital development resulting in hindered growth. Levels of service are not met.	2041-2045	\$6.6

Community	Most likely scenario (and date of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>District-wide</b>	Renew the water treatment plants, pipes, valves, hydrants and pump stations (each LTP)	Aging Infrastructure	Do nothing. No renewal resulting in hindered growth. Levels of service are not met.	Annually 2015-2045	\$95.9 (covers 2015-2045)

**Wastewater (sewerage and the treatment and disposal of sewage)**

Table 9: Wastewater strategic issues/opportunities

Community	Most likely scenario (and year of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>Cambridge</b>	Upgrade the Cambridge wastewater treatment plant using in-tank mechanical process to cater for growth, meet levels of service and comply with resource consent conditions. Stages 1-4. (2015)	Population growth, requirements, LoS backlog	Environmental The NIWA demonstration pond based treatment system could achieve reduced capital and operational costs. Do Nothing. No renewal and capital development resulting in hindered growth. Levels of service and consent conditions are not met.	2016/17-2020/21	\$24
<b>Te Awamutu</b>	Te Awamutu Wastewater Treatment Plant Consent & Upgrade Stage 1 to cater for growth, meet levels of service and comply with resource consent conditions (2015)	Population growth, Environmental requirements	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service and consent	2016/17-2017/18, 2020/21-2022/23	\$13.5

Community	Most likely scenario (and year of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
			conditions are not met.		
<b>Te Awamutu</b>	Te Awamutu Wastewater Treatment Plant Consent & Upgrade Stage 2 to cater for growth, meet levels of service and comply with resource consent conditions (2030)	Population growth, Environmental requirements	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service and consent conditions are not met.	2031-2035	\$6.6 - \$14.4 (depending on treatment option)
<b>Cambridge</b>	Renew the Cambridge wastewater pipe bridge which is in poor condition to meet future growth needs and levels of service (2015)	Aging infrastructure, Population growth	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met.	2015/16-2017/18, 2020/21	\$9.4
<b>District-wide</b>	Renew the wastewater pipes, pump stations and treatment plants (each LTP)	Aging Infrastructure	Do nothing. No renewals. Levels of service are not met.	Annually 2015-2045	Total \$51.0 (covers 2015-2045)

**Stormwater drainage**

Table 10: Stormwater strategic issues/opportunities

Community	Most likely scenario (and year of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>Cambridge</b>	Cambridge North Development group of projects to meet future growth needs and levels of service. (2015, 2018, 2021)	Population growth	Do nothing. No capital development resulting in hindered growth.	2015/16-2024/25	\$23.2
<b>District-wide</b>	Renew the stormwater network assets (each LTP)	Aging infrastructure	Do nothing. No renewal resulting in hindered growth. Levels of service are not met.	Annually	Total \$23.6 (covers 2015-2045)

**Roads and footpaths**

Table 11: Roads and footpaths strategic issues/opportunities

Community	Most likely scenario (and year of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>Cambridge</b>	Cambridge North Growth Cell related projects to meet future growth needs, levels of service and safety targets (each LTP until 2027)	Population growth, Traffic safety	Do nothing. No capital development resulting in hindered growth. Levels of service are not met.	2015-2030	\$22.1
<b>Cambridge</b>	State Highway Revocation Group of Projects – Intersections to bring the revoked State Highways into local road network level of service standards, improve pedestrian and cycle facilities and align to Town Concept Plan (each LTP from 2018 to 2027)	Population growth, Traffic safety, Aging population	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met.	2018-2030	\$8.0
<b>Cambridge</b>	State Highway Revocation Group of Projects – Mid block improvements to meet future growth needs, levels of service and safety targets.	Population growth, Traffic safety,	Do nothing. No renewal and capital development resulting in hindered growth. Levels of service are not met.	2018/19, 2020/21, 2024/24	\$7.5



Community	Most likely scenario (and year of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
<b>Cambridge</b>	Secure land and construct third bridge over Waikato River. Subject to study to confirm need and timing following the opening of the expressway. (2039)	Traffic congestion, Resilience	Do nothing resulting in increased congestion in peak periods.	2026-2045	\$25.9
<b>District-wide</b>	Cycling/Walking Projects from Integrated Transport Strategy (each LTP)	Cycle and walkways, Aging population	Do nothing resulting in more traffic conflicts on existing roads and river crossing structures and no reduction in emissions.	2015-2045	\$14.2
<b>District-wide</b>	Other Growth Projects to meet future growth needs, levels of service and safety targets. (each LTP)	Population Growth, Traffic safety	Do nothing. No capital development resulting in hindered growth and possible reduction in safety.	2015-2035	Total \$8.9
<b>District-wide</b>	Roading Network Renewals (each LTP)	Aging infrastructure	Do nothing. No renewal resulting in hindered growth. Levels of service are	Annually 2015-2045	Total \$322 (covers 2015-2045)

Community	Most likely scenario (and year of decision)	Strategic issues addressed	Principal alternative	Probable year of construction	Approximate cost (\$million)
			not met.		
<b>Districtwide</b>	Te Awamutu Western Arterial Heavy Traffic Route to meet future growth needs, levels of service and safety targets (2027)	Population growth, Traffic safety,	Do nothing. Increased traffic congestion. Safety issues, actual and perceived and conflict with through and local traffic.	2030	\$36

## Infrastructure management approach

### *Hierarchy of strategic alignment*

The hierarchy of Council’s strategic alignment, key to the infrastructure management approach, is shown in the figure below.

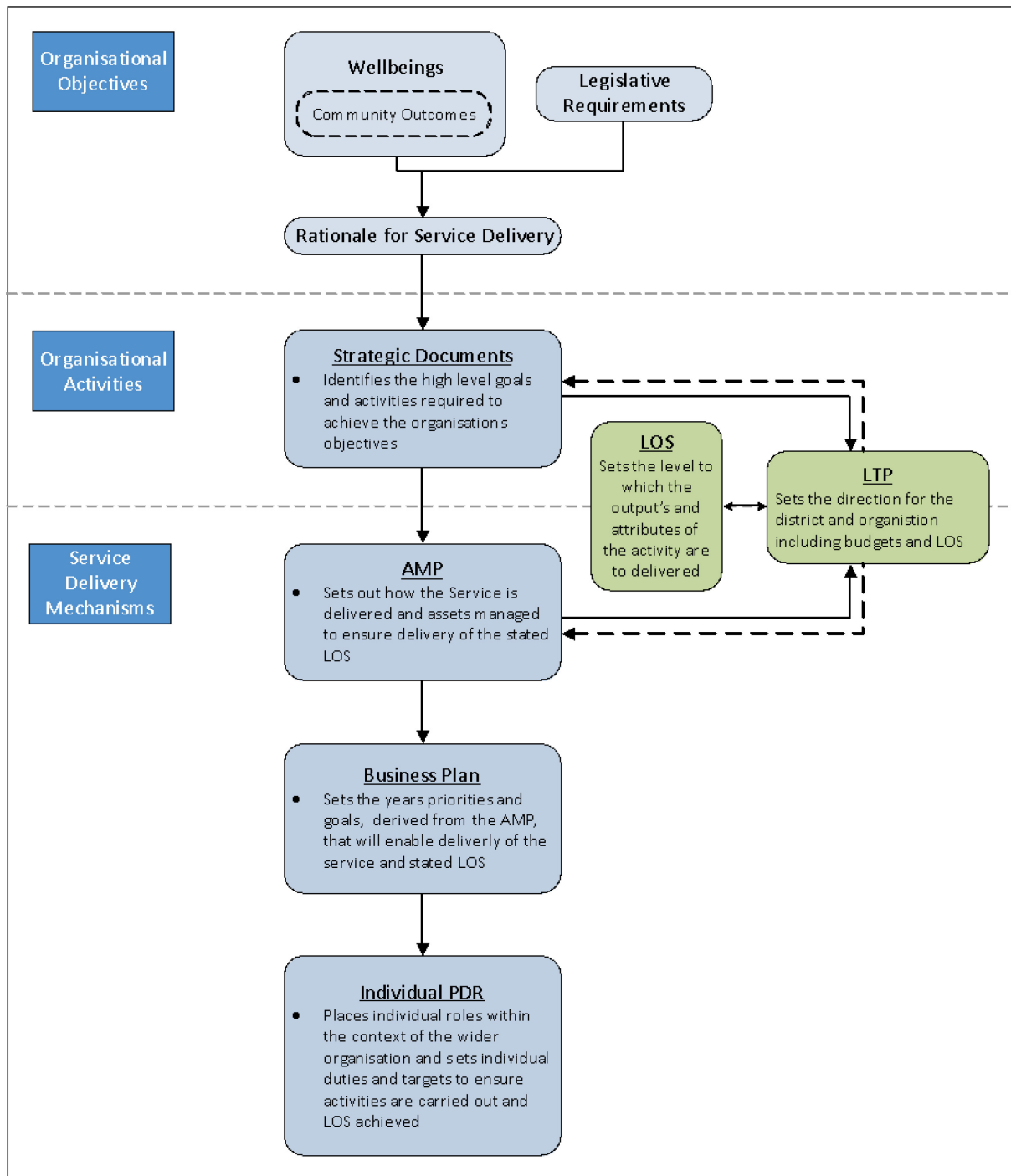


Figure 5: Strategic alignment hierarchy (Source: AMPs)

The strategic direction and the service delivery mechanisms are linked through the level of service (LOS) and the 10-Year Plan.

LOS define the levels to which the outputs and attributes of strategies and the delivery mechanisms are to be delivered.

The 10-Year Plan is an overview of what Council intends to do over the next ten year period and contains key information about Council’s activities, assets, levels of service and cost of providing its services.

Activity management as documented in the Activity Management Plan (AMP) is concerned with the long term management approach to the delivery of a service. The desirable outcome is the delivery of that service to an agreed level of service in a cost-effective way that is sustainable for present and future customers.

With activity management it is important to consider the long term view, especially with regard to the life cycle of the assets and the services they deliver. Decisions must balance current customer and service delivery requirements with the need to avoid unsustainable debts and other problems for future rate payers.

Levels of service sit at the heart of activity management, from clearly defined LOS meaningful service delivery, maintenance, renewal, capital development, and service development programmes can be evolved. Meaningful financial forecasts will also be possible.

When undertaking asset management planning, Council will be mindful of:

- a) Involving and consulting with the community as appropriate;
- b) Keeping accurate and up to date information;
- c) Appropriately resourcing maintenance and renewal of assets;
- d) Carrying out regular assessments of the fair value of assets;
- e) Recognising the levels of service expected by the community, the risks associated with service delivery and the implications of changes in demand; and
- f) Considering whole of life costs before initiating major works, significant renewal or introducing new Council activities.

The current LOS for the activity groups covered by this Infrastructure Strategy is shown in below.

Table 12: Key level of service

Infrastructure service	Key level of service
Water supply	<ul style="list-style-type: none"> <li>▪ The community is provided with safe and pleasant drinking water through a reliable piped water system (within specified areas) in a way that is most cost-effective.</li> <li>▪ The supply and demand are managed to ensure prudent use of water.</li> </ul>
Wastewater (sewerage and the treatment and disposal of sewage)	<ul style="list-style-type: none"> <li>▪ Wastewater is managed to minimise environmental impact in a way that is most cost-effective.</li> <li>▪ The community is provided with a reliable piped wastewater system (within specified areas) in a way that is most cost-effective.</li> </ul>
Stormwater drainage	<ul style="list-style-type: none"> <li>▪ Stormwater is managed to minimise flooding and environmental impact in a way that is most cost-effective.</li> </ul>

Infrastructure service	Key level of service
Roads and footpaths	<ul style="list-style-type: none"> <li>▪ Council is responsive during heavy rainfall events.</li> <li>▪ The existing network is well maintained.</li> <li>▪ We are responsive to roading issues raised by the community.</li> <li>▪ Roads are designed, and managed to reduce the risk of harm to users.</li> <li>▪ Our Road network is maintained to a level appropriate to our community and in a way that is most cost-effective.</li> </ul>

## Organisation asset management assumptions

The following asset management assumptions have been made in preparing the financial forecasts:

- a) **Regulations** – It is assumed that regulations and environmental standards relating to infrastructure management will increase, particularly in relation to abstracting water and discharging stormwater and treated wastewater into streams and rivers in the Waikato region (to adhere to the Waikato River Vision and Strategy and Healthy Rivers project). It is also envisaged that new building standards in relation to earthquake protection will have an impact on above ground assets, such as treatment plant buildings, reservoirs etc. However, due to the uncertainty of these changes, Council has not provided funding for any improvement works in the 10-Year Plan for these increased standards to regional resource consents, or earthquake prone above ground assets.
- b) **Level of Service** – It is assumed Council meets the community’s expectations for levels of service and that there will be an increased level of services in relation to meeting environmental compliance and earthquake protection over the 30-year planning period. NZTA and Local Government NZ have recently agreed on a One Network Road Classification for New Zealand roads, with associated fit for purpose levels of service. To achieve a nationally consistent level of service, this may impact on Council securing co-investment from the NZTA, and therefore affect the affordability of the current level of service delivered by the transport network. However, it is envisaged that the majority of level of service that Council provides to the user will remain the same.
- c) **Growth** – Demand forecasts are based on population, household and vehicle forecast predictions made by NIDEA in 2014.
- d) **Ownership of assets** – It is assumed that assets will remain in Council ownership throughout the 30-year planning period.
- e) **Delivery of services** - It is assumed that the current management and delivery structure will be retained throughout the 30-year planning period.
- f) **Expected life of assets** – Asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly to give further assurance over useful life estimates.

- g) **Asset Values** – The determination of, asset replacement value, depreciated value and renewal projections are based on the valuation data as at 30 June 2014.
- h) **Depreciation** – The depreciation has been calculated on a simple 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.
- i) **Renewal and Planned Deferrals** – The renewal focus in the roads and footpaths activity is to extend the life of assets, in particular road pavement and surface assets, beyond the point at which historically they would have been renewed. This approach is in response to reducing national funding and the need to constrain rate increases. It is acknowledged that the condition of the assets may deteriorate to a level that is below that which has been provided in the past.

For water, wastewater and stormwater assets the renewal focus has been on maintaining historic renewal levels for pipes while further investigation into network condition is carried out to allow increased accuracy in renewal profiling. For pipe assets criticality has also been taken in to account for the first three years. For the first three years the programmed pipe renewals have been based on those assets with a identified end of life in that three year period and a criticality of 1 and 2 only. Beyond the first three years pipe renewals are based solely on remaining life. This approach aligns short term renewal expenditure with historic renewal levels, which have been adequate to this point, while further condition data is collected. Additionally the use of criticality provides the opportunity for funding to be prioritised for those assets whose failure would have the greatest impact upon the community.

- a) **New developments** – The majority of the infrastructure required to service new developments will be funded by developers. Some funding has been allocated to ensure these new developments are well connected to existing infrastructure.
- b) **Financial** – Council has forecasted an internal borrowing rate range of 4.46%-4.99%.
- c) **Expenditure** – All expenditure is stated in dollar values as at November 2014 with allowance made for inflation as per projections developed by Business and Economic Research Limited for the Local Government sector.
- d) **Natural disasters** – No provision has been made for the cost of repairing damage or other additional costs consequent upon a natural disaster such as major flooding or substantial earthquake apart from the costs of insurance.
- e) **Climate change** – Council has made the assumption that the district should expect more frequent extreme weather events. It has also identified that these events have the potential to have a significant impact on the District's environment, communities, and community.
- f) **Asset disposals** – There are no plans to dispose of or cease to maintain any significant portions of the infrastructure networks. Some assets may become redundant during renewal or upgrade works. In these cases the asset is generally abandoned in situ or dug up and removed with minimal residual value.

## **Risks to significant forecasting assumptions**

### **Inflation projections**

Council uses the inflation projections developed by Business and Economic Research Limited (BERL) for the Local Government Sector for years 1-10. These BERL price adjusters can be found in the AMPs. Inflation projections for years 11-30 are based on the average inflation rate over the previous ten years for the relevant infrastructure (2.46% for roads and footpaths and 3.77% for waters) which are accumulated out for the full thirty years of the Infrastructure Strategy. Council will monitor projections against actuals, with significant variances and associated responses reflected in budget forecasts and annual reviews.

### **Population growth rates**

Influences outside the district and the impact of the Waikato Expressway could result in higher than forecast population growth which may extend beyond 2040. This will be managed by working with Future Proof partners to closely monitor trends and update forecasts accordingly. This will ensure infrastructure upgrades are provided at the appropriate time and scale.

### **Asset condition and remaining life**

The condition of many assets, particularly those underground, is difficult to determine. This consequently affects the prediction of remaining life and renewal requirements. This will be managed by continuing the asset condition assessment programme which is budgeted for under operational expenditure. The condition assessment programme prioritises work based on the criticality of the asset.

### **Economic development (industrial)**

Industrial development can have significant impact on infrastructure services, particularly demand for water and wastewater disposal and traffic impacts. Council provides for industrial zoned land and may facilitate development if required. This will be managed by engaging directly with larger industries that may have a major impact on infrastructure.

### **Healthy rivers project/environmental expectations**

The Healthy Rivers: Plan for Change project being facilitated by Waikato Regional Council is likely to propose changes to the Waikato Regional Plan to benefit the region's rivers. Higher standards may require additional expenditure on infrastructure. This will be managed by participating in consultation processes for any proposed changes.

The level of uncertainty associated with all of the above risks is medium.

## **Financial forecast and asset confidence**

An assessment of the accuracy and corresponding confidence levels in the financial forecasts and their supporting asset data has been undertaken as part of the asset

management process. The confidence grades and accuracy ratings have been assessed using the grading systems detailed in Table 14.

Table 13: Confidence grades

Confidence grade	Description	
A	Highly Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment.
B	Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented, but has minor shortcomings. For example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation.
C	Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete, unsupported, or extrapolated from a limited sample for which confidence grade A or B applies.
D	Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspection and analysis.

Accuracy ratings are made using the criteria outlined below in Table 15.

Table 14: Accuracy ratings

Grade	Description	Accuracy
1	Accurate	100%
2	Minor inaccuracies	± 5%
3	Some data estimated	± 10%
4	Significant data estimated	± 25%
5	All data estimated	± 50%

The overall financial forecast confidence level for all infrastructure assets is 'B' or reliable. Data is based on sound records, procedures, investigations and analysis which is documented but has some shortcomings and gaps that may impact on the confidence of long term financial forecasts.

The overall accuracy for the three waters infrastructure is 3 indicating that the accuracy of the financial forecasts is +/- 20%. For the roading infrastructure the overall accuracy of the financial forecasts is 2 (+/- 5%).

The three waters infrastructure asset data is held in both the asset management system (AssetFinda) and financial system (FinanceOne), with FinanceOne as the official asset register. Prior to the annual valuation the data in both systems is reconciled. Processes also exist to ensure the changes in one system are mirrored in the other throughout the year.

The following table shows the confidence level of asset data for the three waters infrastructure.



Table 15: Three waters infrastructure asset data confidence level

Asset Data	Confidence grade	Accuracy	Comment
Asset quantity	B	2	Data held in AssetFinda and FinanceOne and routinely reconciled.
Asset type	A	2	As above.
Asset material	B	2	Material type is reasonably assessed 2% of material type requires validation base on criticality.
Asset location	B	2	General locations known based on ground features. Based on historic plans.
Asset depth	C	3	Depths are generally assumed, water mains not laid to grade but max/min depths. Depths obtained from As Built.
Soil types	C	3	Economic lives not yet adequately assessed to soil types 33% of pipe can be affected by soil.
Asset age	B	3	There is reasonable confidence in asset ages; issues that relate to material type may be linked to install date errors.
Asset condition	B	3	Condition assessments are being undertaken with CCTV assessments and through cut-outs.
Asset performance	C	4	Network models have been developed to assess performance issues and are factored into renewal programmes.
Unit costs	B	2	Costs from the Valuers database calibrated against local contracts.
Deterioration rates	C	3	Now well established and supported by local knowledge. Lacks the formal recording that an AM system provides. Consistent with industry averages.

The asset data for roads and footpaths is held in both RAMM and FinanceOne; FinanceOne being the official asset register for financial and depreciation reporting. Data between the two systems has been matched to address duplication issues which will help reduce the inherent issues present with operating two data sets. Table 17 shows the confidence level of asset data for the roads and footpaths infrastructure.

Table 16: Roads and footpaths infrastructure asset data confidence level

Asset Data	Confidence grade	Accuracy	Comment
Asset quantity	B	2	Road Length and surfacing data verified through complete network drive over.
Asset type	B	2	As above.
Asset material	B	3	Material type is reasonable, basecourse and sub-base are not visible but reasonable history established and can be inferred.
Asset location	B	2	Legal boundaries well established.
Asset depth	C	3	Pavement depths are not well known but not essential as annual surface condition monitoring is performed. Due to estimates of depths valuations maybe inaccurate.
Asset	B	2	Apart from swampland roading assets are not subjected to

Asset Data	Confidence grade	Accuracy	Comment
environment			major aggressive environments that significantly impact on assets performance.
Soil types	B	3	Soil types are compatible with the area zones used in the valuation.
Asset age	B	2	There is reasonable confidence in asset ages as these have been well keep records and most roading assets are replaced in a medium term cyclic pattern.
Asset condition	B	2	Most roading assets can be visually inspected and have cyclic inspection programmes as part of the financial justification with NZTA. The highest valued assets have regular and detailed inspections.
Asset performance	B	2	See above, Regular road counts are undertaken to monitor road use and major roading changes are checked for change in likely vehicle use/behaviour.
Unit costs	C	3	Roading have regular contracts providing accurate updates of costs
Deterioration rates	C	3	With the continual monitoring of asset condition and performance linked to growth. Staff have a sound basis for determining deterioration rates. Currently there is no urgency to use Tims or similar software to determine deterioration rates or optimise renewals.

## Critical assets

An asset criticality rating is included in the asset registers for each activity.

There are three bridges on the District's roading network that are considered critical in terms of the areas and traffic volumes they service, and the relatively high replacement cost of these structures. These are the Fergusson bridge, Cambridge High Level/Victoria Street bridge and the Arawata bridge. The impact of a catastrophic failure of any of these bridges from such events as a significant seismic event would be difficult to manage by the District.

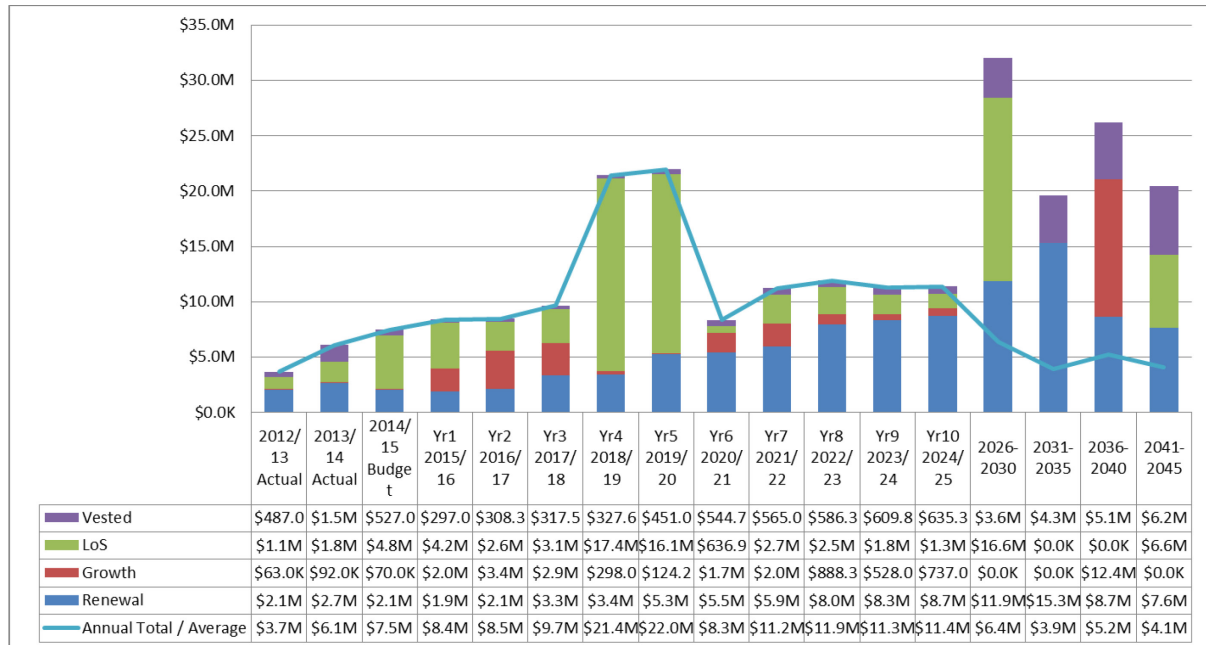
By their very nature water and wastewater treatment plants and trunk mains are critical assets. Providing for water treatment plants to be able to feed more than one community was considered as part of the draft Waipa District-Wide Water Supply Strategy (to provide resilience).

Ongoing condition inspection programmes will continue to further inform the renewal profiles for the water, wastewater and stormwater assets; as Council moves away from basing renewal projections purely on the age of the assets, towards incorporating condition, criticality, risk and age of assets (to ensure that we are ensuring that the network is maintained in the most cost efficient and effective manner). Condition inspections across the three waters concentrating on the most critical assets first have been undertaken since 2012, and will continue, throughout the 10-Year Plan.

## Most likely scenario

The following sections outline the proposed capital and operational expenditure programme for each infrastructure service to 2045.

### Water treatment and supply - capital works programme



(NOTE: Values from 2026 are shown in five year bands.)

Figure 6: Projected water treatment and supply capital programme to 2045

Renewal expenditure increases from 2019-2025 to renew pipe and treatment plant assets reaching the end of their lives. Annual renewal expenditure is lower for the last twenty years of the Infrastructure Strategy period.

Significant water treatment plant capital expenditure is also proposed in 2018-2020 to meet drinking water standards and provide capacity for growth. Capacity upgrades are likely to be required at Alpha Street and Parallel Road in the 2026-2040 period to implement the Waipa District-Wide Water Supply Strategy.

Network upgrades are required for growth and additional security of supply with most occurring in the first three years of the strategy period.

Water meters will be installed in 2015/16 – 2018/19 to assist in managing demand and conserving water resources.

### Water treatment and supply - operational programme

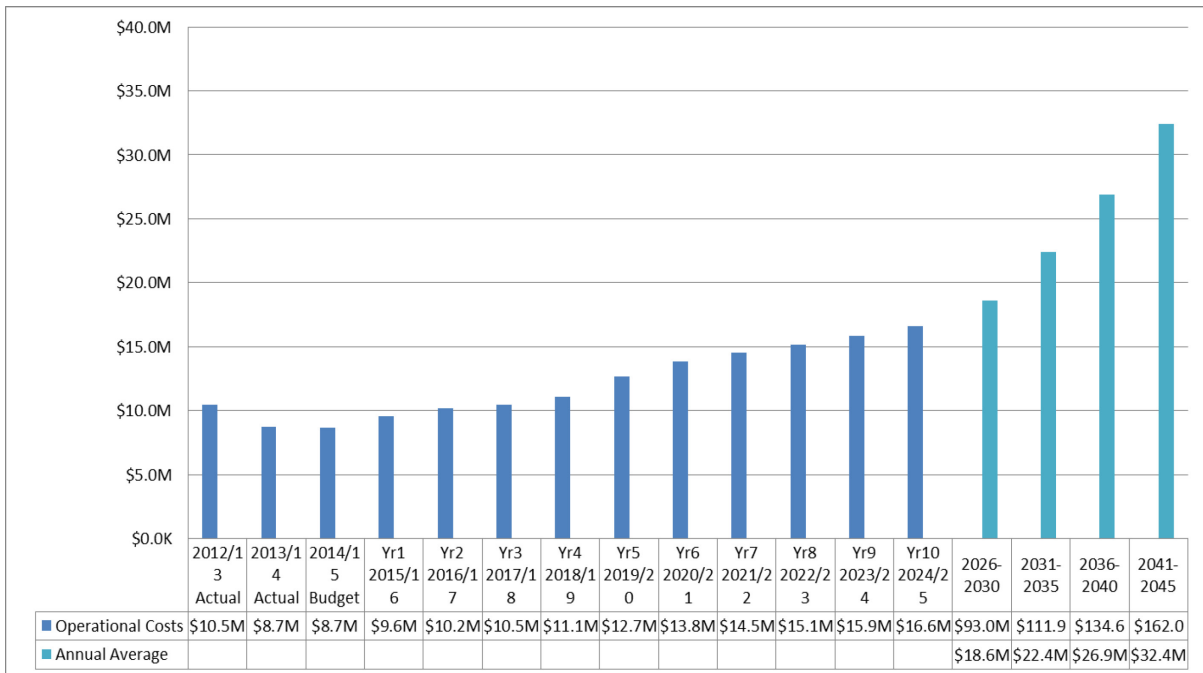


Figure 7: Projected water treatment and supply operational programme to 2045

Operational project expenditure is related to leak detection, condition investigation, demand management campaigns and modelling. Inflation adjustments (3.77% per year) contribute to steadily increasing operational costs in the last twenty years of the Infrastructure Strategy.

### Wastewater treatment and disposal - capital works programme

It is forecast that capital expenditure will be required to upgrade Cambridge and Te Awamutu wastewater treatment plants in several stages between 2016-2035 to cater for growth and meet resource consent conditions (LOS).

A new pipeline to transfer wastewater from the Airport to Cambridge is proposed in 2024 to service growth in this area. It is expected that this pipeline would be funded by a developer and be vested in Council.

Renewals for years 2015-2018 include the Cambridge pipe bridge. Pipe and treatment plant renewals are higher in the 2026-2030 period as many assets are expected to reach the end of their lives in this period.

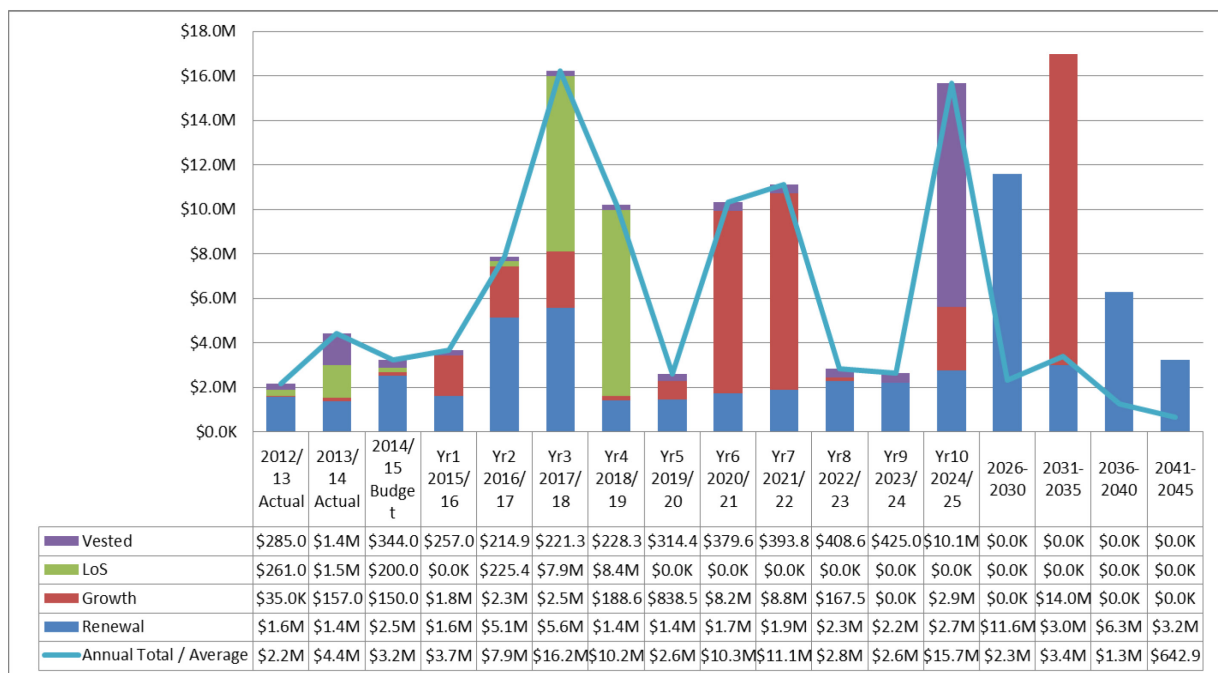


Figure 8: Projected wastewater treatment and disposal capital programme to 2045

### Wastewater treatment and disposal - operational programme

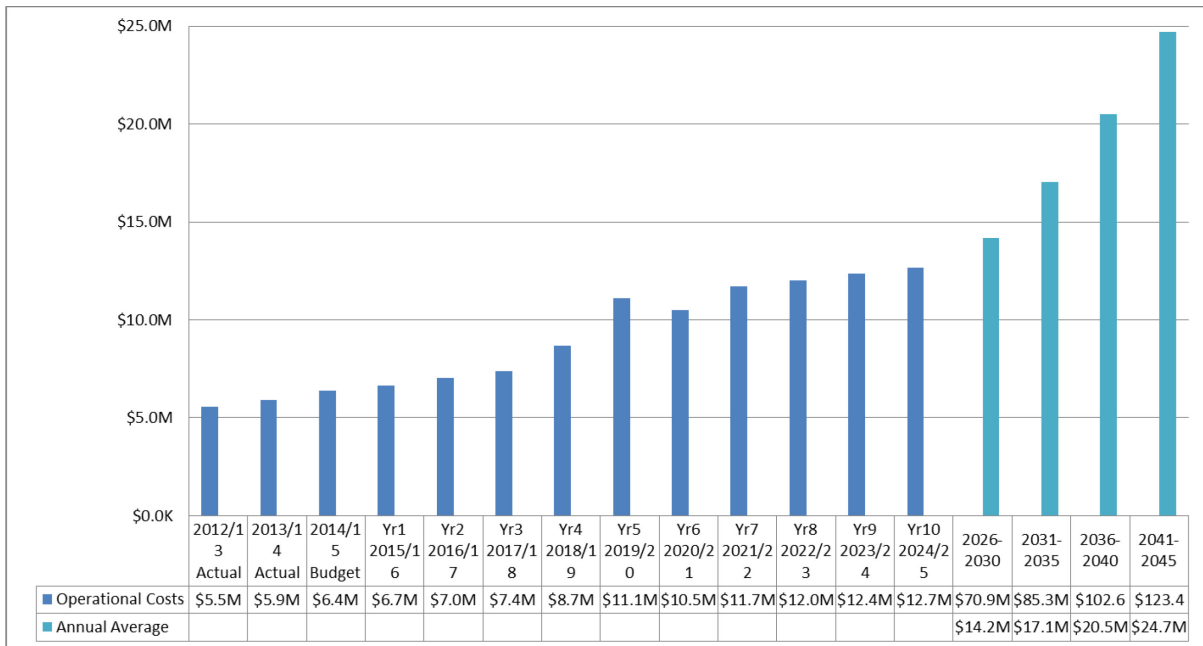


Figure 9: Projected wastewater treatment and disposal operational programme to 2045

Operational project expenditure is related to infiltration studies, condition investigation, and modelling. Increased operational costs from 2018/19 are related to the Cambridge and Te Awamutu wastewater treatment plant upgrades. Inflation adjustments (3.77% per year) contribute to steadily increasing operational costs in the last twenty years of the Infrastructure Strategy.

### Stormwater - capital works programme

The key capital projects that are planned are associated with stormwater provision for growth cells in Cambridge North area between 2015-2020 and 2023-2025. Council will provide some infrastructure and developers will also provide infrastructure that will be vested in Council.

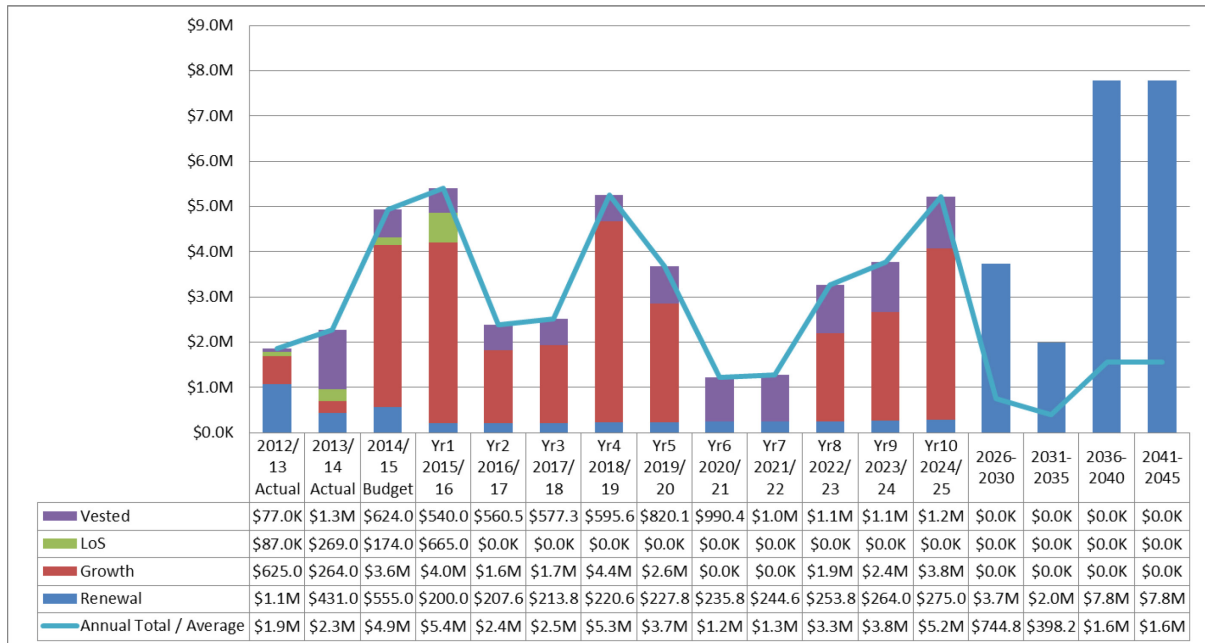


Figure 10: Projected stormwater capital programme to 2045

After 2025 increasing numbers of assets, mostly manholes and pipes, are expected to be reaching the ends of their lives resulting in increased renewal expenditure.

## Stormwater – operational programme

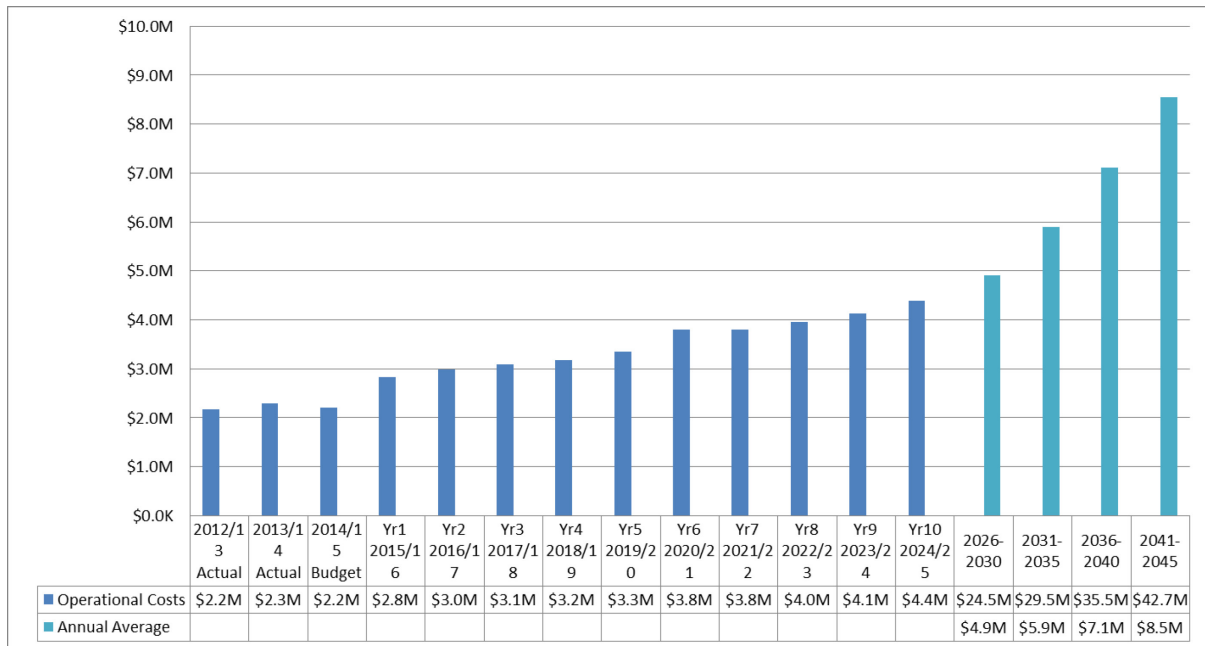


Figure 11: Projected stormwater operational programme to 2045

Operational expenditure for stormwater increases gradually due to inflation and the effects of growth. Operational project expenditure is related to condition investigation and modelling. Inflation adjustments (3.77% per year) contribute to steadily increasing operational costs in the last twenty years of the Infrastructure Strategy.



### Roads and footpaths - capital works programme

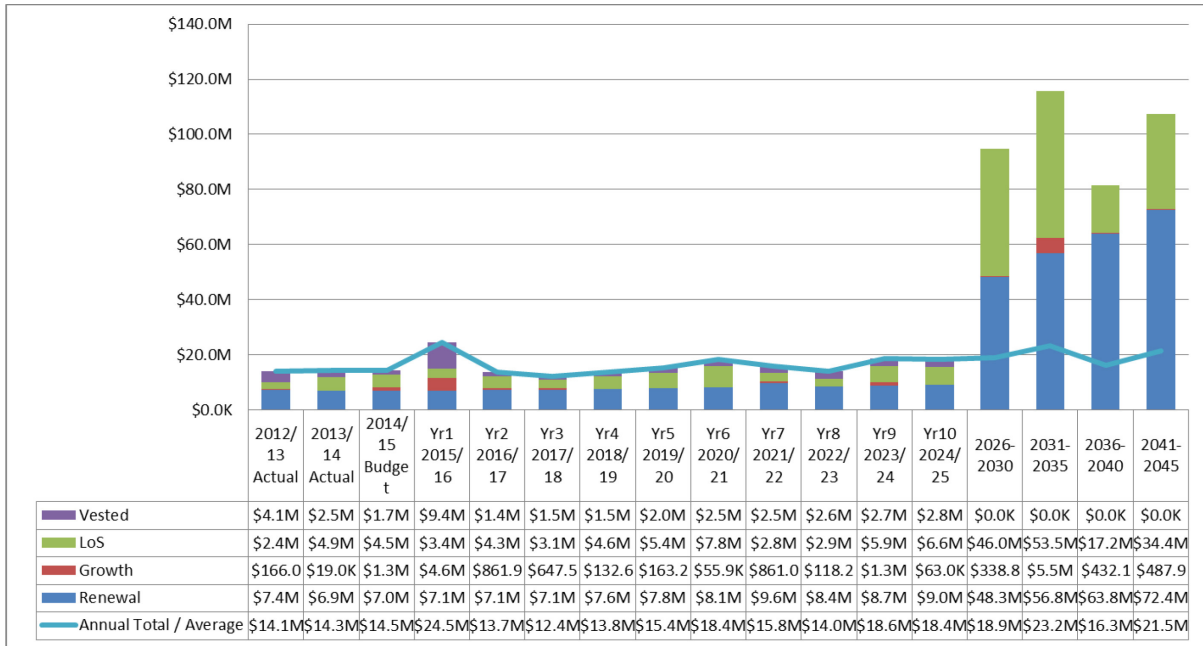


Figure 12: Projected roads and footpaths capital programme to 2045

The key capital projects that are planned in the first ten years of the Infrastructure Strategy are involved with intersection upgrades, amenity upgrades, traffic calming and cycleways. Vested assets in 2015/16 include the revoked sections of State Highways 1 and 1B associated with the Waikato Expressway.

Major capital projects outside the first ten years include the Cambridge pedestrian bridge, walking and cycling projects, Victoria Road upgrade, town centre upgrades/CBD refurbishment and Cambridge third bridge. The Te Awamutu western arterial heavy traffic route is budgeted in 2030 at a proposed cost of \$36 million. This will provide an efficient route around the CBD that removes heavy traffic from Alexandra Street and improves access to the industrial land to the north west of Te Awamutu.

Renewals of roading assets are consistent over the thirty years of the Infrastructure Strategy.

### Roads and footpaths - operational programme

The increases in operational budgets reflect the growth in the network due to vested assets, increased population and traffic volumes due to growth. Inflation adjustments (2.46% per year) contribute to steadily increasing operational costs in the last twenty years of the Infrastructure Strategy.

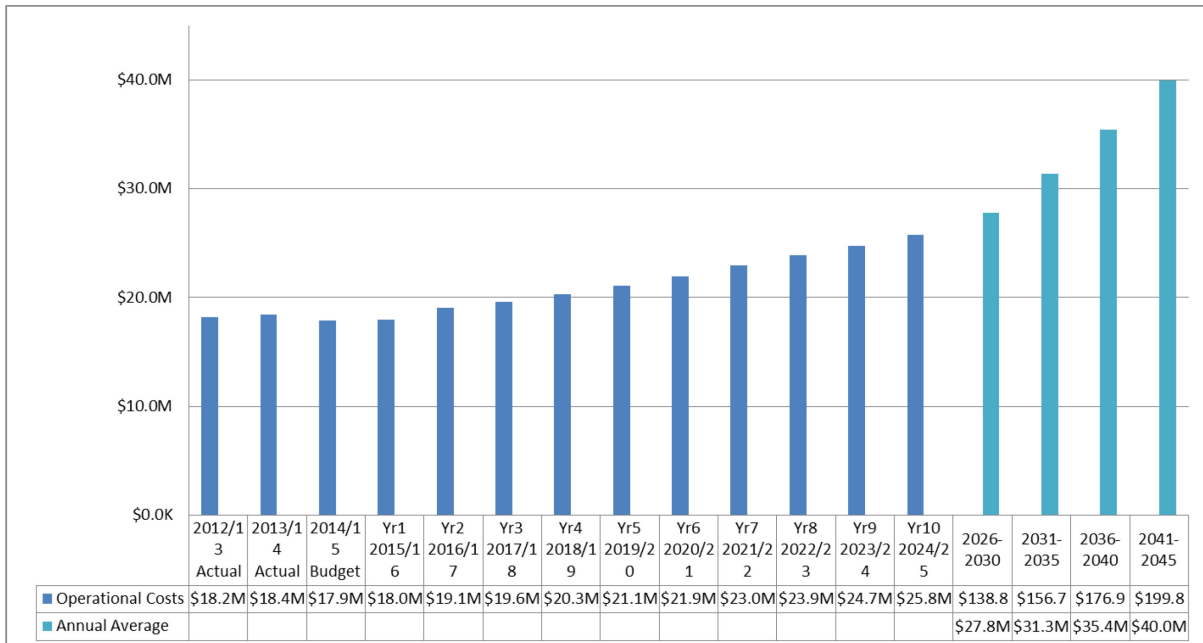


Figure 13: Projected roads and footpaths operational programme to 2045

## Expenditure summary

In addressing the issues identified in this Infrastructure Strategy, Council expects to spend \$962 million from 2016 to 2045 on new or replacement infrastructure. Approximately \$2,169 million is expected to be spent from 2016 to 2045 on operating costs, labour, depreciation, materials and maintenance.

These areas are anticipated to be spread across the infrastructure activity areas as outlined in Table 18 below.

Table 17: 30 year capital and operational expenditure

Infrastructure Activity	Capital expenditure (million)	Net operational expenditure (million)
Water	\$222M	\$631M
Wastewater	\$121M	\$482M
Stormwater	\$55M	\$167M
Roads and footpaths	\$564M	\$889M
<b>TOTAL</b>	<b>\$962M</b>	<b>\$2,169M</b>

## Capital expenditure overview

The following figures show the expected overall annual capital and renewal expenditure for the four infrastructure services from 2016 to 2045, by activity.

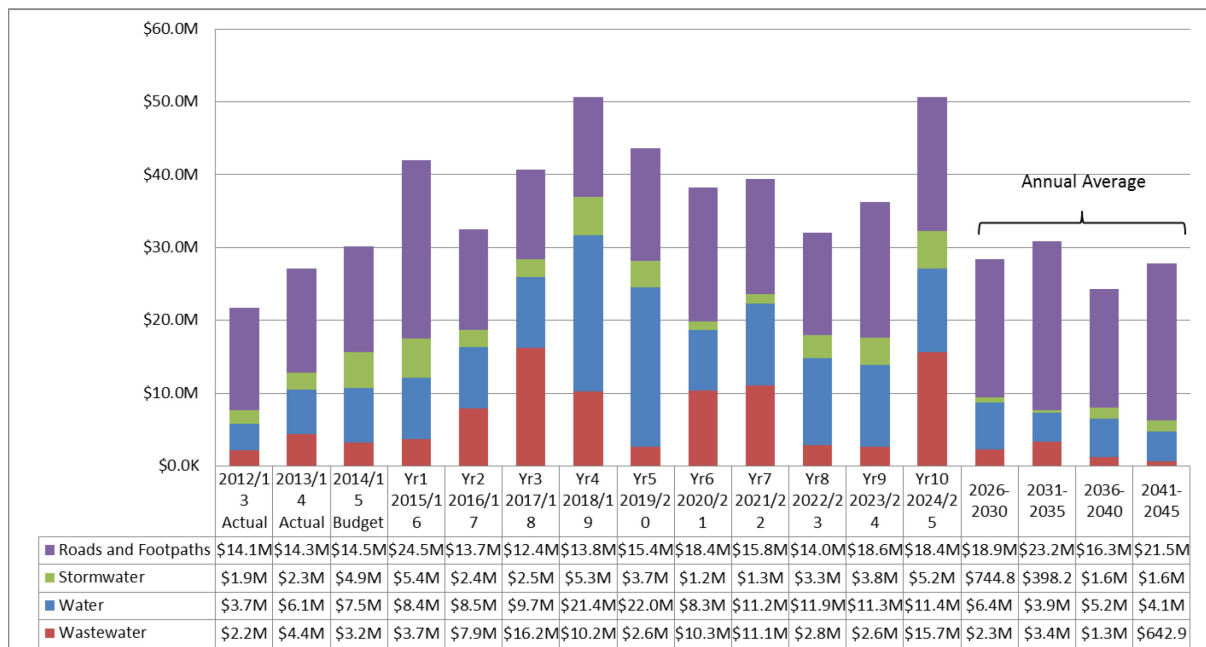


Figure 14: Projected capital expenditure by activity to 2045

Water, wastewater and stormwater capital expenditure is focussed on the first ten years of the Infrastructure Strategy. Most of the upgrades in the treatment plants and reticulation are expected to provide sufficient capacity for growth for the next thirty years. Roads and

footpaths expenditure in the first ten years is focussed on the impacts of the Waikato Expressway and growth.

### Operational expenditure overview

Figure 23 shows the expected overall operational expenditure for the four infrastructure services from 2016 to 2045, by activity.

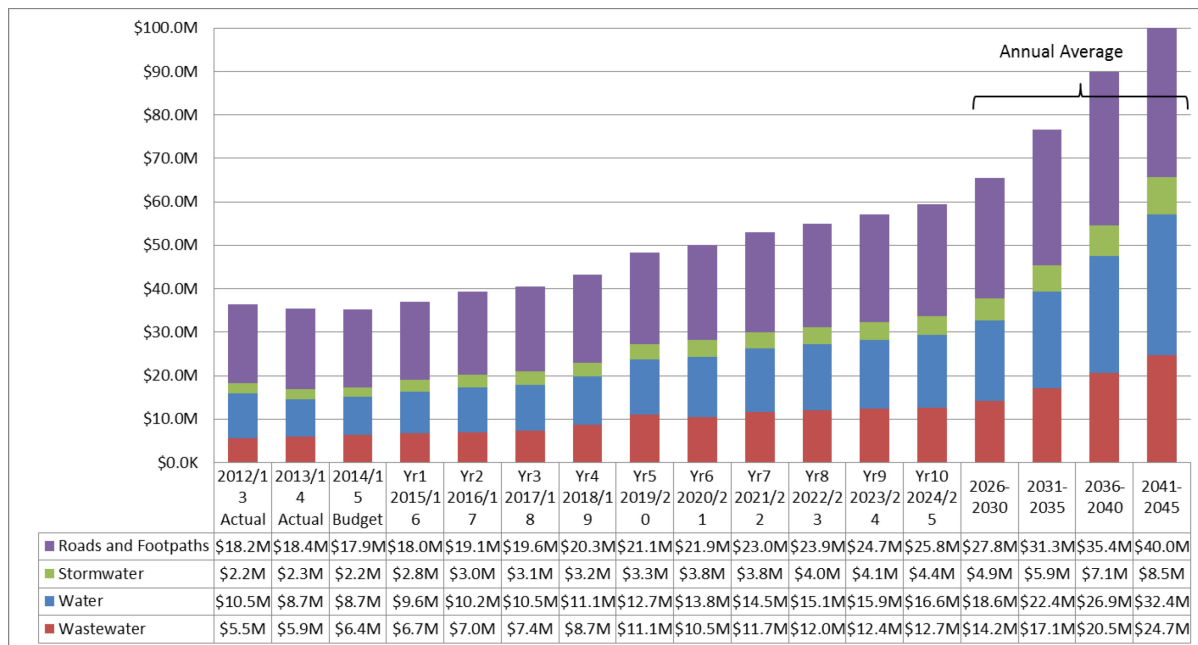


Figure 15: Projected operational expenditure by activity to 2045

Operational costs steadily increase over the thirty years of the Infrastructure Strategy in response to inflation adjustments, the impact of growth and additional costs associated with treatment plant upgrades required for environmental and public health compliance.

### Funding considerations

In terms of the Financial Strategy (refer to page 33), asset construction costs are usually funded by loans which impacts the operating budget (and rates) as this has to cater for an increase in annual costs for repaying the interest and principal portions of the loan. In addition to loan servicing costs additional operating costs need to be factored into the budgets such as maintenance, power and insurance.

On top of those operating costs, another significant cost that is rated for is depreciation. As time progresses the cost to replace the asset will increase due to inflation and other economic factors hence the amount of depreciation included in the budget increases to match the cost of this asset at the time of replacement. Provision has been made for the estimated increases in operating costs arising from planned capital spend for the 10-Year Plan and where practicable for the Infrastructure Strategy forecast.

A significant proportion of the capital spend (\$406m) is planned over the first ten years of the Infrastructure Strategy. This will be funded from a combination of debt, depreciation

funds, development contributions revenue and income from external sources such as the New Zealand Transport Agency subsidies. The Financial Strategy shows debt peaking at \$99m in 2021/22 and reducing to \$88m in 2024/25. Based on this financial profile Council is in a strong financial position to address the future infrastructure demands signalled beyond the ten year horizon.

Council's debt servicing benchmark also indicates sufficient financial headroom to respond to external influences such as unforeseen interest rate rises or to secure additional debt funding to deal with emergency capital spend as a result of a natural disaster. There is a low risk that the funding sources for planned capital expenditure could be compromised through a reduction in the level of subsidies from external sources or as a result of depreciation reserves and loans being insufficient. If this was to occur Council's ability to complete the budgeted work programmes would be at risk, resulting in either a greater level of costs to be funded by the ratepayer or a reduction on the level of service provided. Council's annual plan process would be used to reflect a review of intended work programmes in response to such an occurrence.

## **Resilience of infrastructure services**

This section outlines Council's approach to managing the resilience of our infrastructure services with respect to natural hazards, such as earthquake, natural landslip, flood, tsunami, tornado, volcanic eruption, hydrothermal and geothermal activity and subterranean fire.

### **Natural Hazards – Waipa District**

Waipa District does not have any major natural hazards, such as volcanoes and known earthquake faults located within its boundaries. However there are such significant natural hazards close enough to be of concern.

Of the five active volcanoes to the south of the district (Ruapehu, Ngāruhoe, Tongariro, Lake Taupo and Maroa), the furthest is only 150km from Cambridge and 140km from Te Awamutu. Many hundreds of active earthquake faults also border the district on two sides. To the south are the Taupo volcanic zone faults and running north-south on the eastern side is the Kerepehi fault. While these hazards may be located outside the district any major eruption or earthquake would have a direct and significant impact upon the district.

The district does not operate in isolation and any hazard event impacting upon other districts will inevitably have a knock on effect within Waipa District. Other natural hazards outside of the district which may influence activities in Waipa are the two major flood plains (Lower Waikato and Hauraki Plains) and coastal flooding from a tsunami.

The key natural hazards have been identified for Waipa District in the next table.

Table 18: Key natural hazards in Waipa District

Natural hazard	Trigger
River and stream flooding	Above average and/or prolonged rainfall Dam failure
Local surface ponding	Above average and/or prolonged rainfall
Subsidence/soil shrinkage	Drought through decreased rainfall Drought through increased ground water extraction.
Landslip/rock falls	Earthquake Erosion Heavy/prolonged rainfall
Earthquake Liquefaction Fault rupture and heave Ground shaking	Earthquake
Erosion/deposition	Above average and/or prolonged rainfall River and stream flooding
Volcanic ash fall	Volcanic eruption
Severe storm event High winds Tornadoes Heavy and prolonged rainfall	Deep low pressure weather system
Major rural fire	Self-igniting/lightning Human induced
Drought	Decreased rainfall Increase in average temperatures and consequently evaporation Increased ground water extraction.

Regardless of the hazard event the anticipated impact will be physical damage to property and the environment and harm to the population.

Management of these issues is focused on two key areas:

- a) **Response and recovery** - effective response and recovery plans to ensure services are restored as quickly and efficiently as possible in the circumstances.
- b) **Sustainability** – avoiding high risk areas and designing assets to withstand those hazards likely to be encountered during its life, though it is acknowledged that they cannot be made impervious to all types and levels of hazard.

The AMPs identify specific risks associated with natural hazards, and outline consequences, existing controls or mitigation strategies and actions/funding required to reduce priority risks.

Significant risk to the roading network is posed when adverse weather conditions occur, which can result in damage in the form of subgrade failures, blocked surface water channels, scour, drop-outs and slips. The three waters activities are also affected by adverse weather events, which can cause flooding inundation of networks and damage which may interrupt the service for short to longer periods.

Repairs are currently funded from operations and maintenance budgets or as emergency work depending on the nature of the event and the extent of damage that has occurred. Additional financial assistance may be available for the roading network from the NZTA over and above the approved programme subject to the scope of the repair work required.

## **Organisational resilience**

As a provider of essential services, Council must be able to continue to deliver essential services during and following incidents or emergencies that effect Council and/or the wider community. To respond to an incident or emergency, we must have a business continuity management approach which provides various plans, structures and processes including a business continuity plan, and clear linkages (where appropriate) to other emergency response plans and those of key suppliers.

To ensure a consistent approach, Council has an organisational-wide Business Continuity Management Policy (BCM Policy)(Feb 2013). This BCM Policy is consistent with the British Standard for Business Continuity BS25999. The objectives of the BCM Policy include:

- a) To support the achievement of our vision, purpose, strategic goals and objectives, and strategies;
- b) Integrate and align business continuity management (BCM) with our strategic and operational approaches;
- c) Provide an organisation-wide systematic and structured approach to BCM which ensures we can provide essential services to the community during and following an incident or emergency;
- d) Provide the tools and support required for our staff to contribute to BCM planning and to respond as and when required in the case of an incident or emergency; and
- e) Ensure a common and consistent understanding of BCM and the related concepts and terminology.

## **Climate change**

Indications are that, as a result of climate change, the Waipa District will be hotter on average, experience more extreme events (heavy rainfall and droughts) but may have little change in average annual rainfall. Sea level change is also a potential climate change issue but is not directly applicable to the Waipa District. The AMPs identify specific impacts on each activity which are considered when planning new assets or replacing assets.

### Insurance associated with this activity

Commercial infrastructure and general insurance policies taken out by Council cover infrastructural assets above and below ground. Types of cover include property and business interruption such as material damage as a result of fire, storm, earthquake, explosion, flooding etc., and the consequential loss of profits from that event. Council has insurance cover for costs incurred leading up to the declaration of a Civil Defence Emergency. Council employees are also covered for public liability and professional indemnity.

All contractors who undertake work for Council are required to show that they hold adequate insurance for public liability, professional indemnity and contract works. The level of insurance cover for the contractor is dependent on the nature of work and associated risk exposure.

### Waikato Civil Defence and Emergency Management Group

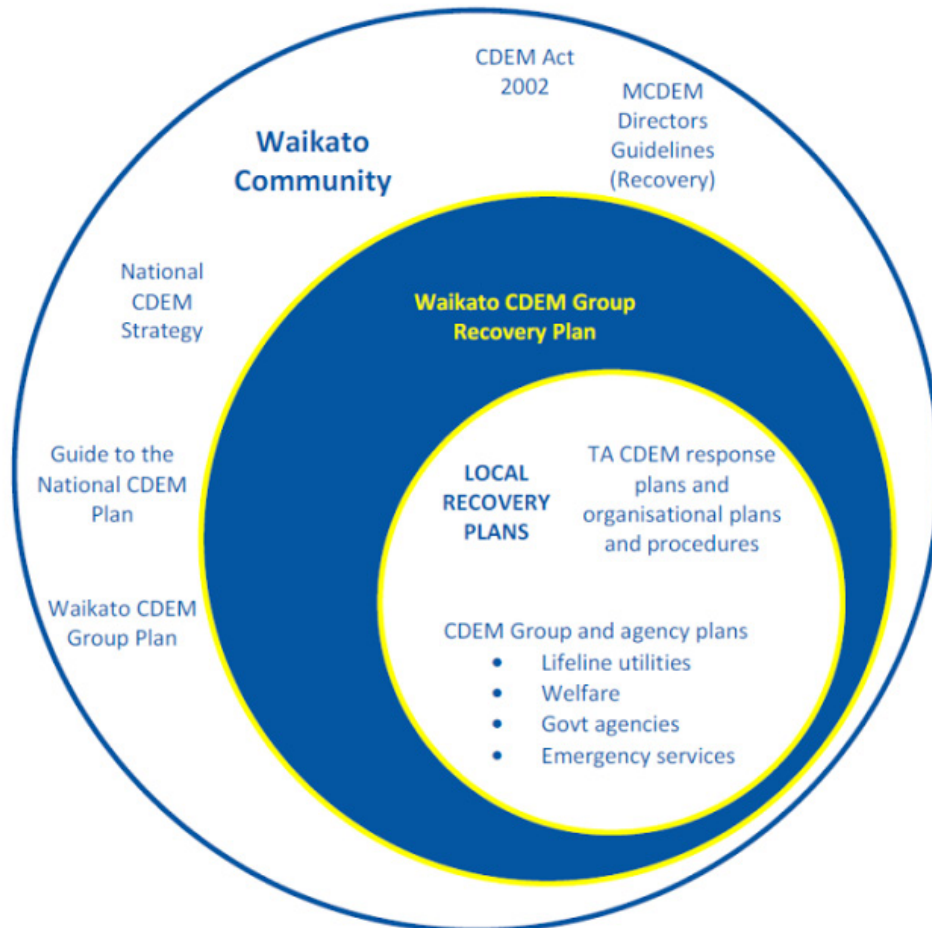


Figure 16: Civil defence and emergency management in the Waikato region

The Waikato Civil Defence Emergency Management Group (CDEM Group) is a consortium of the Waikato local authorities working in partnership with emergency services, amongst other things, to:



- a) Identify and understand hazards and risks; and
- b) Prepare CDEM Group plans and manage hazards and risks in accordance with the 4Rs (reduction, readiness, response and recovery).

The Waikato CDEM Group Plan 2011-2015 (Group Plan) was effective from November 2011, and will be formally reviewed every 5 years. The Group Plan guides the delivery of CDEM across the CDEM Group and outlines the following:

- a) The vision, goals and principles of the CDEM Group;
- b) The hazard and risk profile for local authorities within the CDEM Group;
- c) CDEM measures necessary to manage the hazards and risks identified;
- d) Organisational and community readiness; and
- e) Response arrangements, including for declaring states of emergency, and cooperation and coordination with other groups.

### **Waikato Lifelines Utilities Group**

The purpose of Waikato Lifelines Utilities Group (WLUG) is to identify measures and coordinate efforts to reduce the vulnerability of the Waikato's lifeline infrastructure to hazard events and to improve service reinstatement after an emergency, so that the community can recover as quickly as possible.

Lifeline infrastructure is the essential infrastructure in our community that supports the life of our community. These services include water, wastewater, stormwater, power, gas, telecommunications and transportation networks.

The WLUG is a voluntary group but is funded through contributions from members and the CDEM Group. The CDEM Group has a business plan and group charter. Part of the funding received goes towards the Lifelines Utilities Coordinator (LUC), a role provided by Waikato Regional Council. The LUC is responsible for lifeline utilities liaison and is involved in delivering a number of projects on behalf of the CDEM Group.

In 2014, the current projects underway are as follows:

- a) Critical Fuel Supply Plan;
- b) Priority and Alternative Routes Plan; and
- c) WLUG Vulnerability Study.

### **References**

- a) Waipa 2050 Growth Strategy 2009, Waipa District Council;
- b) Waipa 2050 Environmental Strategy 2010, Waipa District Council;
- c) Waipa Integrated Transportation Strategy 2010, Waipa District Council;
- d) Waipa District Cycling and Walking Strategy 2008, Waipa District Council;
- e) Waipa District-Wide Water Supply Strategy 2014, Waipa District Council;

- f) Water Treatment and Supply AMP- 2015-25, Waipa District Council, November 2014;
- g) Wastewater Treatment and Disposal AMP, Waipa District Council, November 2014;
- h) Stormwater Drainage AMP, Waipa District Council, November 2014;
- i) Road Corridor AMP- 2015-25, Waipa District Council, November 2014;
- j) 2014 Review of Demographic, Households and Labour Force Projections for the Future Proof Sub-Region for the Period 2013 – 2063, University of Waikato, National Institute of Demographic and Economic Analysis (NIDEA), 2014;
- k) Local Authorities Shared Services Manual 2013-14, Waikato Region;
- l) Group Recovery Plan 2013, Waikato Civil Defence and Emergency Management Group, 2013; and
- m) Utility Vulnerability Assessment & Prioritisation Project, Waipa District Council, November 2009.

## **Significant forecasting assumptions and minimising risk**

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In planning for the future we must make assumptions. These carry a level of risk, as they may not hold true. The impacts of these can largely be mitigated through review, with any changes included in annual and 10-year plans.

The assumptions in this 10-Year Plan are outlined below:

### **Significant emergency events**

#### **We assume:**

No significant emergency events (natural disasters) affecting our district will occur during the period of this 10-Year Plan, that cannot be funded out of the budgetary provisions or met by insurance arrangements. That 60% of the costs associated with damage to Council's underground infrastructure assets from a significant emergency event, will be provided by the Government for the portion of the cost of damage in excess of \$10 million.

#### **Our level of uncertainty:**

High due to the unpredictable nature of such events. Due to the high degree of uncertainty associated with the occurrence of a significant emergency event it is not possible to quantify the financial implications.

#### **The risk:**

A significant emergency event occurs during the ten year period, which Council cannot afford to fund within the current budgets.

#### **So we will:**

Ensure that we have adequate insurance to cover the District's assets against such events. We will ensure that the commercial insurances are at a level to cover the District's assets against such events when taking into consideration Central government's role in disaster recovery and restoration.

We will also continue to give focus and attention to our involvement with sub-regional civil defence activities, emergency management and business continuity planning. In the event of an emergency, our response will be immediate, with appropriate resources redirected for that purpose.

If a significant event occurred this would result in unforeseen costs which would place demands on Council's funding streams, in this case mainly debt funding. A committed cash advance facility of \$7.5m is available to be called upon in the event of a natural disaster.

## **Water demand**

### **We assume:**

Active water demand management will reduce the amount of water used per household in Cambridge and Te Awamutu from 250 litres per person per day to 190 litres (once water meters are installed).

### **Our level of uncertainty:**

High. There is currently a summer demand management campaign in place, but no year round integrated programme to decrease the current use in the main towns which averages 250litres/person/day. If the water demand objectives are not achieved the financial implications would result in approximately \$8 million of capital works to commence earlier than planned. This will also result in additional depreciation and loan interest costs as a result of bringing forward this capital work.

### **The risk:**

The risk is that the demand does not reduce to 190 litres/person/day and capital infrastructure will need to be brought forward to match demand.

### **So we will:**

Ensure that a demand management programme is resourced in the 10-Year Plan to actively drive change in behaviour of water use. If capital infrastructure has to be brought forward to meet demand there will be consequential increases in capital expenditure which will have to be funded through debt, development contributions and depreciation. These increases would need to be considered in relation to the prudential limits set out in the Financial Strategy (refer to page 33).

## **Availability of staff and contractors**

### **We assume:**

That sufficient internal and external resources will be available to undertake capital works in the years outlined in the 10-Year Plan.

### **Our level of uncertainty:**

Medium

### **The risk:**

Staff and contractors can at times become scarce and difficult to find, limiting the level of resource available and driving costs upwards. If there is a shortage of resources we may not be able to complete projects in the timeframes indicated and for the costs budgeted.

**So we will:**

Monitor projects and make adjustments to our budgets and work programme accordingly.

**Borrowing and interest rates**

**We assume:**

There will be ready access to loan funds at competitive rates. Interest rates will track in line with the projections prepared by our financial advisors. Interest rates for investments will be set at a margin compared to external debt rates.

The table of interest rates used are:

Table 19: Table of interest rates

Year to	Bancorp projected borrowing rate (includes margin)
June 2016	4.97%
June 2017	4.97%
June 2018	4.97%
June 2019	5.78%
June 2020	5.78%
June 2021	5.78%
June 2022	6.2%
June 2023	6.2%
June 2024	6.2%
June 2025	6.2%

**Our level of uncertainty:**

Medium

**The risk:**

Interest rates will increase significantly from the rates used in preparing this 10-Year Plan. This could have an impact on rates increases and our ability to deliver on the agreed work programmes.

**So we will:**

Manage changes in interest rates as set out in our Treasury Management Policy, taking advantage of hedging, fixed rates and swaps.

## Changes in legislation

### We assume:

There will be no changes in legislation other than previously signalled that will affect the functions we currently undertake or how they are undertaken during the 10-Year Plan.

### Our level of uncertainty:

Medium

### The risk:

Legislation may require significant change to the way we currently perform by either adding new functions, removing existing ones or changing the nature of and/or how these are undertaken.

### So we will:

Monitor changes in legislation and, where changes are proposed, provide input regarding the effects and implications, we will also review our work programmes and budgets and amend these accordingly. Changes will be signalled in future annual plans. Changes due to the Local Government Amendment Act 2014, have been incorporated within the 10-Year Plan.

## Climate change

### We assume:

That the Waipa District can expect more frequent extreme weather events (drought and heavy rainfall) with little change in the average annual rainfall.

### Our level of uncertainty:

Medium

### The risk:

The design of our existing and new infrastructure may not sufficiently take into account the localised effects of climate change such as increased rainfall or drought conditions. As a result our environment, communities and our economy could be negatively impacted.

### So we will:

Continue to consider the potential impacts of climate change when we design infrastructure.

## **Community fundraising**

### **We assume:**

Community fundraising will be successful so that the particular projects proceed as planned.

### **Our level of uncertainty:**

Medium

### **The risk:**

Projects requiring community funding are not able to proceed because fundraising is unsuccessful either in terms of reaching the agreed target or timeframe. The projects that are dependent on successful fundraising initiatives are the Te Awamutu Museum and Cambridge Pool. The level of uncertainty is rated as 'medium' rather than 'high' because Council knows of a number of organisations who have pledged their support to certain projects.

### **So we will:**

Monitor the progress of planned community fundraising and assess how they impact affected projects. Projects will not proceed until associated funding targets are met.

## **Demographic changes**

### **We assume:**

The district's demographics will trend in accordance with NIDEA age/sex projections as growth occurs. A significant aspect of the projections is an increasing proportion of our population over the age of 65 over the next 40 years.

### **Our level of certainty:**

Medium

### **The risk:**

Demographics do not trend as predicted resulting in changes such as an increased proportion of our population being over the age of 65 earlier than anticipated. Our planning may not have adequately taken into account the needs of our district in a timely way.

### **So we will:**

Monitor population projections against actual changes confirmed through Census data. We will review our services, work programmes and budgets to reflect any significant changes in district demographics.

## **Development contributions revenue**

### **We assume:**

The amount and timing of development contributions revenue to be received has been calculated consistent with the development contributions model and assumptions.

### **Our level of uncertainty:**

Medium

### **The risk:**

The amount and timing of development contribution revenue is dependent on growth and timing of subdivisions. Growth factors vary significantly from our assumptions and affect our ability to fund the growth work programmes.

### **So we will:**

Monitor growth projections and development revenue against actual levels. Where significant changes occur our work programmes and budgets will be reviewed and amended accordingly. Changes will be signalled in future annual plans.

## **Economic environment**

### **We assume:**

Economic conditions will follow a steadily growing trend for the next two to three years in line with forecasts and Central government fiscal policy. Modest growth levels are forecast for the District.

### **Our level of certainty:**

Medium

### **The risk:**

Economic factors vary significantly, from the assumptions in this 10-Year Plan which then affects our ability to deliver on the agreed work programmes either in terms of the scope or timing of the work.

### **So we will:**

Review work programmes and budgets annually. If conditions worsen, then appropriate reductions and changes will be made and signalled in future annual plans.



## Growth

### We assume:

The draft 10 Year Plan growth projections was based on work completed by NIDEA in 2014 which indicated a projected population increase of 9.3% and household increase of 19% over ten years. Following delivery of the 2014 report NIDEA have updated their assumptions using data from the 2013 census. This has indicated a population projection higher than the 2014 report. This updated report is in the process of a being peer reviewed. Census area unit and household data have yet to be provided. The information provided in the updated report is limited to population data only. This information was used to calculate the number of additional dwellings based on an average number of 2.5 people per household which equates to 155 additional dwellings per year.

### Our level of uncertainty:

Medium

### The risk:

Growth factors vary significantly from our assumptions affecting our ability to deliver on the agreed work programmes either in terms of the scope or timing of the work. Substantial changes in growth and subdivisions will impact on development contribution revenue. A rapid rise in one and two person households is predicted; however, there is significant uncertainty about how this will be observed in the types of housing choices people make.

### So we will:

Monitor growth projections against actual levels. Where significant changes occur our work programmes and budgets will be reviewed and amended accordingly. Changes will be signalled in future annual plans.

## Growth – Impact on rates

### We assume:

Based on the projected population increase over the ten years, the expected growth in the rates revenue will be as per the table below.

The calculation of the growth in rates revenue is based on the number of additional properties each year at the 2014/15 rates.

Table 20: Forecast percentage increases in rates revenue

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
1.36	1.85	2.03	2.06	2.14	2.23	2.29	2.47	2.47	2.47

**Our level of uncertainty:**

Medium

**The risk:**

Growth factors vary significantly from our assumptions affecting our ability to deliver on the agreed work programmes either in terms of the scope or timing of the work.

**So we will:**

Monitor growth projections against actual levels. Where significant changes occur our work programmes and budgets will be reviewed and amended accordingly. Changes will be signalled in future annual plans.

**Income from the development and sale of surplus Council property**

**We assume:**

That income from the development and sale of surplus Council property will be received at the levels and timing indicated in the 10-Year Plan budget figures. We are embarking on a development and sale programme for a number of our properties in Cambridge. This programme takes account of the current market. On this basis, we are reasonably confident of being able to achieve the planned cashflows. Please refer to the appendix on the list of proposed endowment land for disposal on page 323.

**Our level of uncertainty:**

Medium

**The risk:**

That any cashflow delays will require interim bridging in the form of additional borrowing and interest cost especially for projects which are dependent on funding from the development and sale of surplus Council property.

**So we will:**

Monitor market conditions and the progress of our property sales programme, responding to any changed cash flow circumstances in each annual plan.

**Inflation**

**We assume:**

The cost of future projects included in this plan will be consistent with the Business and Economic Research Limited (BERL) projections for the local government sector, the following table below shows the inflation rates for each activity.

Table 21: Inflation rates for each activity

	Water	Community facilities	Governance environmental and support	Roading subsidised	Roading non-subsidy	Salary
Year 1	0	0	0	0	0	0
Year 2	3.8	2.4	2.5	0	1.4	2.5
Year 3	3	2.5	2.6	0	2.2	2.5
Year 4	3.2	2.6	2.7	2.4	2.4	2.5
Year 5	3.3	2.8	2.9	2.5	2.5	2.5
Year 6	3.5	2.9	3	2.7	2.7	2.5
Year 7	3.7	3	3.1	2.8	2.8	2.5
Year 8	3.8	3.2	3.3	3	3	2.5
Year 9	4	3.3	3.4	3.1	3.1	2.5
Year 10	4.2	3.3	3.6	3.3	3.3	2.5

**Our level of uncertainty:**

Medium

Council has a higher level of confidence regarding project costs in the short term but less certainty in the longer term even with the BERL projections due to fluctuations in the economy.

**The risk:**

Price level changes increase significantly from those used in preparing the work programmes and associated budgets. Higher costs could result in additional funding being required to maintain the existing levels of service. Higher costs relating to capital expenditure could result in higher debt levels and increased operating costs from interest expense leading to increases in rates.

Should price level changes decrease from those used to prepare the budgets, then there would be a favourable impact on Council's operating and capital expenditure budgets and rates.

**So we will:**

Monitor cost projections against actuals, with significant differences and associated responses such as changes in levels of service reflected in budget forecasts and annual plans.

## **Insurance**

### **We assume:**

Council will continue to work with the Local Authority Shared Services (LASS) for the best value for money insurance policies. This includes the use of commercial insurance markets where these markets provide the best value for money for the shared service and individual councils.

Insurance premiums are inflation adjusted for the ten year period, including increases every three years in material damage insurance due to valuation increases, and yearly increases for the underground infrastructure insurance due to valuation changes in the underlying assets.

### **Our level of uncertainty:**

Medium

### **The risk:**

Insurance costs increase significantly more than expected. Increases in insurance costs are usually funded by rates and this will impact on rate increases.

### **So we will:**

Monitor projected insurance costs against actuals, with significant differences and associated responses reflected in budget forecasts and annual plans. Savings in insurance expense due to market conditions will be transferred to insurance reserve to fund high excess in the event of a significant insurance claim.

## **Lifecycle of significant assets**

### **We assume:**

The useful lives of assets are revised as part of the cyclical revaluation process for each asset class where infrastructure assets are revalued annually and buildings every three years. Further detail on asset useful lives is tabulated under the accounting policies section of this plan.

### **Our level of uncertainty:**

Medium for underground water infrastructural assets due to having asset condition assessments. Medium for underground wastewater and stormwater infrastructural assets due to working on asset condition assessments. Low for all other assets.

### **The risk:**

Actual asset lives are shorter than indicated and maintenance or earlier renewal work is required or a service failure occurs.

**So we will:**

Undertake condition assessments of underground assets and use this information to prepare work programmes and update asset management plans. (Refer to depreciation on page 248).

**Local government shared services**

**We assume:**

The Waikato Mayoral Forum and Local Authority Shared Services (LASS) have initiated a number of collaborative initiatives aimed at improving the efficiency and effectiveness of Local Government in the Waikato Region. These include a spatial plan, investigation of shared water services, shared policy and planning, and shared roading management. No potential benefits accruing from this work have been included in this 10-Year Plan, but substantial benefits are expected.

**Our Level of uncertainty:**

Medium although there will be no impact on the financial values within the long term plan.

**The risk:**

That significant efficiencies are not achieved through collaborative processes.

**So we will:**

Continue to work with the Mayoral Forum and LASS to ensure we maximise the gains of working collaboratively with other councils.

**Local government structure**

**We assume:**

There will be no significant changes to the structure of local government in the central Waikato during the next ten years. There will be a focus on greater collaboration with local councils, including securing greater efficiencies through shared service arrangements.

**Our Level of uncertainty:**

Medium

**The risk:**

Central government signals changes within local government that results in a change to our organisation, in terms of structure and/or the services we offer that we had not anticipated or planned for.

**So we will:**

Actively work with councils in our region to identify opportunities such as shared service arrangements that will enhance the efficiency and effectiveness of our operations. Any major proposed changes will be evaluated and the implications signalled through appropriate consultation processes.

**Resource consents**

**We assume:**

Where projects require a resource consent this will be obtained.

**Our level of uncertainty:**

Medium

**The risk:**

That consenting authorities may either decline consents or impose less affordable conditions than we had anticipated.

**So we will:**

Continue to work with consenting authorities and key stakeholders to ensure that our consent applications address their concerns.

**Revaluation of non-current assets**

**We assume:**

Our land and buildings will be revalued every three years, our infrastructural assets and investment properties will be revalued annually and the valuations will be consistent with the Business and Economic Research Limited inflated values outlined in this 10-Year Plan.

**Our level of uncertainty:**

Medium for underground water infrastructural assets due to having asset condition assessments. Low for all other assets.

**The risk:**

If actual valuations are lower than predicted we will need to reflect this as an expense in our Statement of Comprehensive Income, reducing our operating surplus in that year.

**So we will:**

Monitor value projections against actuals. The cost of replacing or constructing assets will vary each year from the estimates according to market forces. Significant differences will be reflected in budget forecasts and annual plans.

**Central government subsidy payments**

**We assume:**

The level of subsidies from central government agencies such as New Zealand Transport Agency will remain as indicated.

**Our level of uncertainty:**

Low

**The risk:**

Subsidy rates are significantly reduced from the expected levels. If the subsidy is reduced, the ability to complete the budgeted work programmes will be compromised, either requiring a greater share of costs to be funded by the ratepayers or a reduction in the level of service provided.

**So we will:**

Review our work programmes, such as roading and waste management, should any changes occur to the expected level of subsidy. Any changes will be included in future annual plans.

**Limit on rate increases**

**We assume:**

The rate increase for each year of the 10-Year Plan will be no greater than the Local Government Cost Index plus 3%.

**Our level of uncertainty:**

Low

**The risk:**

The increase in rates will breach this limit for any given year in the 10-Year Plan.

**So we will:**

Disclose the nature, timing and extent of the breach and Council's proposed action to address this matter at the earliest opportunity.

## Sources of funds for future replacement of significant assets

### We assume:

Depreciation reserves will fund the renewal of assets, and loans will fund any additional replacement cost if depreciation funding has been exhausted.

### Our level of uncertainty:

Low

### The risk:

Sufficient funds, both from depreciation reserves and loans, are not available to replace assets at the time required.

### So we will:

Consider any changes to replacement of significant assets during the annual plan process (if required).

## Local Government Funding Agency (LGFA)

### We assume:

Council will fund a portion of its borrowings from the LGFA.

### Our level of uncertainty:

Very low

### The risk:

Council is called upon to fulfil one or more of the LGFA obligations which are:

- In the case of Guaranteeing Local Authorities, a call is made under the Guarantee (this means that participating councils could potentially be called on to pay their share of another council's or the LGFA's debts. The chance of this is considered extremely remote due to the fact that no local authority has ever defaulted on a loan and the LGFA will hold substantial cash reserves and committed liquidity facilities);
- In the case of Guaranteeing Local Authorities, a call is made for a contribution of additional equity to the LGFA; and
- In the case of all Shareholding Local Authorities, the LGFA is not able to redeem their Borrower Notes.

### So we will:

Perform annual reviews of the statement of intent of the company to determine if its business forecasts will potentially trigger one or more of these obligations and decide and



report on these matters at the earliest opportunity. (Please see on page 307 for more on the LGFA).

## **Sources of demographic information**

Council uses a number of sources to inform our decision making regarding future demographic demand in the district. A report on population and dwelling projections was produced by the National Institute of Demographic and Economic Analysis (NIDEA) and forms one of the most important source documents for expected future demographic change. The report “2014 Review of Demographic and Labour Force Projections for the Waikato Region for the period 2013-2063”, was commissioned by the Future Proof Sub-Regional Growth Strategy Technical Advisor on behalf of the Future Proof Partner councils. The report covers Usually Resident Population Projections by 5 year age group and sex, Household and dwelling projections and Labour Force projections. Census Area Unit forecasts were subsequently produced by NIDEA. The Report “Small-area population, household, and labour force projections for the Waikato Region to 2051” was also commissioned by Future Proof. The population projections are based on the cohort component method of projection and provide high, medium and low variants.

Following delivery of the 2014 report NIDEA have updated their assumptions using data from the 2013 census (Population, Family and Household, and Labour Force Projections for the Waikato Region, 2013-2063 :2015 Update). This has indicated a population projection higher than the 2014 report. This updated report is in the process of a being peer reviewed. Updated census area unit and household data will be provided later in 2015. The information provided in the updated report is limited to population data only.

Projections and forecasts are renewed regularly so any change to expected trends will be picked up early.



# Groups of activities



## Groups of activities

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### Guide to groups of activities

#### How we group activities

Our services in this 10-Year Plan are gathered within eight groups, each containing a number of activities.

Seven of the groups of activities are focused on public service delivery, with the contents of four of these set by legislation whilst the remaining three have been grouped according to Council's corporate structure of related activities. The remaining group of activities, support services, is internally focused and is not an official group of activities as defined in the Local Government Act 2002. However, it is included in the 10-Year Plan as it contains a significant amount of our activities and, together with the other groups, provides a complete picture of the activities Council provides. Support services support the delivery of community services within each group of activities. While the costs of support services are included within each group, they are also shown separately at the end of the section to show the total indirect costs.

The groups of activities covered in this section are:

- Governance
- Planning and regulatory
- Community services and facilities
- Roads and footpaths
- Stormwater drainage
- Wastewater treatment and disposal
- Water treatment and supply
- Support services.

#### Information provided in each group of activities

For each group of activities, this 10-Year Plan sets out:

- The activities included in each group of activities.
- The assets required to support the activities and services, any anticipated changes in demand for the service and the implications of such changes to our service provision levels.
- The extent of our involvement in each activity, including any legislative requirements.
- Possible negative effects that providing the services may have on the wellbeing of the community.
- The timing of key actions or projects in the period 1 July 2015 to 30 June 2025.

- How each activity contributes to the community outcomes.
- The performance measures and targets by which levels of service can be assessed.
- The estimated expenses of achieving and maintaining the levels of service for each activity. If changes to levels of service are significant, then this is identified along with the implications of that significance.
- How the expenses are to be met and expected revenue levels, including the sources of funds, such as rates and fees and charges.

### **Inclusion of cost of service statements**

Although not required by legislation, we have chosen to include the cost of service statements in this 10-Year Plan to show the total cost of each activity. The cost of service statements include non-cash expenses such as depreciation, profit/loss on disposal of assets and internal interest charges.

### **How we measure performance**

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

A number of changes have been made. The majority of the changes are as a result of the following:

- Council has questioned whether the current NRB Communitrak survey is the best mechanism for understanding some aspects of performance, as the survey is only carried out once a year. Therefore, measures historically captured by the survey have been removed and new measures (considered to give a more regular view of performance) have been included.
- We decided in 2013 that our performance framework contains too many measures. The number of measures has therefore been rationalised to include a reduced number of measures that still aim to provide the community with an effective understanding of performance.
- The Government has provided us with mandatory measures for roads and footpaths, stormwater, wastewater treatment and disposal, and water treatment and supply. As a large number of mandatory measures are required (and the mandatory measures are considered to effectively measure the services of the impacted activities for the 3-waters) most previous non-mandatory measures in these groups of activities have been removed from the framework. Two current measures have been retained in roads and footpaths.
- Measures have been introduced for the support services so that all groups are measured.

In our assessment, there are no significant changes to our activities as a result of the changes to the measures we have proposed. Where a change in the level of service for a group of activities has been identified and documented in 'the level of service we will deliver' sections, then this has been considered during the target setting process and the proposed targets have been set accordingly, and as appropriate.

### **Proposed service delivery**

All of our activities tie back to community outcomes and these outcomes are shown in each of the groups of activities areas detailed in each section. They have also been reviewed against the role and purpose of local authorities (as defined by the Local Government Act). The significant changes to some levels of service proposed in this 10-Year Plan may activate section 17A of the Local Government Act 2002, which means that Council may need to assess the need to carry out service delivery reviews in conjunction with the changes proposed for the following activities:

- Water supply (see page 203 for more detail).
- Community facilities and services group of activities (see page 153 for more detail) including the new Cambridge Pool, Te Awa River Ride, and Te Awamutu Museum.
- Rural drainage (see page 185 for more detail).

Notwithstanding the above, all of Council's groups of activities will be reviewed by August 2017 to ensure that we have the most effective and efficient governance, funding and service delivery systems in place.





## Governance

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Council governance is the decision-making of the elected Council, its committees and community boards. This work is supported by the Planning and Community Relations Group and the Legal and Corporate Support department.

### What we do

The elected Mayor and Councillors represent the community, set Council's direction, policy and work programmes, and monitor and review the organisation's performance. The elected Council has established a number of committees and sub-committees to assist in this work.

Community boards are part of the District's governance structure, but are elected independently. They have specific responsibilities, including representing and advocating on behalf of the communities they serve, and overseeing the services provided by Council. Both Cambridge and Te Awamutu have a community board that works in partnership with Council to promote and enhance community wellbeing. A full account of Council, the committees and boards may be found in the Governance Statement.

In addition to community boards, Council has also set up some advisory groups and committees to assist in decision making – these include a Youth Council, Senior Council and two groups to facilitate participation by Māori in Local Government decision-making processes (as required by the Local Government Act 2002).

The Youth and Senior councils were established in 1999/2000 and aim to provide two-way liaison between Council and senior and younger members of the community. Traditionally, membership of the Youth Council has been the four head students at each of the three Waipa Secondary schools (membership is currently under review). Membership of Senior Council is comprised of representation from senior citizens groups such as Grey Power, Continuing Education, Lions, the RSA, rest homes, etc.

### Māori involvement in decision making

Council intends to foster the development of Māori capacity to contribute to decision-making by working within the 'Policy for liaison with Māori and Joint Management Agreements' and continuing to support the representative structure already put in place through the Iwi Consultative Committee and Ngā Iwi Toopu o Waipa.

Council's objectives (as captured in our Policy referenced above) are:

- Council is committed to on-going development of the capacity of Māori to contribute to Council's decision-making processes.
- Council is committed to decision-making processes that are robust, effective and transparent.

The purpose of the Iwi Consultative Committee is to facilitate communications between Council and Tāngata Whenua. The Committee will consider any matter impacting on the

interests of Tāngata Whenua including but not limited to historical, cultural, recreational, health, housing, environmental and resource management. The Committee advises Council and Iwi on Treaty of Waitangi implications for policies and activities of Council.

The Iwi Consultative Committee is comprised of the Mayor, the Deputy Mayor, and the Chairs of the Strategic Planning and Policy Committee, Service Delivery Committee, Finance and Corporate Committee and the Regulatory Committee, one representative from each of the Waikato Tainui Trust Board, Maniapoto Trust Board and the Raukawa Settlement Trust, the Chairperson of Ngā Iwi Toopu o Waipa, a Kaumatua representative and further nine members recommended by Ngā Iwi Toopu o Waipa are appointed by Council to represent the hapū of the Waipa District. The Chief Executive attends these meetings as a member of the committee.

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

### **Council community leadership**

Council has a leadership role in meeting the current and future needs of our communities. This work is undertaken as part of the strategic planning activity, and includes:

- Preparing the 10-Year Plan, annual plans, and other strategies;
- Considering economic research, analysis and policy development advice and services to encourage sustainable development of the District;
- Developing corporate policy and bylaws;
- Partnering with Waikato District Council, Hamilton City Council and Waikato Regional Council in the Sub-regional Growth Strategy 'Future Proof' (for further information about Future Proof visit [www.futureproof.org.nz](http://www.futureproof.org.nz));
- Collaborating with the other councils in the Waikato region on joint Waikato Mayoral Forum projects such as the development of a Waikato Spatial Plan;
- Reviewing and renewing the District Plan; and
- Implementing and reviewing the Waipa District Growth Strategy.

Ensuring the community is well informed and kept up to date with our activities is one of our priorities. Council is working towards a higher level of engagement with our communities. We have adopted a strategy and policy which gives clear direction on how we expect this to occur. This work is undertaken as part of our community relationships activity, and includes:

- Linking the significance of an issue to the level of engagement undertaken
- Providing timely, accurate and consistent information
- Promoting public debate and assisting informed decision making
- Ensuring meaningful opportunities for community involvement in our decision making processes

- Promoting productive partnerships with our stakeholders
- Promoting Waipa District as a great place to live, work and play.

Refer to the summary of the Significance and Engagement Policy, which begins on page 299 for more information.

### **Why we do it**

- To enable democratic local decision-making and action, including Māori participation.
- To meet the current and future needs of our communities in a cost-effective manner for households and businesses.

### **The environment in which we work**

Engaging well with residents and ratepayers to enable them to feel confident in participating in the democratic processes, particularly taking into account the diverse range of groups within our communities and changes in technology, is a focus for Council. We will continue to think creatively around community engagement and advance our own understanding of the various options, including the use of technology such as the internet and social networking.

The development and implementation of good plans and policies is the foundation of good governance. The basis of our planning is the 10-Year Plan, which guides all of our activities and operations. Our planning is influenced by external factors, including regional and national plans and policies, and we must have regard to these.

The review of the Waipa District Plan is now almost complete. The cornerstone of the District Plan review has been the Waipa 2050 Strategy (Waipa 2050), which defines the type of growth we should expect in the district, where it will occur and how the impacts of the Growth Strategy will need to be managed. In doing this, Waipa 2050 looks at existing development pressures, future population trends, environmental constraints and infrastructure requirements. We expect to review Waipa 2050 in 2015/16 in the light of changing population projections.

Population growth and increasing community awareness will increase pressure to provide effective leadership in planning for future growth and development, to respond to external pressures such as the economic challenges and to effectively address emerging issues in the best interests of the District. In response to these issues, we have been working on several initiatives including Waipa 2050, the Waipa Economic Development Strategy, Future Proof and the Waikato (Spatial) Plan. From these initiatives, further work will be identified that will enable better planning for the future.

Of special importance is the Waikato Mayoral Forum which is focusing on creating consistencies across councils, sharing services and providing cohesive community leadership. The ongoing workstreams include Roding (working together on a Road Asset Technical Alliance (RATA)), Governance, Economic development (development of a Waikato Economic Development Strategy), Water and wastewater (working on delivery options) and

Planning, bylaws & policies (providing a collective voice – with a focus on developing a Waikato Plan).

The Waikato Plan called 'Waikato: he reo kotahi' (Waikato: one voice), is planned to include:

- An evidence-base for good decision-making on matters such as future housing and settlement patterns; social, sporting and cultural developments; and the best places to build new facilities and infrastructure;
- Streamlined regulations, planning and funding programmes to create savings (there are currently over 600 strategies, policies, plans and bylaws in the combined councils of the Waikato); and
- Making it possible for there to be a 'one Waikato' approach to central government when we are seeking their support for our issues.

The draft Waikato Plan 'Waikato: he reo kotahi' is planned to be ready for public consultation in early 2016.

The Crown has reached agreement with several Iwi over their claims to the Waikato River and/or land in the Waipa District Council area including settlements in 2010 (Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010, Ngati Tuwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010), 2012 (Nga Wai o Maniapoto (Waipa River) Act 2012) and again in 2014 (Ngāti Hauā Claims Settlement Act 2014, Ngāti Koroki Kahukura Claims Settlement Act 2014, Raukawa Claims Settlement Act 2014).

A key focus of the settlements, and subsequent legislation, is restoring the health of the Waikato River. Under the settlements, the governance authority of the Iwi and the establishment of the Waikato River Authority was achieved. This will ensure that both the vision and strategy for the river is carried out and Iwi have a co-management role.

The vision for the Waikato River described in the legislation is:

***“for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.”***

The Crown settlements with Waikato and Waipa River Iwi require us to enter into Joint Management Agreements (JMAs) with Waikato Tainui, Raukawa, and Ngati Maniapoto. Agreements with each of these Iwi have now been signed.

We will also work with the Waikato River Authority to ensure that we give effect to the vision and strategy for the river through our District Plan review and other projects.

The closer relationship we will share with Iwi supports our goal to be cultural and environmental champions.




## The level of service we will deliver

We plan to slightly grow the level of service within this group of activities to support the Waikato Mayoral Forum Work. Waipa has already taken the lead in some of the Waikato Mayoral Forum workstreams, with Council staff managing three areas of work (transport, water and spatial planning). In addition, the work by the Mayoral Forum has resulted in budgets being set aside in the 10-Year Plan to allow Council to fund our share of these shared projects (along with the other Waikato Councils) including initiatives such as the Waikato Plan and integrated development planning standards.

## What community outcomes does it contribute to?

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

Table 22: Governance community outcomes

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

## Key projects

The following key projects are planned for 2015-25:

Table 23: Governance key projects

Project	Description	Timeframe	Total cost over 10 years (\$000)
District Plan review	Council will deal with appeals lodged against the Proposed Waipa District Plan following the process required by the Resource Management Act.	2015/16 to 2016/17	\$674
Preparation of 10-year plans and annual plans	An adopted 10-Year Plan is required by 30 June 2015 to detail our planned operations, performance measures, budgets and proposed rates for the period 2015 to 2025. Further 10-year plans will be required every three years. An annual plan is required in every year a 10-year plan is not required.	10-Year Plans: 2018/19, 2021/22 and 2024/25 AP: 2016/17, 2017/18, 2019/20, 2020/21, 2022/23,	\$1,470

Project	Description	Timeframe	Total cost over 10 years (\$000)
		2023/24	
Local Government triennial elections	Elections are required every three years.	2016/17, 2019/20 and 2022/23	\$458

Details of the costs associated with these projects and other financial information relevant to this group of activities are included at the end of this section.

## Potential significant negative effects

Table 24: Governance significant negative effects

Potential negative effect	How we are addressing this
Some sectors of the community may be under represented.	We engage with the community in a number of ways to ensure a wide range of views are taken into account. This includes formal structures such as the Iwi Consultative Committee, Youth Council, and Senior Council. An Iwi representative is co-opted onto a number of standing committees. Ad hoc stakeholder groups are also formed to advise Council on various issues. A Community Engagement Strategy and Significance and Engagement Policy has been adopted to increase targeted participation from a wider audience.
The cost of consultation and decision making is too high.	We endeavour to use the most cost effective means of consulting with the public, and Council is aware that a greater use of technology will help to minimise costs. Our approach will largely be determined by the Significance and Engagement Policy.
The long term plan stifles development in the district.	Strategies and policies will be reviewed on a regular basis to ensure that they remain relevant and continue to guide the development of the district, and that the community has full opportunity to participate in the review process.

## Governance: What you can expect from us

- **Council and community boards** - Council will make robust and effective decisions and the community can expect timely and open access to information.
- **Communications and marketing** - We are communicating effectively with our community.
- **Strategy** – We focus on strategies and plans to address the top priorities facing our community and district. This includes developing the District Plan and 10-Year Plan.

### We will track the success of our service:

Table 25: Governance performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Council and Community Boards.	Public information is provided openly and in a timely manner	The percentage of official information requests responded to within statutory timeframes.	New measure	100%	100%	100%	100%
		The number of complaints about Council withholding information upheld by the Ombudsman.	0	0	0	0	0
	Council makes robust and effective decisions	The number of Council decisions successfully challenged by Judicial review.	0	0	0	0	0
Communications and Marketing	To ensure information about our activities are communicated to the community.	Key draft policy documents subject to consultation are available during the consultation period on Council's website.	100%	100%	100%	100%	100%

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
		The number of community members we engage with through our website <sup>5</sup> .	New provider – 2013/2014 data is not comparable	114,540	115,685	116,842	118,010

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<sup>5</sup> This is an amended measure - As measured by Google Analytics.



## Grants to community organisations

We provide both community grants and Creative New Zealand grants to community organisations on an annual basis. The Cambridge Community Arts Council and Te Awamutu and District Community Arts Council administer the Creative New Zealand funding on behalf of Council. Shown below are the community grants provided in 2014/15 and the grants for the first three years of the 2015-25 period. Organisations such as Sport Waikato, Hamilton and Waikato Tourism, and the Cambridge and Te Awamutu i-Sites, which provide services on our behalf, are funded by way of service contracts and the funding of these has been included in the relevant group of activities.

Table 26: Grants to community organisations

	Notes	2014/15 Annual Plan \$	2015/16 Budget \$	2016/17 Budget \$	2017/18 Budget \$
Pirongia Ward Grants	1	27,200	27,200	27,200	27,200
Cambridge Community Board Grants	1	46,000	46,000	46,000	46,000
Te Awamutu Community Board Grants	1	46,000	46,000	46,000	46,000
Citizens Advice Bureau - Cambridge	2	14,300	14,300	14,300	14,300
Citizens Advice Bureau - Te Awamutu	2	26,500	26,500	26,500	26,500
Nga Iwi Toopu o Waipa		20,000	20,000	20,000	20,000
Pirongia Heritage and Information Centre		8,000	8,000	8,000	8,000
Pirongia Community Association		5,500	5,500	5,500	5,500
District Promotions		100,000	100,000	100,000	100,000
Cambridge Creative Community Scheme	3	16,750	19,300	19,300	19,300
Te Awamutu & District Creative Community Grants	3	16,750	19,300	19,300	19,300
Waikato Biodiversity Forum		3,000	3,000	3,000	3,000
Te Awamutu Safer Community Charitable Trust		12,500	12,500	12,500	12,500
Cambridge Safer Community Charitable Trust		10,000	10,000	10,000	10,000
Waipa 150 Year Commemorations		50,000	-	-	-
<b>TOTAL</b>		<b>402,500</b>	<b>357,600</b>	<b>357,600</b>	<b>357,600</b>

### Notes:

1. The Pirongia Ward Grant and Community Board Grants now have an annual discretionary fund from Council to spend in accordance with the provisions of the Local Government Act 2002, in place of the former separate grants and Minor Community Works funds.
2. The Cambridge Citizens' Advice Bureau has office accommodation provided by Waipa District Council in addition to the grant funding shown above. The Te Awamutu Citizens' Advice Bureau funding is all inclusive.
3. The grants from the creative community scheme are funded externally by Creative New Zealand.

Statement<sup>6</sup> of cost of service

Table 27: Governance statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Elections	-	-	82	-	-	89	-	-	97	-	-
Community Grants	34	39	39	39	39	39	39	39	39	39	39
<b>TOTAL REVENUE</b>	<b>34</b>	<b>39</b>	<b>121</b>	<b>39</b>	<b>39</b>	<b>128</b>	<b>39</b>	<b>39</b>	<b>136</b>	<b>39</b>	<b>39</b>
<b>OPERATING EXPENDITURE</b>											
Council & Committees	2,751	2,324	2,399	2,446	2,516	2,586	2,648	2,715	2,849	2,864	2,955
Cambridge Community Board	186	172	176	181	186	190	196	200	207	212	219
Te Awamutu Community Board	186	170	174	179	183	188	194	198	203	210	217
Elections	-	30	175	7	32	188	8	33	206	9	38
Community Grants	425	379	379	379	378	377	377	377	377	378	378
Strategic Planning	2,313	2,104	2,142	2,249	2,028	2,192	2,374	2,146	2,423	2,536	2,280
Community Relationships	1,363	1,735	1,767	1,860	1,841	1,871	1,969	1,949	1,986	2,092	2,073
<b>TOTAL EXPENDITURE</b>	<b>7,224</b>	<b>6,914</b>	<b>7,212</b>	<b>7,301</b>	<b>7,164</b>	<b>7,592</b>	<b>7,766</b>	<b>7,618</b>	<b>8,251</b>	<b>8,301</b>	<b>8,160</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(7,190)</b>	<b>(6,875)</b>	<b>(7,091)</b>	<b>(7,262)</b>	<b>(7,125)</b>	<b>(7,464)</b>	<b>(7,727)</b>	<b>(7,579)</b>	<b>(8,115)</b>	<b>(8,262)</b>	<b>(8,121)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	-	-	30	27	27	-	-	-	-	-	-
Debt Repayment (Internal)	453	510	552	579	576	463	379	313	251	199	131
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>453</b>	<b>510</b>	<b>582</b>	<b>606</b>	<b>603</b>	<b>463</b>	<b>379</b>	<b>313</b>	<b>251</b>	<b>199</b>	<b>131</b>

<sup>6</sup> Total Revenue does not include rates

## Capital expenditure table

Table 28: Governance capital expenditure

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>To Improve Level of Service</b>											
Flag Tracking System	-	-	30	27	27	-	-	-	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	-	-	30	27	27	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE</b>	-	-	30	27	27	-	-	-	-	-	-

## Funding impact statement

Table 29: Governance funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	3,340	4,464	5,144	5,904	6,236	6,834	7,366	7,173	7,668	7,776	7,634
Targeted rates	3,804	2,510	2,236	1,934	1,462	1,089	733	715	693	679	615
Subsidies and grants for operating purposes	34	39	39	39	39	39	39	39	39	39	39
Fees and charges	-	-	82	-	-	89	-	-	97	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>7,178</b>	<b>7,013</b>	<b>7,501</b>	<b>7,877</b>	<b>7,737</b>	<b>8,051</b>	<b>8,138</b>	<b>7,927</b>	<b>8,497</b>	<b>8,494</b>	<b>8,288</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	3,684	3,686	3,788	3,698	3,522	3,895	3,998	3,830	4,333	4,369	4,177
Finance costs	92	63	78	80	76	71	57	43	31	21	12
Internal charges and overheads applied	2,740	2,433	2,615	2,787	2,829	2,887	2,971	3,005	3,145	3,167	3,229
Other operating funding applications	696	721	722	722	723	724	725	725	726	727	728
<b>Total applications of operating funding (B)</b>	<b>7,212</b>	<b>6,903</b>	<b>7,203</b>	<b>7,287</b>	<b>7,150</b>	<b>7,577</b>	<b>7,751</b>	<b>7,603</b>	<b>8,235</b>	<b>8,284</b>	<b>8,146</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>(34)</b>	<b>110</b>	<b>298</b>	<b>590</b>	<b>587</b>	<b>474</b>	<b>387</b>	<b>324</b>	<b>262</b>	<b>210</b>	<b>142</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>-</b>	<b>-</b>	<b>-</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	-	-	30	27	27	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(34)	110	268	563	560	474	387	324	262	210	142
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(34)</b>	<b>110</b>	<b>298</b>	<b>590</b>	<b>587</b>	<b>474</b>	<b>387</b>	<b>324</b>	<b>262</b>	<b>210</b>	<b>142</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>34</b>	<b>(110)</b>	<b>(298)</b>	<b>(590)</b>	<b>(587)</b>	<b>(474)</b>	<b>(387)</b>	<b>(324)</b>	<b>(262)</b>	<b>(210)</b>	<b>(142)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Planning and regulatory**

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The planning and regulatory group of activities covers resource management, building control, environmental health, animal control and development engineering. We provide these services to manage the natural and physical resources of the district, and promote and protect the health and safety of our communities and the general public. The avoidance or mitigation of natural hazards is a core service of our Council and is a central concern of this group of activities.

### **What we do**

Resource management covers the planning functions under the Resource Management Act, including the issuing and monitoring of resource consents, and the processing of private plan changes and designation applications. In addition, this activity includes administering the Development Contributions Policy, providing Land Information Memoranda, monitoring compliance with the District Plan and enforcing bylaws.

Building control covers the processing and monitoring of building consents, and the issuing of Code of Compliance Certificates pursuant to the Building Act. This activity also covers the monitoring and enforcement of swimming pool fencing and earthquake-prone building requirements.

Environmental health covers general public health inspections, the licensing and inspection of hairdressers and food and alcohol outlets; responding to noise and public health complaints; implementing the district gambling policy including issuing venue consents and preparing and implementing a Local Alcohol Policy.

Animal control covers the registration and impounding of dogs, owner education and implementing and enforcing our Dog Control Policy and Bylaw. The activity also covers wandering stock. We own and operate dog and stock pounds in Cambridge and Te Awamutu, and these facilities are managed in accordance with our Asset Management Plans. A new facility is planned for Te Awamutu in this 10-Year Plan and is recognised as a key project in the support services group of activities section of this 10-Year Plan.

Development engineering covers the preparation and management of development agreements, and evaluates and provides engineering input to subdivision and related landuse developments. The department then monitors compliance with any engineering resource consent conditions using Council's Development and Subdivision Manual. The department also manages the naming of roads process, allocates property road numbers, as well as regulating the use and connections to our roads.

### **Why we do it**

To guide, enhance and maintain the quality of our natural and physical environment and to ensure that our district is developed in a sustainable way.

To ensure buildings are safe and the necessary regulations and standards are met.

To ensure animals are kept in a way that minimises danger, distress and nuisance to the public, that the public are kept safe and animal owners are educated about their responsibilities.

To promote and improve human health, safety, comfort and wellbeing and protect the environment.

To ensure development meets required standards, and connection to and use of our infrastructure is well managed.

## **The environment in which we work**

Our district is growing and developing, and demand for planning and regulatory services will continue to grow as development occurs and population increases. The growth projections supporting this 10-Year Plan have been discussed in the Infrastructure Strategy and Significant Assumptions sections (refer to page 57 and page 111 respectively), and have been used to support anticipated changes in the levels of service in this activity area.

The unique environmental character of our district is under constant pressure because of growth and economic development. This character includes outstanding landscapes, internationally significant peat lakes, stands of indigenous trees, the Maungatautari Ecological Island and historically significant sites. We need to ensure that growth pressures are effectively managed and our unique environmental features are sustained.

Our planning and regulatory activities are governed and directed by national legislation, and regional and local policy and bylaws. These policies and bylaws are subject to regular review with content links made to other Waikato councils when appropriate. Government legislation is also subject to regular review, with the Resource Management Act, Building Act, and Health Act currently under review. Where changes to legislation have occurred, or are planned, these have been taken into account in the preparation of this 10-Year Plan. We will continue to monitor the various legislative review processes, with significant changes considered and responded to as part of future annual and long term plans.



## **The level of service we will deliver**

We plan to maintain the current level of service for this group of activities. In the longer term, if population growth places significant pressure on the service, then Council will need to review the delivery of the service to ensure that it remains fit for purpose (effective and efficient).

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

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

Table 30: Planning and regulatory community outcomes

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

## Key projects

The following projects are planned for 2015-25:

Table 31: Planning and regulatory key projects

Projects	Description	Timeframe	Total cost over 10 years (\$000)
Building Act accreditation.	We have been an accredited Building Consent Authority since 2008 and will continue to do so.	2015-25	\$173

Details of the costs associated with this project and other financial information relevant to this group of activities are included at the end of this section.

**Note:** The cost associated with the animal control pound in Te Awamutu is located within the support services group of activities on page 221.

## Potential significant negative effects

Table 32: Planning and regulatory potential significant negative effects

Potential negative effects	How we are addressing this
The conditions of resource consents approved may not be adhered to, leading to adverse environmental effects.	We have a programme for the regular monitoring of resource consents.
The time taken to process resource and building consent applications may be considered excessive by applicants.	We strive to meet the timelines required by legislation. Through our customer service function, we regularly review our processes and continually strive to improve.
The costs of complying with regulatory requirements may be seen as excessive.	We endeavour to minimise costs by having effective and efficient systems and processes in place.

## Planning and regulatory: What you can expect from us

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

### We will track the success of our service:

Table 33: Planning and regulatory performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Animal control	Dog attack allegations are responded to in a timely manner 24 hours a day.	The percentage of urgent dog attack allegations acted upon within one hour of Council being notified. <sup>7</sup>	95.92%	95%	95%	95%	95%
Building control	We process all building consent applications within agreed timeframes.	The percentage of buildings consents processed within 20 working days. <sup>8</sup>	99.18%	100%	100%	100%	100%
Environmental health	Registered food premises maintain a high level of food safety.	The percentage of premises that hold registration or certificates of inspection as required <sup>9</sup> .	100%	100%	100%	100%	100%
		The percentage of eligible food premises	14.93%	20%	50%	80%	100%

<sup>7</sup> Urgent being dogs attacks on humans or animals notified within 12 hours of the event.

<sup>8</sup> The Building Act 2004 states the time limit is “within 20 working days after receipt by the building consent authority of the application”.

<sup>9</sup> 12 month rolling average



Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
		who have food control plans. <sup>10</sup>					(by 2019)
	Noise and fire allegations are responded to in a timely manner 24 hours a day.	The percentage of excessive noise complaints investigated within 1 hour.	92.17%	95%	95%	95%	95%
		The percentage of smoke complaints investigated within 1 hour.	96.13%	95%	95%	95%	95%
Resource consents and monitoring, and land information memorandums (LIMs)	We respond to allegations in a timely manner.	Investigation of complaints regarding a breach of the District Plan or resource consents are responded to within 4 working days.	80.30%	100%	100%	100%	100%
	We process all applications within agreed timeframes.	The percentage of Resource Consents processed within the statutory timeframes.	100%	100%	100%	100%	100%
		The percentage of LIMs processed within the statutory timeframes.	100%	100%	100%	100%	100%
Development engineering	We are responsive to enquiries and requests for information.	Enquiries are responded to within 4 working days.	91.26%	95%	95%	95%	95%

<sup>10</sup> A phased implementation plan with all food premises required to have food control plans by 2019 as required by legislation.

## Statement of cost of service

Table 34: Planning and regulatory statement of cost of service

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>REVENUE</b>											
Fees and Charges:											
Resource Management	800	1,180	1,209	1,241	1,274	1,310	1,349	1,390	1,436	1,485	1,538
Building Control	1,239	1,711	1,931	1,980	2,034	2,093	1,659	1,709	1,766	1,826	1,890
Environmental Health	318	356	395	406	416	428	441	455	470	485	503
Animal Control	427	439	450	462	474	488	503	518	535	553	573
Development Engineering	280	350	369	379	389	400	412	425	439	454	470
<b>TOTAL REVENUE</b>	<b>3,064</b>	<b>4,036</b>	<b>4,354</b>	<b>4,468</b>	<b>4,587</b>	<b>4,719</b>	<b>4,364</b>	<b>4,497</b>	<b>4,646</b>	<b>4,803</b>	<b>4,974</b>
<b>OPERATING EXPENDITURE</b>											
Resource Management	1,646	1,690	1,726	1,779	1,823	1,858	1,901	1,947	1,994	2,049	2,098
Building Control	1,222	1,732	1,996	2,081	2,103	2,175	1,660	1,732	1,774	1,833	1,895
Environmental Health	793	829	889	918	942	969	992	1,017	1,032	1,068	1,088
Animal Control	620	682	696	724	744	750	774	807	814	848	874
Development Engineering	828	802	824	845	864	897	920	942	963	990	1,001
<b>TOTAL EXPENDITURE</b>	<b>5,109</b>	<b>5,735</b>	<b>6,131</b>	<b>6,347</b>	<b>6,476</b>	<b>6,649</b>	<b>6,247</b>	<b>6,445</b>	<b>6,577</b>	<b>6,788</b>	<b>6,956</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,045)</b>	<b>(1,699)</b>	<b>(1,777)</b>	<b>(1,879)</b>	<b>(1,889)</b>	<b>(1,930)</b>	<b>(1,883)</b>	<b>(1,948)</b>	<b>(1,931)</b>	<b>(1,985)</b>	<b>(1,982)</b>

## Funding impact statement

Table 35: Planning and regulatory funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	1,100	1,237	1,400	1,586	1,716	1,844	1,883	1,947	1,932	1,986	1,982
Targeted rates	945	462	377	291	172	85	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	3,064	4,036	4,354	4,468	4,587	4,719	4,364	4,497	4,646	4,803	4,974
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>5,109</b>	<b>5,735</b>	<b>6,131</b>	<b>6,345</b>	<b>6,475</b>	<b>6,648</b>	<b>6,247</b>	<b>6,444</b>	<b>6,578</b>	<b>6,789</b>	<b>6,956</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	3,956	4,398	4,733	4,902	5,004	5,176	4,769	4,938	5,064	5,226	5,364
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,149	1,332	1,393	1,440	1,468	1,469	1,473	1,502	1,510	1,558	1,588
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,105</b>	<b>5,730</b>	<b>6,126</b>	<b>6,342</b>	<b>6,472</b>	<b>6,645</b>	<b>6,242</b>	<b>6,440</b>	<b>6,574</b>	<b>6,784</b>	<b>6,952</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</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>-</b>	<b>-</b>	<b>-</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	4	5	5	3	3	3	5	4	4	5	4
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(4)</b>	<b>(5)</b>	<b>(5)</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(5)</b>	<b>(4)</b>	<b>(4)</b>	<b>(5)</b>	<b>(4)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Community services and facilities

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

- Parks and reserves
- Mighty River Domain (on Lake Karāpiro)
- Libraries
- Museums and heritage
- Swimming pools
- Public toilets
- Community halls
- Pensioner housing
- Cemeteries
- Civil defence emergency management and rural fire
- Waste management and minimisation.

Solid waste collection and disposal, libraries, museums, reserves, and other recreational facilities and community amenities are core services of Council. Libraries, museums, reserves, and other recreational facilities are recognised by our Significance and Engagement Policy as significant activities of Council. In addition, the Policy also recognises the pensioner housing units as strategic assets.

### What we do

#### Parks and reserves

We manage 132 individual sites covering in excess of 3,540 hectares. Of this over 2,702 hectares is made up of 14 conservation reserves. There are 20 sports parks, 32 neighbourhood parks, 40 general amenity parks, and 4 premier reserves. A further 14 sites are of mixed usage and 8 are currently grazed.

In planning parks and reserves for the District, we focus on achieving a balance between:

- **Conservation reserves** which provide for the protection and enhancement of the natural environment and allow for low impact recreational use. These include Maungatautari, Kakepuku, and Lakes Serpentine (Rotopiko) and Ngaroto.
- **Sports reserves** which provide for a wide range of physical activities and sports, such as Albert Park and Castleton Park sports grounds in Te Awamutu, and the Leamington Domain and Town Belt in Cambridge.

- **Neighbourhood and amenity reserves** which we provide in urban communities to enhance the environment and provide recreational opportunities, walkways and cycle linkages.
- **Premier reserves** which provide high quality experiences in key locations such as the Mighty River Domain at Lake Karāpiro, Te Awamutu Memorial Park, Te Awamutu Rose Gardens and Te Ko Utu Park in Cambridge.

Future reserves are identified through planning work that is aligned with our Environmental and Heritage policies and objectives in the Proposed District Plan. The development of individual reserves is identified through reserve management plans and strategic plans for our major reserves. Council administered buildings and facilities on these reserves are maintained and managed in accordance with the asset management plans.

### **Mighty River Domain at Lake Karāpiro**

Mighty River Domain is a regional, national and international focal point for a wide range of water-based sports undertaken on Lake Karāpiro, including rowing, canoeing, yachting, power boating, water skiing and waka ama. In addition to being a significant recreational facility for residents of the Waipa District and beyond, the domain is a local recreation area for neighbouring residents. The domain and surrounding area is also of historic and cultural significance to tangata whenua.

The 2011 Reserve Management Plan lists a range of possible future developments for the domain. These include walkways/cycleways, accommodation, playground and picnic area, and lakeside retaining walls. These projects are included in this plan. While we are responsible for the overall management and development of the Domain, partnerships will be developed with key user groups and other agencies so that funding is sourced from beyond our ratepayers. Maintenance and management are undertaken in accordance with the Karāpiro Domain management plan for the site.

### **Kihikihi Domain**

Kihikihi Domain provides for a range of local, regional, national and international recreational and sporting activities, with a particular reputation for hosting major equestrian events. The 2009 Strategic Plan and Reserve Management Plan provides for the future development, ongoing operation and management of the Domain and its linkages with adjoining properties. We acknowledge the community partnerships that support the management and operation of the Domain. Several projects, including major upgrades to toilet facilities, are provided for in this 10-Year Plan.

### **Waipuke Park development**

Waipuke Park is currently being progressed for passive recreation purposes with the design for the access way nearly complete. Construction is due to commence in October 2015 to provide access from Maungatautari Road to the lake edge, car parking, picnic areas and barbeque facilities. Waipuke Park is due to open to the public in December 2015.

## **Maungatautari Ecological Island**

The Maungatautari ecological restoration project has seen the scenic reserve and forested private land, an area of approximately 3400 hectares, enclosed with a mammalian pest-proof perimeter fence, constructed by the Maungatautari Ecological Island Trust. The day-to-day management of the reserve is the responsibility of Council in partnership with Ngati Koroki Kahukura, with oversight provided by Maungatautari Reserve Committee. The Maungatautari Ecological Island Trust continue to restore the ecological values and provide visitors with a value added experience.

We recognise the significant value of this project and will maintain our commitment by continuing the annual grant of \$300,000 (inflation adjusted) towards the maintenance of the fence and creating a pest-free environment. This investment will also help ensure we fulfil our responsibilities as the administering authority for the scenic reserve.

## **Peat lake reserves**

Significant progress has been made securing buffer margins around Waipa peat lakes but there remain challenges in improving the quality of in-flowing catchment waters. The focus over the next few years will be on those lakes that are managed by Council or where Council has responsibility for significant reserve land adjoining the lakes. These sites include Lakes Ngaroto, Rotopiko, Mangakaware, Cameron and Ruatuna. The 2015/16 year will see significant developments at Lake Ngaroto to improve environmental health and improve public access and at Mangakaware to improve catchment inflows and public access.

## **Libraries**

We operate libraries in Cambridge and Te Awamutu. The two libraries hold approximately 152,000 books and more than 3,600 other items, such as CDs and DVDs. A high percentage of Waipa residents are members of the libraries.

Users are surveyed regularly to ensure the services provided meet expectations. A new Library will be built in Te Awamutu and this is due for completion in 2016. Changes in the services provided will be influenced by population changes, the needs of a growing proportion of older residents and technological advancement.

Our libraries are managed and maintained in accordance with the Library and Information Association of NZ Te Rau Herenga O Aotearoa standards, Council's asset management plans and the Information Association of New Zealand.

## **Museums**

We operate museums in Cambridge and Te Awamutu, which collect and store a range of material which relates to the history, society, culture and the development of Waipa District. The Te Awamutu Museum was the first museum within the Waikato and is a nationally-registered archival repository. Planning is underway for a new Waipa Museum in Te Awamutu. It is proposed this new museum will focus on Waipa's unique history and events and will complement the library and other community development proposed

around Selwyn Park. A new museum will also help tell the 'Waipa story' and possibly create other opportunities for Te Awamutu in terms of visitors and economic development.

The proposed museum will be a key part of the long-planned Te Awamutu community hub. Over twenty years, the hub may include the museum, commercial and retail facilities as well as the new library that has already been approved. The museum will be built in two stages. Stage 1 will include an exhibition space with construction set to begin in 2019/20. The cost of this stage is just over \$4m. Stage 2 includes a storage and research space. Construction for this stage will be after 2025 and therefore funding is not included in this 10-Year Plan. Council has set aside \$1.5 million to kick-start Stage 1 but the remaining costs of just over \$2.5m will need to be secured through community fundraising. To achieve this, Council will be encouraging a community group to be formed to help drive fundraising efforts. A range of services are provided by the museums, including research, education for primary and secondary schools through the Learning Experiences Outside The Classroom programmes, an increasing variety of public programmes and workshops, as well as changing displays and exhibitions. Our museums are managed and maintained in accordance with the Museum Aotearoa operational standards.

## **Heritage**

Projects supporting the preservation of Waipa's rich culture and heritage will be orientated towards securing access to known heritage sites and features, interpreting the attributes of those sites and the events and stories associated with the site. Key sites include the Hingakaka battle site in the southern catchment of Lake Ngaroto, where in the late 1700's many thousands of warriors from Tainui defended their rohe from tribes throughout the central and lower North Island; Matakītaki Pa at Pirongia, Waiare Pa at Mangapiko and Gudex Reserve at Mangakawa, Cambridge.

Attention will also be paid to the earliest known settlements within the Waipa District. These were Pa constructed on the shores of wetlands. Notable sites are Lake Mangakaware and Lake Ngaroto. Providing access to and interpreting these "swamp Pa" will be a conservation priority.

Historic buildings we manage will also feature more prominently. These are the Temple Cottage and the Police Station in Kihikihi, and buildings we occupy like the Cambridge Town Hall. Privately owned dwellings considered important to Waipa will also be recorded in a schedule of significant buildings. A contestable Heritage Fund provides an opportunity for owners to seek assistance in the management of those buildings. The fund is set at \$70,000 (inflation adjusted) per year and is also be available for the protection and restoration of significant natural areas.

## **Swimming pools**

Council's pool facilities in Te Awamutu and Cambridge are managed by a Community Trust.

Upgrading the plant and changing facilities of the Cambridge 50m pool, plus building a new 25m indoor pool and a learner's pool to provide year-round swimming, was confirmed as the preferred option during deliberations on the 10-Year Plan (budget of \$9.9 million). Fundraising will aim to raise \$2.1 million to build a 10 lane 25m pool. If the community



fundraising does not achieve the amount needed for a 10 lane pool, then the original 8 lane 25m option will be built. The pool will be ready for use in 2018/19.

Our swimming pools are managed and maintained in accordance with our asset management plan.

### **Public toilets, halls and cemeteries**

We operate 35 public toilets across the District, which are located in reserves, business areas and places where public events are held. These facilities are provided for the convenience of residents and the travelling public.

While the number and distribution of public toilet facilities is currently adequate to meet both current and future demands, there are other drivers for demand and there may still be a need to provide additional facilities to meet demands at a particular location. A programme of upgrades to improve public toilets is in place.

We own or are responsible for 32 district halls and the Cambridge, Kihikihi and Pirongia town halls. A special rating area has been defined for 18 of the halls to assist funding maintenance and operating costs. The halls provide a venue for a variety of social, cultural and recreational uses and reflect a strong sense of community for residents.

With the exception of two older halls, the majority have been assessed as being in average condition and will be maintained as such. We do not anticipate any further demand for the provision of hall services for the life of this 10-Year Plan.

We operate 10 cemeteries within the District, with the majority being located near small rural settlements. Larger cemeteries at Hautapu and Leamington service the Cambridge area and the Picquet Hill Cemetery services Te Awamutu. Waipa cemeteries provide for around 200 burials each year, with 90% of these being at the three larger cemeteries.

### **Pensioner housing**

The purpose of pensioner housing is to provide affordable and safe accommodation for elderly people with limited income and people with additional physical or mental health needs on limited incomes, which meet our eligibility criteria. We currently own 131 pensioner units (in eight complexes) in the urban centres of Cambridge, Te Awamutu and Kihikihi, and there are two own-your-own tenancies where the tenant owns the building and we own the land. We intend to buy these buildings as and when they become available. We intend to sell the Palmer St complex to Habitat for Humanity (HfH). HfH will continue to use the Palmer Street units for pensioners. With the sale of the Palmer St housing complex, new pensioner units will be constructed at another site/s.

We intend to continue to manage and maintain our existing units in accordance with our asset management plan and our commitment to the wellbeing of our community.

## **Civil defence emergency management and rural fire**

We promote community preparedness for emergencies and the implementation of emergency management plans. Staff work cooperatively with other agencies to ensure we are prepared for, can respond effectively to and recover quickly from civil defence emergencies. This work also involves minimising hazards and other risks that might otherwise exacerbate an emergency situation. Along with other councils in the region we are a member of the Waikato Civil Defence Emergency Management Group. The purpose of this group is the preparation and implementation of a region-wide plan aimed at building community resilience and managing hazards, and preparing for emergency events and recovery from them. In addition, we are part of a shared service arrangement with Hamilton City and, Waikato, Waitomo and Otorohanga District councils for civil defence activities, with a focus on public education and community preparedness.

Council, like other district councils, is a Rural Fire Authority pursuant to the Forest and Rural Fires Act 1977, and we are responsible for managing the risk of and responding to vegetation and peat fires in rural areas outside our main towns. We have a Fire Plan, which sets out policies and procedures in relation to rural fire responsibilities. A key part of the Fire Plan are the measures we undertake in relation to managing the fire hazard, being prepared to respond to fires, responding to fires and recovering from them. We are required to monitor and assess fire hazard conditions, and take appropriate control measures to minimise the fire risk. These measures include liaising with landowners and other stakeholders to manage fire risks; providing public information on fire hazard conditions; and declaring restricted or prohibited fire seasons where the lighting of fires in the open is controlled by permit or banned. We have a close working relationship with the New Zealand Fire Service in relation to our rural fire responsibilities.

### **Enlarged rural fire district**

The National Rural Fire Authority, which is part of the New Zealand Fire Service Commission, is responsible for co-ordinating the rural fire management activities across New Zealand. One of the key objectives for the National Rural Fire Authority is promoting and supporting the voluntary amalgamation of rural fire authorities within regions, with the aim of improving the effectiveness of the rural fire sector. The key benefits of enlarged rural fire districts are increased capacity, through pooling of resources, and improved management.

The National Rural Fire Authority has identified the Waikato region as a potential enlarged rural fire district, and has been working with district councils, Department of Conservation, forest owners and other stakeholders to explore the opportunity for amalgamating rural fire functions. We support the principle of establishing an enlarged rural fire district covering the region, and will remain engaged in the review process until a decision is reached. It is envisaged that the costs for such amalgamations will be limited, with greater benefits over the longer term. Our approval of the proposal will be subject to reviewing a formal proposal, which is expected in 2015/16.

## **Waste management and minimisation**

We currently provide a recycling service to the community. Those offered the service include all urban ratepayers (who are provided with a single recycling crate and a weekly collection service) and most rural ratepayers (who are provided with two recycling crates and a fortnightly collection service).

The service is provided by a service provider under a contract with us. The contractor is required to collect the crates on specified days, and then ensure the collected materials are recycled. When the service was commenced in 2007, either one or two recycling bins were delivered to every residential property.

Refuse collection services are currently provided by private providers without any rates funding. We have received feedback from the community in the past on this, including concerns regarding the number of providers in the market place, and therefore the number of trucks that are travelling on our roads. There is confusion for new residents on how such services should be arranged as a number of other councils do provide these services.

We have a Refuse Collection and Disposal Bylaw that controls how waste collection should be managed within the district.

We also service an extensive number of public litterbins through a contract to maintain the central business areas and ensure litter bins are emptied on appropriate frequencies. In addition, we provide education on waste minimisation and funding support to the EnviroSchools programme, which has the highest participation rate of any area in the country. We do not own or operate waste management facilities, but we do monitor several closed landfills and provide a subsidy of \$28,000 annually (inflation adjusted) to EnviroWaste to enable continued public access to the Cambridge Transfer Station. Annually, we receive approximately \$135,000 from the national waste levy system which we use to promote waste minimisation in the district.

In October 2011, we adopted the Waste Management and Minimisation Plan 2011-17, which advocates for 'Progress towards zero waste and a sustainable Waipa'. A full summary of the Waste Management and Minimisation Plan 2011-17 is provided on page 301.

## **Te Awa River Ride and other cycle projects**

The Cambridge to Mighty River Domain and the extension to the rowing start at Lake Karāpiro section of the Te Awa River Ride has been completed and is used extensively by cyclists and walkers.

\$1.2 million is to be ring-fenced for the western portion of the District, pending development of a strategic 'shared space' movement network development plan, which will set priorities and standards for network development. The plan will be developed with stakeholders and should identify priority sections of the network to develop, and Council will also work with the community on the development of the networks (including allowance for public fundraising).

\$1.5 million is to be provided for the Te Awa River ride (\$300k per annum over 5 years) on condition that the trail will be completed in full between Hamilton and Cambridge or, alternatively, that the work will begin at the Avantidrome. Cycleway budgets are included in the roads and footpaths activity. Further information is available on page 172.

### **Waipuke Park (on the shores of Lake Karāpiro)**

Waipa's growing population means recreation reserves at Lake Karāpiro are under increasing pressure. People are looking for more recreational space near the river, including safe space set aside for swimmers.

Last year, we asked for your views on the staged development of Waipuke Park, just up river from the Mighty River Domain. The 40-hectare site is owned by Council and is made up of 30 hectares on an upper terrace and 10 hectares on a lower terrace that also includes a sizable beach on the shores of Lake Karāpiro.

Based on the significant feedback received, Council has budgeted \$417,000 for work on the park to begin in 2015/16. This money would come from a loan to be repaid over 20 years.

People told us their priorities were developing a playground, barbeque and picnic area, ensuring a safe swimming area and allocating part of the site as a dog exercise area.

### **Why we do it**

The availability and accessibility of good quality leisure, heritage and recreational facilities and community services is important to the district's economic, social, cultural and environmental wellbeing.

### **The environment in which we work**

Changing demographics, such as the ageing population, will have a significant impact on the provision of amenity and recreational assets. New subdivisions have greater pedestrian links and open space is being developed with a view to who the likely users will be. Future reviews of Waipa 2050 will also consider the district's need for recreational land and facilities, identifying the communities' requirements into the future to guide planning and development.

For every additional 1,000 residents we will need to invest in the purchase of additional land and/or invest in the ongoing development of existing reserves and open space. We will look to maximise the development potential of existing reserves before purchasing additional land for new reserves. However, the pressure from development and intensifying land use will require investment to ensure some of our most threatened assets like the peat lakes, wetlands and remnant indigenous vegetation, are buffered from harmful impacts and land management practises.

Waipa has a diverse environmental and cultural heritage. This heritage is a cornerstone of our strategic direction, and appropriate targeted investment in this area is one of our

priorities. There are opportunities to better promote and provide access to our heritage assets without the need for a high level of ratepayer funding.

The Cambridge community has signalled a need for improved swimming facilities, and the Te Awamutu community has signalled a need for improved library and museum facilities. These communities believe that these existing facilities do not meet current needs, and must also accommodate the demands that future growth will bring. The demand for high cost assets, such as swimming pools and cultural centres, places funding pressure on Council and the community. The pressure comes not only from the initial capital cost, but the ongoing operating costs. In addition to ratepayer funding, both the Cambridge Pool project and the Te Awamutu Museum project require substantial community (non-ratepayer) funding if they are to proceed. However, if that funding is not available, then these projects will not proceed in their proposed form.

We will work with the community to understand their expectations with regard to recreation and heritage services and facilities. Those expectations will need to be balanced against providing sustainable and affordable services and facilities, while ensuring work to maintain essential infrastructure is not compromised. An example of this integrated approach was the decision by Council to provide funding to Sport Waikato (Waikato Sports Foundation) for the implementation of the Waikato Regional Sports Facility Plan (\$8,260 per annum for 3 years).

Community facilities, and recreation and heritage assets are managed according to the relevant asset management/activity plans, which identify trends and the likely changes in demand.

The Waste Minimisation Act 2008 directs us to develop a waste management and minimisation plan for the purpose of promoting effective waste management and minimisation in the district. The process of developing this plan means we have to consider current issues and future demand, and develop and implement actions to address these. The current plan was adopted in October 2011 and is scheduled for review in 2016.

## **The level of service we will deliver**





Most of the activities in this group will continue to deliver the same level of service. However, as a result of Council's ongoing emphasis on building our social and cultural community outcomes, we are proposing a significant increase in the levels of service in relation to the new Te Awamutu library in the 2015/16 year and the proposed Te Awamutu museum. The development of Waipuke Park on the banks of Lake Karāpiro and a swimming pool in Cambridge (deferred to the 2015/16 year to allow for further consultation) will also increase the level of service for the community services and facilities activity. Please refer to the 'Key projects' section below for further information on these initiatives and the options considered during decision making.

Because of the significant increase over the ten year period in the proposed level of service, Council will carry out an assessment to determine whether a review of the delivery of the service is required under section 17A of the Local Government Act 2002.

## What community outcomes does it contribute to?

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

Table 36: Community services and facilities community outcomes

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

## Key projects

The following key projects are planned for 2015-25:

Table 38: Community services and facilities key projects

Projects	Description	Timeframe	Total cost over 10 years (\$000)
Cambridge Town Pool Development	Proposed construction of a pool complex that provides for the needs of the Cambridge and sporting communities.	2015/16-2017/18	\$9,911
Property Development	Proposed residential subdivision developments, three land parcels on the corner of Taylor/Vogel streets, Addison Street and Arnold Street.	2015/16, 2017/18, 2020/21-2021-22	\$2,876
Sale of Palmer Street, Te Awamutu and the purchase of new pensioner Housing	The units in Palmer St will be sold to Habitat for Humanity who will continue to run the units as pensioner housing. Sale proceeds will be used to construct new pensioner housing.	2017/18	\$1,800
Purchase of new pensioner housing	Funds not spent as forecast in years 1 and 2 of the original long-term plan will be used to construct new pensioner housing.	2018/19, 2019/20	\$2,644
Library - Te Awamutu	Construction of a 1400sm Library facility at Selwyn Park Te Awamutu.	2015/16	\$4,259
Waipuke Park Development	Establishment of a public park requires	2015/16	\$417

Projects	Description	Timeframe	Total cost over 10 years (\$000)
	upgrading the vehicular access to the lakeside area and development of picnic and barbeque areas, play areas and landscaping.		
Heritage Sites	To provide access, signage and interpretation at key cultural, archaeological and heritage sites. These include: Lakes Mangakaware, Ngaroto, and Rotopiko, and also Matakītaki Pa, Pirongia and Rata-Tu Reserve Kihikihi.	2015/16-2018/19, 2021/22	\$676
Te Awamutu Community Hub Precinct	To develop a community precinct with a range of cultural, historical and recreational facilities to compliment the Events Centre, Selwyn Park and the Mangaohoi Stream environments and walkway.	2015/16-2018/19, 2020/21-2023/24	\$4,108
Development and Restoration of Lake Ngaroto	Lake Ngaroto is one of the most visited reserves managed by Council. Activities include, sailing, rowing, walking, fishing and hunting. Maintaining and improving the lake environments will both preserve public use and also protect the diversity and abundance of fauna supported by the reserve. Works proposed include a new weir on the lake outlet, diverting nutrient rich water from Lake Ngaroto-iti and upgrading the circuit track to a walking and biking standard. Plans also include improve the Lake Domain.	2015/16-2018/19, 2020/21, 2022/23, 2024/25	\$1,123
Design and Build Te Awamutu Museum	Proposed design and construction of a new Museum facility.	2015/16 – 2020/21	\$4,039

Details of the costs associated with these projects and other financial information relevant to this group of activities is included on the following pages.

### Potential significant negative effects

Table 39: Community services and facilities potential significant negative effects

Potential negative effect	How we are addressing this
There may be some undesirable effects associated with the provision of parks and reserves such as vandalism, noise and litter.	We control these effects through the use of Crime Prevention Through Environmental Design principles in planning parks and reserves are also regularly maintained to clear litter.

Potential negative effect	How we are addressing this
There is a possible risk of drowning at Council swimming pools.	Pool staff are well trained, health and safety protocols are in place.
There are risks associated with the storage of swimming pool chemicals.	Staff are trained in chemical handling procedures, health and safety protocols are in place.
Possible temporary disruption to neighbours while facilities are under construction.	These are mitigated by requirements placed on contractors to minimise adverse effects.
There may be some objections to public toilets in the vicinity of homes or businesses, as there is the possibility of vandalism, graffiti and inappropriate behaviour associated with the toilets.	Compliance with New Zealand standards in regards to public toilets will minimise negative effects. We also follow Crime Prevention Through Environmental Design principles in the construction of amenities.
If additions to the pensioner housing stock are insufficient to meet demand, the number of people on the waiting list and waiting time could increase.	We maintain contact with other housing providers, such as Housing New Zealand and Habitat for Humanity, to ensure maximum use of rental accommodation.
Equipment required in emergencies may create negative noise and visual effects; even though this could be disruptive it is necessary in an emergency.	In emergency situations preservation of lives and property is paramount and this will always be given highest priority. Our aim, however, would be to restore the community to normal as soon as possible.



## Community services and facilities: What you can expect from us

- **Community land and buildings** – We provide venues within our communities to support social and recreational interaction.
- **Museums** – We provide opportunities and places for affordable cultural learning and leisure which the community sees as a valuable public service.
- **Parks and reserves** – We enhance the Waipa environment by providing multi-purpose open spaces for opportunities for health and recreation
- **Pensioner housing** – We provide secure and safe affordable housing in a communal environment for aged persons with limited means.
- **Public library** – We provide opportunities and places for affordable learning and leisure which the community sees as a valuable public service.
- **Public toilets** – We ensure an affordable network of well-maintained public toilets is available to both the community and visitors to the district.
- **Swimming pools** – We provide affordable public swimming pools that provide opportunities for the community to increase its water safety skills, health and recreational wellbeing.
- **Waste management and minimisation** – We provide a convenient waste collection service that diverts recyclable waste from landfill.

### We will track the success of our service:

Table 40: Community services and facilities performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Community land and buildings	Property services are responsive to customer service requests	The median response time (hours) for the resolution of urgent service requests relating to land and buildings.	New measure	4	4	4	4
		The median response time (days) for the resolution of non-urgent service requests relating to land and buildings.	New measure	5	5	5	5

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Museums	The Community is satisfied with the services provided by the museums	The percentage of visitors surveyed who were satisfied with their museum visit. <sup>11</sup>	New survey.	90%	90%	90%	90%
		The number of school student visitors per annum.	5,006	4,400 <sup>12</sup>	4,400	4,400	4,400
		The number of 'other' <sup>13</sup> visitors per annum.	10,166	10,000	10,100	10,200	10,300
Parks and reserves	Parks and reserves meet public requirements	The number of complaints received regarding the appearance of parks and reserves.	177 <sup>14</sup>	<180	<190	<200	<210
		The percentage of annual playground renewal programme completed.	New measure	100%	100%	100%	100%
		The percentage of annual parks and reserves renewal programme completed.	New measure	100%	100%	100%	100%
Pensioner housing	Property Services respond in a timely manner to customer service requests.	The median response time (hours) for the resolution of urgent <sup>15</sup> service requests relating to pensioner housing.	New measure	2	2	2	2
		The median response time (days) for the resolution of non-urgent <sup>16</sup> service requests relating to pensioner housing.	New measure	5	5	5	5

<sup>11</sup> As per the annual Museum Aotearoa Survey questionnaire

<sup>12</sup> Learning Experience Outside the Classroom (LEOTC) contractual requirement

<sup>13</sup> 'Other' - visitors other than school students

<sup>14</sup> Amended measure – new parameters for inclusion therefore this figure is different to that recorded in the 2013/2014 Annual Report.

<sup>15</sup> Urgent service requests are defined as a health & safety or public safety issue.

<sup>16</sup> Non-urgent service requests are defined as any other service request other than a health & safety or public safety issue.

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target				
				2015/16	2016/17	2017/18	2018-25	
Public library	Our library services and facilities meet the needs of the community.	% of population who are active <sup>17</sup> library users.	62.81%	64%	65%	65%	65%	
		The number of walk-in library visitors per annum.	202,066	190,000	205,000	205,000	205,000	
	The library service provides an adequate quantity of recreational and educational material.	The percentage of users surveyed who agreed the library offered the resource they were looking for (via survey mechanism).	89.95%	90%	90%	90%	90%	
		Library collection meets the LIANZA <sup>18</sup> standard of 3 items per resident.	Not met 2.99	Meet standard	Meet standard	Meet standard	Meet standard	
Public toilets	Public Toilets are well maintained	The number of service requests regarding public toilets.	91 <sup>19</sup>	<90	<90	<90	<90	
Swimming pools	The community is satisfied with the service provided.	The percentage of users satisfied with swimming pool services (via survey mechanism).	Te Awamutu	Not previously measured	75%	75%	80%	80%
			Cambridge		70%	70%	75%	75%
	Public swimming pools are accessible.	The number of admissions per annum <sup>20</sup> .	161,423 <sup>21</sup>	165,000	135,000 <sup>22</sup>	150,000 <sup>23</sup>	190,000	
	Pools are safe and clean.	The percentage of compliance with water quality standards. (no. of tests compliant).	Te Awamutu	Not previously measured	85%	85%	85%	85%
Cambridge			85%		85%	85%	85%	

<sup>17</sup> Active – library card used in past 2 years

<sup>18</sup> LIANZA – Library and Information Association of New Zealand Aotearoa

<sup>19</sup> Amended measure – new parameters for inclusion therefore this figure is different to that recorded in the 2013/2014 Annual Report.

<sup>20</sup> Annual admissions for Cambridge and Te Awamutu combined

<sup>21</sup> Oct 2013 to Sept 2014

<sup>22</sup> Proposed closure of Cambridge pool for rebuild will result in reduced admissions

<sup>23</sup> Proposed partial closure of Cambridge pool for rebuild will result in reduced admissions

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Waste management and minimisation	Recycling services are convenient.	Number of justified <sup>24</sup> complaints about recycling collection services.	170 <sup>25</sup>	<144	<144	<144	<144

<sup>24</sup> 'Justified' as defined in contract with provider: "Missed Recyclables Collection" for the purposes of recording for the scoring of KPIs shall fall into two (2) categories: justified (meaning due to Contractor error) and non-justified (Customer places the Recycling Crate out following the collection occurrence and telephones the Council's Customer Call Centre to request collection)"

<sup>25</sup> 11 months only – data only available for 11 months

## Statement of cost of service

Table 41: Community services and facilities statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Fees and Charges:											
Mighty River Domain	582	605	620	635	679	697	718	757	781	807	846
District Museums	112	108	110	113	115	118	120	123	128	132	135
District Libraries	244	210	225	236	242	249	256	263	272	281	290
Cemeteries	159	175	179	184	188	194	199	205	212	219	226
Public Toilets	29	30	30	31	32	33	34	35	36	37	38
Properties	848	768	780	792	798	751	765	779	792	791	784
Pensioner Housing & Own your Own Housing	797	1,113	1,155	981	1,054	1,174	1,280	1,317	1,355	1,396	1,437
Forestry	-	-	-	-	-	1,715	-	-	1,535	-	-
Rural Fire/Civil Defence	90	92	95	97	99	102	105	108	112	115	119
Waste Management	153	151	155	159	163	167	172	177	183	189	195
<b>TOTAL REVENUE</b>	<b>3,014</b>	<b>3,252</b>	<b>3,349</b>	<b>3,228</b>	<b>3,370</b>	<b>5,200</b>	<b>3,649</b>	<b>3,764</b>	<b>5,406</b>	<b>3,967</b>	<b>4,070</b>
<b>OPERATING EXPENDITURE</b>											
Parks and Reserves	4,778	4,463	4,496	4,755	4,769	5,098	5,136	5,245	5,402	5,566	5,704
Mighty River Domain	1,160	1,079	1,106	1,128	1,179	1,194	1,219	1,285	1,347	1,292	1,329
District Museums	870	965	1,026	1,036	1,078	1,119	1,163	1,308	1,321	1,504	1,530
District Libraries	1,657	1,790	1,844	1,901	1,937	1,976	2,034	2,086	2,133	2,197	2,257
District Pools	1,751	1,878	1,923	2,016	3,061	3,129	3,196	3,249	3,322	3,354	3,421
Heritage	392	452	498	499	512	529	548	551	566	579	591
Cemeteries	285	302	311	317	324	331	338	346	355	363	373
Public Toilets	548	501	521	571	640	625	627	618	787	732	811
Properties	1,133	1,631	1,681	1,479	2,451	2,461	2,568	2,635	(844)	2,739	2,783
Pensioner Housing & Own your Own Housing	801	876	925	1,523	953	1,086	1,182	1,222	1,247	1,278	1,288
Forestry	79	87	62	119	113	2,202	101	87	1,840	135	89
Rural Fire/Civil Defence	289	272	318	326	327	336	336	348	357	376	399
Waste Management	1,570	1,570	1,539	1,563	1,598	1,637	1,671	1,717	1,771	1,825	1,878
National Cycle Centre of Excellence	67	60	57	54	50	47	44	40	37	33	30
<b>TOTAL EXPENDITURE</b>	<b>15,380</b>	<b>15,926</b>	<b>16,307</b>	<b>17,287</b>	<b>18,992</b>	<b>21,770</b>	<b>20,163</b>	<b>20,737</b>	<b>19,641</b>	<b>21,973</b>	<b>22,483</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(12,366)</b>	<b>(12,674)</b>	<b>(12,958)</b>	<b>(14,059)</b>	<b>(15,622)</b>	<b>(16,570)</b>	<b>(16,514)</b>	<b>(16,973)</b>	<b>(14,235)</b>	<b>(18,006)</b>	<b>(18,413)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	8,284	9,237	6,258	12,579	4,632	4,523	5,275	2,525	4,793	1,954	1,855
Debt Repayment (Internal)	1,784	1,170	1,336	1,346	1,713	1,649	1,846	1,718	1,744	1,943	1,989
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>10,068</b>	<b>10,407</b>	<b>7,594</b>	<b>13,925</b>	<b>6,345</b>	<b>6,172</b>	<b>7,121</b>	<b>4,243</b>	<b>6,537</b>	<b>3,897</b>	<b>3,844</b>

## Capital expenditure

Table 42: Community services and facilities capital expenditure

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>To Meet Additional Demand</b>											
Buffer Reserve Land Purchase	900	292	795	105	108	111	114	117	121	125	129
Reserve Purchases - Developments	-	49	50	-	-	-	-	-	-	-	-
Toilets on Designation Reserve in Cambridge North	-	-	-	-	86	-	-	-	-	-	-
Playground Reserve Land Cambridge North	-	-	410	420	431	-	-	-	-	-	-
Playground on Neighbourhood Reserve Cambridge North	-	-	-	-	-	177	-	-	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>900</b>	<b>341</b>	<b>1,255</b>	<b>525</b>	<b>625</b>	<b>288</b>	<b>114</b>	<b>117</b>	<b>121</b>	<b>125</b>	<b>129</b>
<b>To Improve Level of Service</b>											
Cambridge Town Pool Development	-	250	2,048	7,613	-	-	-	-	-	-	-
Cambridge Town Hall Repairs & Maintenance	-	350	51	37	92	44	-	-	-	-	-
Peat Lake Programme	446	-	-	-	-	-	-	-	-	-	-
Reserve Developments	-	43	176	134	262	174	128	75	59	82	83
Development & Restoration of Lake Ngaroto	-	20	217	168	172	-	262	-	194	-	90
Pa Sites	53	-	-	-	-	-	-	-	-	-	-
Maungatautari Project	21	-	-	-	-	-	-	-	-	-	-
Castleton Park - Sports Fields	-	53	179	-	-	-	-	-	-	-	-
Discretionary Community Facility Projects	85	193	51	53	54	37	28	29	30	31	32
Kihikihi Domain Development	-	-	-	-	54	-	26	-	-	-	-
Cambridge Motor Park - Upgrade Work	35	45	-	-	-	-	-	-	61	-	97
Taylor/Vogel Street Development - Property	50	728	-	-	-	-	-	-	-	-	-
Arnold Street Development - Property	-	-	-	-	-	-	866	891	-	-	-
Addison Street Development - Property	620	-	-	391	-	-	-	-	-	-	-
Karapiro Minor Assets (Don Rowlands Centre)	10	10	20	16	5	-	-	-	-	-	-
Upgrade Site Office Facility - Mighty River Domain	85	-	-	-	-	-	-	-	-	-	-
Upgrade Site Managers House - Mighty River Domain	-	80	-	-	70	-	-	-	-	-	-
Children's Playground - Mighty River Domain	60	-	-	-	-	-	-	-	-	-	-
Public Conveniences - New Toilet Blocks	-	85	92	53	54	-	-	-	61	144	-
Purchase of Own Your Own Units	134	200	-	137	-	221	-	-	-	-	-
Renew Pensioner Housing - Palmer Street	-	596	666	-	-	-	-	-	-	-	-
Pensioner Housing - Renewals and Upgrades	-	300	307	314	323	332	342	352	363	375	388
Construction New Pensioner Housing	-	-	-	1,800	1,500	1,144	-	-	-	-	-
Purchase of land for Te Awamutu Western Arterial	698	300	410	209	323	332	228	235	363	250	129
Cambridge Water Tower - Upgrade	57	-	51	-	-	-	-	-	-	-	-
Albert Park Grandstand	660	-	-	-	-	-	-	-	-	-	-
New Te Awamutu Library Construction	2,868	4,259	-	-	-	-	-	-	-	-	-
Design and Built Te Awamutu Museum	100	30	31	32	32	1,362	2,552	-	-	-	-
Te Awamutu Community Hub Precinct	-	83	123	357	377	-	57	176	2,785	150	-
Waipuke Park Development	113	417	-	-	-	-	-	-	-	-	-
Lake Mangakaware Enhancement of Heritage Values	-	156	-	79	-	-	-	70	-	-	-
Matakitaki Access & Restoration	-	32	40	33	-	-	-	-	-	-	-
Rata-Tu Reserve Implementation of Management Plan	-	88	50	63	65	-	-	-	-	-	-
EOC IT Hardware Procurement	-	36	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>6,095</b>	<b>8,354</b>	<b>4,512</b>	<b>11,489</b>	<b>3,383</b>	<b>3,646</b>	<b>4,489</b>	<b>1,828</b>	<b>3,916</b>	<b>1,032</b>	<b>819</b>

**Capital expenditure (continued)**

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>To Replace Existing Assets</b>											
Parks Renewals	47	-	-	-	-	-	-	-	-	-	-
Karapiro / Arapuni Lakes Programme	502	25	41	26	43	28	-	-	-	-	-
Playground Equipment & Safety Surfaces Renewal	45	45	46	48	49	50	52	53	176	182	188
Parks Structure Renewals	3	69	71	72	38	39	40	41	42	44	45
Plant Replacement - Mighty River Domain	43	20	11	14	14	39	31	22	34	25	56
Plant Replacement - Rural Fire	32	-	-	-	-	-	68	-	-	-	-
Library Books Te Awamutu	141	148	159	171	184	199	215	232	252	273	296
Library Books Cambridge	141	148	159	171	184	199	215	232	252	273	296
Cambridge Pools - Asset Renewals	325	-	-	-	-	-	-	-	-	-	-
Carpark Renewals	10	87	4	63	112	35	51	-	-	-	26
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>1,289</b>	<b>542</b>	<b>491</b>	<b>565</b>	<b>624</b>	<b>589</b>	<b>672</b>	<b>580</b>	<b>756</b>	<b>797</b>	<b>907</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>8,284</b>	<b>9,237</b>	<b>6,258</b>	<b>12,579</b>	<b>4,632</b>	<b>4,523</b>	<b>5,275</b>	<b>2,525</b>	<b>4,793</b>	<b>1,954</b>	<b>1,855</b>

## Funding impact statement

Table 43: Community services and facilities funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	5,685	7,796	8,578	9,626	10,906	12,019	12,831	13,205	13,752	14,183	14,714
Targeted rates	7,828	6,095	5,488	5,068	5,142	4,622	4,182	4,227	4,304	4,364	4,364
Subsidies and grants for operating purposes	22	59	56	53	48	45	46	47	48	49	50
Fees and charges	2,992	3,193	3,293	3,175	3,322	5,155	3,603	3,717	5,358	3,918	4,020
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>16,527</b>	<b>17,143</b>	<b>17,415</b>	<b>17,922</b>	<b>19,418</b>	<b>21,841</b>	<b>20,662</b>	<b>21,196</b>	<b>23,462</b>	<b>22,514</b>	<b>23,148</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	12,400	12,319	12,193	12,559	13,400	15,213	14,233	14,687	16,408	15,702	16,199
Finance costs	548	381	471	525	798	947	949	984	1,012	991	926
Internal charges and overheads applied	2,105	2,285	2,321	2,404	2,493	2,478	2,548	2,574	2,636	2,684	2,740
Other operating funding applications	318	330	335	341	339	346	354	362	371	380	389
<b>Total applications of operating funding (B)</b>	<b>15,371</b>	<b>15,315</b>	<b>15,320</b>	<b>15,829</b>	<b>17,030</b>	<b>18,984</b>	<b>18,084</b>	<b>18,607</b>	<b>20,427</b>	<b>19,757</b>	<b>20,254</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,156</b>	<b>1,828</b>	<b>2,095</b>	<b>2,093</b>	<b>2,388</b>	<b>2,857</b>	<b>2,578</b>	<b>2,589</b>	<b>3,035</b>	<b>2,757</b>	<b>2,894</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	96	76	72	2,157	57	-	2,552	-	-	-	-
Development and financial contributions	629	418	282	307	332	359	388	437	451	466	505
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>725</b>	<b>494</b>	<b>354</b>	<b>2,464</b>	<b>389</b>	<b>359</b>	<b>2,940</b>	<b>437</b>	<b>451</b>	<b>466</b>	<b>505</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	900	341	1,255	525	625	288	114	117	121	125	129
- to improve the level of service	6,095	8,354	4,512	11,489	3,383	3,646	4,489	1,828	3,916	1,032	819
- to replace existing assets	1,289	542	491	565	624	589	672	580	756	797	907
Increase (decrease) in reserves	(6,403)	(6,915)	(3,809)	(8,022)	(1,855)	(1,307)	243	501	(1,307)	1,269	1,544
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,881</b>	<b>2,322</b>	<b>2,449</b>	<b>4,557</b>	<b>2,777</b>	<b>3,216</b>	<b>5,518</b>	<b>3,026</b>	<b>3,486</b>	<b>3,223</b>	<b>3,399</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,156)</b>	<b>(1,828)</b>	<b>(2,095)</b>	<b>(2,093)</b>	<b>(2,388)</b>	<b>(2,857)</b>	<b>(2,578)</b>	<b>(2,589)</b>	<b>(3,035)</b>	<b>(2,757)</b>	<b>(2,894)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## **Roads and footpaths**

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The roads and footpaths group of activities are the primary service provider for the construction and maintenance of the local transport network within the district. Our work in the road corridor, includes road and footpath construction and maintenance, road safety, cycling and walking, car parks, street lights and passenger transport. This group of activities is a core service for Council and is recognised as a significant activity by our Significance and Engagement Policy. The Infrastructure Strategy (refer to page 57) outlines the strategic intent of this activity.

### **What we do**

We manage Waipa's roads and footpaths to ensure that they are well maintained, safe and provide for the efficient movement of people and goods within the district.

The district's key roading assets include 1,084km of roads (60km Unsealed), 225 bridges (including stock and underpass structures), 353.9km of footpaths and all street lights and road signs.

We have prepared an Infrastructure Strategy and an asset management plan covering the key road and footpath assets which is subject to ongoing review, particularly in relation to changes in demand.

### **Roading**

Providing for traffic growth, both from within and out of our district, is a major factor in our planning. Increases in the network length generally come from the development of new roads in subdivisions. The length of sealed roads is also increasing as seal extension work is completed and new subdivisions constructed. This means there is an increasing demand for resealing these roads in the future (which is generally undertaken every ten to fifteen years).

Over the next ten years we will reconstruct and resurface roads to maintain adequate levels of service.

The New Zealand Transport Agency is responsible for the State Highway network.

### **Footpaths**

We manage the footpath network to provide for safe, effective pedestrian movement. The work included in the footpath maintenance programme is prioritised based on public feedback and inspection by staff. The main cause of damage to footpaths continues to be tree roots.

We have allocated \$429,000 in this 10-Year Plan for new footpath construction in the district.

## **Road safety**

Road safety is a key driver in shaping our programme of works, including implementation of traffic calming measures, intersection improvements and addressing deficiencies in the network (where crashes are occurring). We provide road safety education within Waipa and also contribute financially towards regional community road safety education projects. We routinely undertake safety audits and crash reduction studies.

## **Cycling and walking**

We have adopted a Cycling and Walking Strategy as a means of promoting greater use of cycling and walking as active modes of transport. The strategy sets out a range of initiatives.

Cycling projects have been included in this 10-Year Plan to ensure cycling facilities are considered as part of other projects (when we reconstruct a road it is more cost effective to widen the road to accommodate for cycling at the same time).

\$1.2million has been ring-fenced for the provision of a cycling and walking network in the western portion of the district, pending development of a strategic 'shared space' movement network development plan, which will set priorities and standards for network development. The plan will be developed with stakeholders and should identify priority sections of the network to develop, and Council will also work with the community on the development of the networks (including allowance for public fundraising).

In addition, \$1.5 million is to be provided for the Te Awa River ride (\$300,000 per annum over 5 years) on condition that the trail will be completed in full between Hamilton and Cambridge or, alternatively, that the work will begin at the Avantidrome.

Initial quotes and engineering advice for a pedestrian bridge over the Waikato River between Cambridge and Leamington indicate that it will be cost prohibitive to make the existing sewer bridge in Cambridge usable for pedestrians. Council still supports a river crossing for pedestrians and cyclists and we are considering other options, but no money has been allowed for this project over the next ten years.

## **Car parks**

We manage a large number of car parks that are available for people to use when visiting central business district areas, sporting facilities, reserves and community areas. The car parks will be maintained, reconstructed and resurfaced as necessary during the period of the plan. Improvements to car parks (funded by the roading activity) are planned where there is a need to provide improved parking facilities for specific locations, for example Swayne Road and Taylor Street in Cambridge.

## **Street lights**

Street lights are provided in all urban areas of the district and there are flag lights at the intersections of major rural roads for easy identification and safety reasons. Lighting is also provided at amenity areas like car parks, reserves and under veranda lighting in the central business districts.

There are a wide variety of light types in use, with the majority of street lights now containing efficient 70 watt high-pressure sodium lamps.

We will upgrade street lighting in urban areas where existing lighting levels are low. From 2015/16 a programme of upgrading will be developed for implementation to replace existing lights to new long-life energy efficient LED streetlights.

### **Passenger transport**

In January 2011, in conjunction with Waikato Regional Council, we launched an improved bus service between Te Awamutu/Kihikihi and Hamilton, and Cambridge and Hamilton. These services were generally integrated with Hamilton City service timetables.

We fund 25% of the costs remaining after fares are deducted. These services are being monitored and adjusted to maximise efficiencies and manage changes in demand.

### **Why we do it**

To provide a safe and convenient movement network that connects communities and supports district development.

### **The environment in which we work**

A number of key national and regional policy statements influence our roading and footpaths programme.

They are:

- Government Policy Statement on Land Transport Funding
- National Land Transport Programme
- Waikato Regional Land Transport Strategy
- Waikato Regional Public Transport Plan
- Waikato Regional Land Transport Programme
- Waikato Regional Policy Statement.

In response to these plans and strategies, we have developed the Waipa Integrated Transport Strategy. It provides the local strategic framework for effective and sustainable transportation planning and network management. In addition, the Waikato Mayoral Forum established a strategic accord to work together to identify improvements and best practice (RATA).

We need to consider changes to the nature of the transport needs of our communities and the infrastructure that is required in the future.

An example of this is the planned intersection upgrades following the construction of the Cambridge section of the Waikato Expressway. This will see the upgrade of six rural

intersections, and major changes to three State Highway intersections. Traffic congestion and safety is a major issue. See the Key Projects section below for more information.

Current levels of maintenance and capital renewal closely match the required level of renewal as identified in the asset management plan.

Population projections, urban growth development plans and traffic data are used to determine future requirements. As population and road usage increases in particular areas, upgrades and new roads are provided for, generally by the developers creating the areas of new growth. Where we are providing or funding infrastructure to support growth, the timing of this will be subject to the growth or development demand.

The projects identified in this 10-Year Plan enable and support growth that is associated with development, by providing additional capacity. Estimates of the levels of development have been used. These will be reviewed regularly to ensure close alignment between infrastructure and growth.



### The level of service we will deliver

There is a proposed increase in the level of service planned for our cycleways (an extension of the network in the western part of the district and funding towards an extension of the Te Awa River Ride ) and roading (seal extensions up to a value of \$500,000 per annum inflation adjusted and improvements to roading in Cambridge needed as a result of the bypass). All other changes in this group of activities are driven by growth.

### What community outcomes does it contribute to?

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

Table 37: Roads and footpaths community outcomes

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

The significant decisions faced by Council in achieving these outcomes are drawn together in a table in the Infrastructure Strategy which starts on page 57.

## Key projects

The following key projects are planned for 2015-25:

Table 38: Roads and footpaths key projects

Projects	Description	Timeframe	Total cost over 10 years (\$000)
Cambridge Deferred residential collector road (including Norfolk Drive extension) and intersection. <sup>26</sup>	Provides a strategic connection from Cambridge North to Victoria Road (and within Cambridge North).	2015/16	\$4,400
Street light improvements.	Programme to improve street lighting standards in urban areas to LED.	2015/16 – 2024/25	\$4,352
Town Concept Plan implementation – Te Awamutu <sup>27</sup> .	Programme of work to upgrade Te Awamutu to incorporate the new library and community hub to the CBD.	2015/16, 2016/17, 2017/18	\$1,525
Seal Extensions.	Programme <sup>28</sup> to seal currently unsealed roads.	2015/16 – 2024/25	5,564
Victoria Bridge painting substructure.	Painting of the bridge to protect its long term integrity.	2021/22	\$1,441
Swayne Road urban upgrade and Traffic calming <sup>29</sup> .	Work to support transport network upgrade in Cambridge North.	2015/16 – 2016/17	\$851
Bridge Footpath widening – Fergusson and Karāpiro Stream Bridge.	Improve level of service for pedestrians on Fergusson Bridge and Karāpiro Stream Bridge.	2018/19	\$700
Town Concept Plan implementation – Ngahinapouri	Programme of work to upgrade the Reid Road intersection to enable village development.	2023/24	\$1,829
St Leger road network upgrades – Roading concepts.	Roading structure plan for future development of the St Leger Rd area.	2017/18, 2019/20, 2021/22	\$488
Cycling projects	Provision of a cycling and walking network in the western portion of the district.	2016/17	\$1,247
Te Awa River Ride	Extension of the River Ride between the Avantidrome and Hamilton.	2015/16 – 2019/20	\$1,500

Details of the costs associated with these projects and other financial information relevant to this group of activity is included in the following pages.

<sup>26</sup> Budget for this project is included within the Cambridge North Capital projects line of the capex.

<sup>27</sup> Budget for this project is included within the town concept plan implementation line of the capex.

<sup>28</sup> Programme subject to review to confirm lengths that can be achieved for available funds

<sup>29</sup> Cambridge North Capital projects line of the capex budget.

## Potential significant negative effects

Table 39: Roads and footpaths potential significant negative effects

Potential negative Effect	How we are addressing this
<p>Poor planning of land use and transport networks can result in busy, congested roads that affect our lifestyle in a number of ways including wasted time and money for users, noise and visual disturbance.</p>	<p>We have prepared a transport strategy to ensure transport infrastructure and land use planning are tightly integrated.</p>
<p>Congestion is a significant factor in the concentration of pollutants in the air. An increase in the number of vehicles using our transport network could result in increased air pollution for the residents of our district.</p>	<p>Through the implementation of the Integrated Transport Strategy, we will seek to minimise congestion in the district. We will use the Waikato Regional Transportation Model to assist in optimising the efficiency of the network.</p>
<p>Increasing use of the network may result in more traffic crashes.</p>	<p>We have a road safety programme which includes improvements to the roading network.</p>
<p>Road construction can have a negative impact on the environment, particularly during earthworks. The impact can include such things as erosion, damage to flora and fauna, construction noise, air pollution, and possible impacts on places of cultural, historical and archaeological importance.</p>	<p>Potential risks are managed through adhering to industry best practice and by ensuring contractors who undertake the work are suitably qualified.</p>
<p>Run off from road surfaces may contain pollutants such as oil which have harmful environmental effects.</p>	<p>This is managed in sensitive urban environments through the design and operation of our stormwater system.</p>
<p>Council has decided to observe the effects of the Cambridge Bypass prior to upgrading intersections. This limits our ability to plan in advance based on modelling.</p>	<p>This will be monitored and reported back to Council. Also staff will liaise with NZTA on maximising the subsidy.</p>

## Roads and footpaths: What you can expect from us

We provide a safe and convenient transport network that connects communities and supports district development.

### We will track the success of our service:

Table 40: Roads and footpaths performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Roads and Footpaths	Roads are designed and managed to reduce the risk of harm to users.	The change from the previous financial year in the number of fatalities and serious crashes on the local road network.	2 less	Nil change	Nil change	Nil change	Nil change
		Number of fatal and serious crash numbers on Waipa local roads per annum (five year average).	20.4 <sup>30</sup>	20.0	19.6	18.4	18
		The average quality of ride on sealed local roads. <sup>31</sup>	96%	96%	95%	94%	93%
	The existing network is well maintained.	The percentage completed of the sealed local road network that is planned for resurfacing <sup>32</sup>	Not previously measured	100%	100%	100%	100%
		The percentage of footpaths whose condition meets the desired minimum standard for condition. <sup>33</sup>	91%	>80%	>80%	>80%	>85%

<sup>30</sup> Amended measure – The criteria for this measure has been changed to align with DIA requirements. Therefore this figure is different to that recorded in the 2013/2014 Annual Report.

<sup>31</sup> Full wording of mandatory measure is: The average quality of ride on a sealed local road network, measured by smooth travel exposure.

<sup>32</sup> As compared to the target area set in the Asset Management Plan (602,792m<sup>2</sup> per year)

<sup>33</sup> Full wording of mandatory measure is: The %age of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
	We are responsive to roading issues raised by the community.	The percentage of customer service requests relating to roads & footpaths responded to within the specified time frame. <sup>34</sup>	80.1%	90%	90%	90%	90%
	Alternative transport options are available and promoted.	% (by length) of urban roads <sup>35</sup> which have a footpath on at least one side.	79%	80%	80%	81%	83%

<sup>34</sup> Full wording of mandatory measure is: The percentage of customer service requests relating to roads & footpaths to which the territorial authority responds within the time frame specified in the long term plan.

<sup>35</sup> Urban roads defined as those with a speed limit of 70 kilometers or less.



## Statement of cost of service

Table 41: Roads and footpaths statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Fees, charges and NZTA subsidy	7,852	7,106	6,973	6,964	8,131	9,046	8,292	8,914	8,250	8,509	9,510
<b>TOTAL REVENUE</b>	<b>7,852</b>	<b>7,106</b>	<b>6,973</b>	<b>6,964</b>	<b>8,131</b>	<b>9,046</b>	<b>8,292</b>	<b>8,914</b>	<b>8,250</b>	<b>8,509</b>	<b>9,510</b>
<b>OPERATING EXPENDITURE</b>											
Depreciation and Amortisation	8,661	8,901	9,357	9,636	9,972	10,355	10,813	11,334	11,806	12,302	12,909
Activity Expenses	7,658	7,337	7,723	7,825	8,063	8,290	8,537	8,816	9,125	9,457	9,792
Internal charges and Overheads	989	1,388	1,477	1,495	1,488	1,501	1,527	1,549	1,605	1,667	1,717
Finance Costs	610	371	524	637	748	952	1,055	1,271	1,329	1,305	1,364
<b>TOTAL EXPENDITURE</b>	<b>17,918</b>	<b>17,997</b>	<b>19,081</b>	<b>19,593</b>	<b>20,271</b>	<b>21,098</b>	<b>21,932</b>	<b>22,970</b>	<b>23,865</b>	<b>24,731</b>	<b>25,782</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(10,066)</b>	<b>(10,891)</b>	<b>(12,108)</b>	<b>(12,629)</b>	<b>(12,140)</b>	<b>(12,052)</b>	<b>(13,640)</b>	<b>(14,056)</b>	<b>(15,615)</b>	<b>(16,222)</b>	<b>(16,272)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	12,799	15,044	12,314	10,889	12,300	13,335	15,935	13,311	11,433	15,911	15,641
Vested Assets	1,675	9,413	1,432	1,465	1,499	2,050	2,455	2,523	2,598	2,679	2,767
Debt Repayment (Internal)	1,379	1,399	1,950	1,809	2,201	2,435	2,635	2,972	3,038	2,573	3,259
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>15,853</b>	<b>25,856</b>	<b>15,696</b>	<b>14,163</b>	<b>16,000</b>	<b>17,820</b>	<b>21,025</b>	<b>18,806</b>	<b>17,069</b>	<b>21,163</b>	<b>21,667</b>

## Capital expenditure table

Table 42: Roads and footpaths capital expenditure table

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>To Meet Additional Demand</b>											
Cambridge North Capital Projects	1,267	4,519	811	389	80	-	-	-	59	1,219	-
Picquet Hill Plan Change Roading	-	-	-	-	-	-	-	631	-	-	-
St Leger Road	-	-	-	207	-	109	-	172	-	-	-
Urban Upgrades - Development Related	53	50	51	52	53	54	56	57	59	61	63
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>1,320</b>	<b>4,569</b>	<b>862</b>	<b>648</b>	<b>133</b>	<b>163</b>	<b>56</b>	<b>860</b>	<b>118</b>	<b>1,280</b>	<b>63</b>
<b>To Improve Level of Service</b>											
Seal Extensions	550	500	507	518	531	544	559	574	591	610	630
New Footpaths	144	39	39	40	41	42	43	44	46	47	48
Car Park Improvements	80	80	81	83	85	87	89	92	95	98	101
Town Concept Plans Implementation	320	500	507	518	-	-	-	-	355	1,829	-
St Kilda - Appleby Road	-	-	-	-	-	-	-	-	-	731	-
Passenger Transport Infrastructure	16	10	10	10	11	11	11	11	12	12	13
Street Light Improvements	213	438	441	445	398	408	419	431	443	457	472
Cycling Projects District Wide	53	350	1,598	352	353	354	56	57	59	61	63
Associated Improvements	100	500	500	500	531	544	559	574	591	610	630
Minor Improvements	951	660	439	519	605	620	637	654	674	695	718
Cambridge Bypass Roading Improvements	-	100	-	-	1,008	2,785	5,417	287	-	-	3,148
Cambridge Gateways Project	-	100	100	-	-	-	-	-	-	-	-
Shakespeare St - Tirau Rd Intersection Upgrade	2,100	-	-	-	-	-	-	-	-	-	755
Kaipaki / Lamb Intersection Upgrade	-	-	-	-	-	-	-	80	-	768	-
CBD Accessibility Improvements	-	100	101	104	106	-	-	-	-	-	-
Bridge Footpath Widening	-	-	-	20	912	-	-	-	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>4,527</b>	<b>3,377</b>	<b>4,323</b>	<b>3,109</b>	<b>4,581</b>	<b>5,395</b>	<b>7,790</b>	<b>2,804</b>	<b>2,866</b>	<b>5,918</b>	<b>6,578</b>
<b>To Replace Existing Assets</b>											
Footpath Renewals	330	320	325	332	340	348	358	367	378	390	403
Amenity Lighting Renewals	2	2	2	2	2	2	106	2	2	2	3
Car Park Renewals	75	74	75	77	79	81	83	85	87	90	93
Drainage Renewals	215	370	370	370	393	403	413	425	437	451	466
Sealed Road Resurfacing	3,157	2,850	2,860	2,867	3,077	3,155	3,239	3,329	3,428	3,535	3,651
Unsealed Road Metalling	115	100	100	100	106	109	112	115	118	122	126
Bridge Renewals	-	-	-	-	-	-	-	1,441	-	-	-
Pavement Rehabilitation	2,900	3,000	3,000	3,000	3,183	3,264	3,351	3,444	3,546	3,657	3,777
Structures Component Renewal	78	300	314	301	318	326	335	344	355	366	378
Traffic Services Renewals	25	25	25	25	27	27	28	29	30	30	31
Bus Shelter Renewals	-	7	8	8	8	8	8	9	9	9	9
Guardrail Renewals	55	50	50	50	53	54	56	57	59	61	63
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>6,952</b>	<b>7,098</b>	<b>7,129</b>	<b>7,132</b>	<b>7,586</b>	<b>7,777</b>	<b>8,089</b>	<b>9,647</b>	<b>8,449</b>	<b>8,713</b>	<b>9,000</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>12,799</b>	<b>15,044</b>	<b>12,314</b>	<b>10,889</b>	<b>12,300</b>	<b>13,335</b>	<b>15,935</b>	<b>13,311</b>	<b>11,433</b>	<b>15,911</b>	<b>15,641</b>

## Funding impact statement

Table 43: Roads and footpaths funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	5,880	7,912	9,344	10,355	10,815	11,985	13,095	13,709	14,507	15,080	16,106
Targeted rates	5,148	2,328	2,102	1,695	1,113	704	250	245	235	217	218
Subsidies and grants for operating purposes	2,470	2,721	2,774	2,768	2,920	2,994	3,074	3,159	3,253	3,355	3,465
Fees and charges	160	22	23	23	24	24	25	26	26	27	28
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>13,658</b>	<b>12,983</b>	<b>14,243</b>	<b>14,841</b>	<b>14,872</b>	<b>15,707</b>	<b>16,444</b>	<b>17,139</b>	<b>18,021</b>	<b>18,679</b>	<b>19,817</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	6,754	6,428	6,804	6,886	7,098	7,302	7,523	7,773	8,051	8,347	8,650
Finance costs	610	371	524	637	748	952	1,055	1,271	1,329	1,305	1,364
Internal charges and overheads applied	989	1,388	1,477	1,495	1,488	1,501	1,527	1,549	1,605	1,667	1,717
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,353</b>	<b>8,187</b>	<b>8,805</b>	<b>9,018</b>	<b>9,334</b>	<b>9,755</b>	<b>10,105</b>	<b>10,593</b>	<b>10,985</b>	<b>11,319</b>	<b>11,731</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,305</b>	<b>4,796</b>	<b>5,438</b>	<b>5,823</b>	<b>5,538</b>	<b>5,952</b>	<b>6,339</b>	<b>6,546</b>	<b>7,036</b>	<b>7,360</b>	<b>8,086</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	5,222	4,363	4,176	4,173	5,187	6,028	5,193	5,729	4,971	5,127	6,017
Development and financial contributions	1,303	561	641	686	729	794	849	969	999	1,030	1,171
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>6,525</b>	<b>4,924</b>	<b>4,817</b>	<b>4,859</b>	<b>5,916</b>	<b>6,822</b>	<b>6,042</b>	<b>6,698</b>	<b>5,970</b>	<b>6,157</b>	<b>7,188</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	1,320	4,569	862	648	133	163	56	860	118	1,280	63
- to improve the level of service	4,527	3,377	4,323	3,109	4,581	5,395	7,790	2,804	2,866	5,918	6,578
- to replace existing assets	6,952	7,098	7,129	7,132	7,586	7,777	8,089	9,647	8,449	8,713	9,000
Increase (decrease) in reserves	(969)	(5,324)	(2,059)	(207)	(846)	(561)	(3,554)	(67)	1,573	(2,394)	(367)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>11,830</b>	<b>9,720</b>	<b>10,255</b>	<b>10,682</b>	<b>11,454</b>	<b>12,774</b>	<b>12,381</b>	<b>13,244</b>	<b>13,006</b>	<b>13,517</b>	<b>15,274</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,305)</b>	<b>(4,796)</b>	<b>(5,438)</b>	<b>(5,823)</b>	<b>(5,538)</b>	<b>(5,952)</b>	<b>(6,339)</b>	<b>(6,546)</b>	<b>(7,036)</b>	<b>(7,360)</b>	<b>(8,086)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Stormwater

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Typically stormwater is described as being rainfall that runs off roofs, roads and other surfaces and then into gutters and stormwater collection systems such as pipes, culverts, open drains/swales and detention structures.

The stormwater network infrastructure is a core service of Council and stormwater management is recognised by our Significance and Engagement Policy as a significant activity of Council. The Infrastructure Strategy (refer to page 57) outlines the strategic intent of this activity.

### What we do

Stormwater reticulation systems are necessary for the effective and safe removal of rainfall to appropriate open drains, streams, rivers and lakes. Cambridge, Te Awamutu, Ohaupo, Karāpiro, Pirongia and Kihikihi typically have kerb and channel systems which discharge into stormwater pipes and open channels.

The stormwater systems in the district consist of 141 kilometres of pipes, 2,652 manholes and other related structures such as open drains, streams, swales, soak systems and retention structures.

We are the primary service provider for managing stormwater in urban areas. Council maintains all of Waipa's public rural drains (where these are defined).

### Why we do it

To limit the impacts of flooding on the community, and ensure that stormwater discharging to waterways, such as rivers and streams, are free from contaminants.

### The environment in which we work

A sub-regional Three Water's Strategy has been prepared by the Future Proof partnership to provide an overarching framework for the development and maintenance of the water supply, stormwater and wastewater systems of the Waipa District, Waikato District and Hamilton City councils. This strategy has an action plan which is being implemented by the partnership councils.

Our stormwater assets vary from new to 80 years of age, with the majority of the reticulation schemes in Cambridge and Te Awamutu being constructed of reinforced concrete in the 1970s-1980s. Based on pipe age, material and some field inspections, most of the pipes in our network are in "fair condition". A renewal programme to maintain the condition of the stormwater assets is included in this 10-Year Plan along with a programme to carry out pipe condition and assessments.

Waikato Regional Council requires us to demonstrate that stormwater entering the waterways does not contain any contaminants and that it is not affecting the quality of the receiving environment.

Growth is tending to occur at the extremities of the reticulation networks and there is a need to provide alternative methods for stormwater disposal. It is also necessary for developments not to increase stormwater discharge therefore any increase in stormwater generated from the development needs to be retained on that site by using best practice engineering solutions.

Over recent years regulatory compliance and best practice for stormwater design has resulted in the installation of a large number of high maintenance stormwater systems. These include infiltration devices, swales, and detention ponds. The maintenance cost of these types of structures is expected to add significantly to the ongoing cost of providing this service.

Controlling the cost of services will continue to be a challenge, in particular the construction price increases, new treatment technologies and increases in costs associated with environmental compliance.

In the past, Council maintained less than 10% of rural drains at an annual cost of around \$90,000. We rely on all landowners doing their bit to keep their drains clean. Sometimes this didn't happen, and drains weren't maintained to an adequate standard. This contributed to flooding and other issues, including neighbourhood disputes. To address this issue, Council has taken responsibility for maintaining all of Waipa's public rural drains (where these are defined). This means inspecting and spraying them each year, with a small portion also cleaned. This will cost around \$322,000 in the first year. Funding for this will come from rates.

### **The level of service we will deliver**



This 10-Year Plan includes a significant investment to maintain recently installed or growth driven new on-site stormwater devices, such as ponds and swales, which also provide an amenity service. In addition, the 10-Year Plan includes an increase in the level of service for the 230 km of public rural drains that Council is responsible for maintaining ( as in the paragraph above). For all other activities within this group we will maintain the current level of service.

Because of the large increase in the level of service for public rural drains, and the potential need to cater for population growth, Council will carry out an assessment to determine whether a full review of the delivery of the service is required under section 17A of the Local Government Act 2002.

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

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

Table 44: Stormwater community outcomes

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

The significant decisions faced by Council in achieving these outcomes are drawn together in a table in the Infrastructure Strategy (included in this 10-Year Plan) which starts on page 58.

## Key projects

The following key projects are planned for 2015-25:

Table 45: Stormwater key projects

Project	Description	Timeframe	Total cost for 10 years (\$000)
Cambridge deferred residential stormwater works.	Works to develop the stormwater network within the Cambridge North residential area.	2015/16 – 2019/20, 2022/23 – 2024/25	\$23,184
Renewals (Stormwater).	Ongoing district-wide stormwater network renewals programme.	2015/16 – 2024/25	\$2,345

Details of the costs associated with these projects and other financial information relevant to this group of activity are included in the following pages.

## Potential significant negative effects

Table 46: Potential significant negative effects

Potential negative effect	How we are addressing this
The collection and disposal of stormwater can adversely affect the quality of receiving waters.	Compliance with resource consent conditions should mitigate any negative effects.
There is potential for contaminants to enter streams, rivers and lakes after accidental spillages which could result in degradation of the natural environment and possible illness.	We will work with other agencies, such as Waikato Regional Council, to ensure the impacts are minimised.
Failure to adopt effective management of the stormwater infrastructure could result in surface flooding.	We carry out planned maintenance to the network with effective renewal programmes and upgrades which reflect the asset management plan.

## Stormwater: What you can expect from us

We manage stormwater to limit unwanted impacts of flooding on our community and its effects in the environment.

### We will track the success of our service:

Table 47: Stormwater performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target				
				2015/16	2016/17	2017/18	2018-25	
Stormwater	Stormwater is managed to minimise flooding and environmental impact in a way that is most cost-effective.	The number of complaints received about the performance of the stormwater system. <sup>36</sup>	8	<10	<10	<10	<10	
		Compliance with the resource consents for discharge from the stormwater system. <sup>37</sup>	Number of Abatement notices.	0	0	0	0	0
			Number of Infringement notices.	0	0	0	0	0
			Number of Enforcement orders.	0	0	0	0	0
			Number of Convictions.	0	0	0	0	0
		The number of flooding events in the district. <sup>38</sup>	Not previously measured	<5	<5	<5	<5	
For each flooding event, the number of habitable floors affected. <sup>39</sup>	Not previously measured	<10	<10	<10	<10			

<sup>36</sup> Full wording of mandatory measure is: The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.

<sup>37</sup> Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices; and (b) infringement notices; and (c) enforcement orders; (d) successful convictions, received by the territorial authority in relation to those resource consents

<sup>38</sup> Full wording of mandatory measure is: The number of flooding events that occur in a territorial authority district.

<sup>39</sup> Full wording of mandatory measure is: For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the territorial authority's stormwater system).



Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
	Council is responsive during heavy rainfall events.	The median response time (hours) to attend a flooding event from the time that notification is received. <sup>40</sup>	Not previously measured	2	2	2	2

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<sup>40</sup> Full wording of mandatory measure is: The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.

## Statement of cost of service

Table 48: Stormwater statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>OPERATING EXPENDITURE</b>											
Depreciation and Amortisation	990	1,087	1,235	1,320	1,399	1,531	1,641	1,716	1,798	1,885	2,055
Activity Expenses	858	1,370	1,348	1,387	1,388	1,426	1,731	1,661	1,720	1,786	1,857
Internal charges and Overheads	302	366	380	391	389	389	430	424	437	453	473
Finance Costs	61	10	23	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE</b>	<b>2,211</b>	<b>2,833</b>	<b>2,986</b>	<b>3,098</b>	<b>3,176</b>	<b>3,346</b>	<b>3,802</b>	<b>3,801</b>	<b>3,955</b>	<b>4,124</b>	<b>4,385</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,211)</b>	<b>(2,833)</b>	<b>(2,986)</b>	<b>(3,098)</b>	<b>(3,176)</b>	<b>(3,346)</b>	<b>(3,802)</b>	<b>(3,801)</b>	<b>(3,955)</b>	<b>(4,124)</b>	<b>(4,385)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	4,314	4,859	1,814	1,935	4,664	2,850	236	245	2,201	2,658	4,067
Vested Assets	624	540	561	577	596	820	990	1,027	1,066	1,109	1,155
Debt Repayment (Internal)	5	26	952	-	-	-	1,617	1,672	397	-	-
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>4,943</b>	<b>5,425</b>	<b>3,327</b>	<b>2,512</b>	<b>5,260</b>	<b>3,670</b>	<b>2,843</b>	<b>2,944</b>	<b>3,664</b>	<b>3,767</b>	<b>5,222</b>

## Capital expenditure table

Table 49: Stormwater capital expenditure table

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>To Meet Additional Demand</b>											
Cambridge Deferred Residential Stormwater Works	3,503	3,994	1,606	1,721	4,443	2,622	-	-	1,947	2,394	3,792
T6 St Leger Road Stormwater Network Upgrades Concept Plan	82	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>3,585</b>	<b>3,994</b>	<b>1,606</b>	<b>1,721</b>	<b>4,443</b>	<b>2,622</b>	<b>-</b>	<b>-</b>	<b>1,947</b>	<b>2,394</b>	<b>3,792</b>
<b>To Improve Level of Service</b>											
Stormwater Modelling	174	-	-	-	-	-	-	-	-	-	-
Cambridge Deferred Residential - Western Catchment Remedial Works		665									
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>174</b>	<b>665</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>To Replace Existing Assets</b>											
Renewals	481	200	208	214	221	228	236	245	254	264	275
Pipe Condition and Assessment	74	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>555</b>	<b>200</b>	<b>208</b>	<b>214</b>	<b>221</b>	<b>228</b>	<b>236</b>	<b>245</b>	<b>254</b>	<b>264</b>	<b>275</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,314</b>	<b>4,859</b>	<b>1,814</b>	<b>1,935</b>	<b>4,664</b>	<b>2,850</b>	<b>236</b>	<b>245</b>	<b>2,201</b>	<b>2,658</b>	<b>4,067</b>

## Funding impact statement

Table 50: Stormwater funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	87	151	173	192	212	235	280	279	291	303	325
Targeted rates	2,068	2,632	2,761	2,852	2,909	3,054	3,463	3,460	3,600	3,754	3,991
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>2,155</b>	<b>2,783</b>	<b>2,934</b>	<b>3,044</b>	<b>3,121</b>	<b>3,289</b>	<b>3,743</b>	<b>3,739</b>	<b>3,891</b>	<b>4,057</b>	<b>4,316</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	799	1,310	1,285	1,323	1,322	1,357	1,660	1,587	1,643	1,706	1,774
Finance costs	61	10	23	-	-	-	-	-	-	-	-
Internal charges and overheads applied	302	366	380	391	389	389	430	424	437	453	473
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,162</b>	<b>1,686</b>	<b>1,688</b>	<b>1,714</b>	<b>1,711</b>	<b>1,746</b>	<b>2,090</b>	<b>2,011</b>	<b>2,080</b>	<b>2,159</b>	<b>2,247</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>993</b>	<b>1,097</b>	<b>1,246</b>	<b>1,330</b>	<b>1,410</b>	<b>1,543</b>	<b>1,653</b>	<b>1,728</b>	<b>1,811</b>	<b>1,898</b>	<b>2,069</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	289	1,130	1,434	1,476	1,524	1,571	1,648	1,707	1,771	1,843	2,199
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>289</b>	<b>1,130</b>	<b>1,434</b>	<b>1,476</b>	<b>1,524</b>	<b>1,571</b>	<b>1,648</b>	<b>1,707</b>	<b>1,771</b>	<b>1,843</b>	<b>2,199</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	3,585	3,994	1,606	1,721	4,443	2,622	-	-	1,947	2,394	3,792
- to improve the level of service	174	665	-	-	-	-	-	-	-	-	-
- to replace existing assets	555	200	208	214	221	228	236	245	254	264	275
Increase (decrease) in reserves	(3,032)	(2,632)	866	871	(1,730)	264	3,065	3,190	1,381	1,083	201
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,282</b>	<b>2,227</b>	<b>2,680</b>	<b>2,806</b>	<b>2,934</b>	<b>3,114</b>	<b>3,301</b>	<b>3,435</b>	<b>3,582</b>	<b>3,741</b>	<b>4,268</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(993)</b>	<b>(1,097)</b>	<b>(1,246)</b>	<b>(1,330)</b>	<b>(1,410)</b>	<b>(1,543)</b>	<b>(1,653)</b>	<b>(1,728)</b>	<b>(1,811)</b>	<b>(1,898)</b>	<b>(2,069)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Wastewater treatment and disposal**

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

The wastewater network infrastructure is a core service of Council and wastewater treatment and disposal is recognised by our Significance and Engagement Policy as a significant activity of Council. The Infrastructure Strategy (refer to page 57) outlines the strategic intent of this activity.

### **What we do**

Wastewater from toilets, laundries, kitchens, bathrooms and trade waste is collected in Cambridge, Karāpiro village, Te Awamutu and Kihikihi, then piped to the treatment plants.

We are responsible for ensuring wastes are treated and disposed of in a way that minimises potential harm to the environment, consistent with the requirements of Waikato Regional Council resource consents, legislation and our sustainable development approach.

We operate two wastewater plants, one at Te Awamutu and one at Cambridge. We are responsible for maintaining the wastewater network which comprises wastewater pipes and pump stations.

### **Why we do it**

A safe, effective and reliable system for managing wastewater in urban areas is a basic requirement for maintaining public health and protecting land and waterways from contamination.

### **The environment in which we work**

The existing Waikato Regional Council resource consents for the Cambridge wastewater treatment plant expire in 2016. This plant has not been able to consistently comply with conditions of the resource consents and needs to be upgraded to meet compliance and cater for growth. As first indicated in the 2012-22 plan, the upgrade to this plant has been included for implementation between 2016/17 – 2020/21. The applications for the new resource consents have been lodged with the Waikato Regional Council.

During 2013 NIWA approached Council to host a Demonstration Enhanced Pond System at the Cambridge Wastewater Treatment Plant. This system uses algae as part of a natural pond system to treat the sewage. The Enhanced Pond System was constructed at the end of 2014. NIWA over the course of the next 12-18 months will trial this system and, if it is successful, this treatment process has the potential to be used in the future upgrade of the treatment plant, which may lead to significant savings in both capital and operating expenditure. However, the results of this trial are yet to be seen. To be prudent we have allowed \$24 million in the 10-Year Plan for a mechanical upgrade of the Cambridge

wastewater treatment plant. In terms of debt, allowing for this mechanical upgrade means planning to borrow \$10.5 million.

A sub-regional three water's strategy has been prepared by the Future Proof partnership to provide an overarching framework for the development and maintenance of the water supply, stormwater and wastewater systems of the Waipa District, Waikato District and Hamilton City councils. This strategy has an action plan which is being implemented by the partnership councils.

The asset management plan has signalled that a number of wastewater pipes in Te Awamutu and Cambridge are nearing the end of their useful life, and are part of an \$13.6 million renewal programme. Ongoing condition assessment budgets are included in this plan. Recommendations from those investigations will then need to be included in future renewal programmes.

The existing Waikato Regional Council resource consents for the Te Awamutu wastewater treatment plant expires in 2015 and will need to be renewed. A project has been included in this 10-Year Plan to replace the consents and increase the capacity of the plant due to growth.

Growth is tending to occur at the extremities of the reticulation networks requiring increasing reliance on high energy use to pump wastewater from new developments. Growth needs to be carefully managed to ensure that the most is made of existing infrastructure and that new infrastructure operates efficiently.

Consideration needs to be given for disposal of bio-solids from wastewater treatment plants. Currently bio-solids and sludge from both Te Awamutu and Cambridge treatment plants are stored on site. Disposal of bio-solids to landfill is extremely expensive and not sustainable in the longer term. We will continue to work with other authorities to investigate options for sustainable management of sludge and bio solids.

## **The level of service we will deliver**



We are planning a significant upgrade in treatment plants in 2017/18 to ensure we meet environmental compliance requirements and new demand driven by population growth. For all other activities within this group we will maintain the current level of service.

Council will carry out an assessment to determine whether a review of the delivery of the service is required under section 17A of the Local Government Act 2002.

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

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

Table 51: Wastewater treatment and disposal community outcomes

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

The significant decisions faced by Council in achieving these outcomes are drawn together in a table in the Infrastructure Strategy (included in this 10-Year Plan) which starts on page 57.

## Key projects

The following projects are planned for 2015-25:

Table 52: Wastewater treatment and disposal key projects

Project	Description	Timeframe	Total cost for 10 years (\$000)
Renewals (sewer pipes District-wide)	Renewal of existing wastewater pipes.	2015/16 - 2024/25	\$13,639
Cambridge Wastewater Treatment Plant Upgrade	Upgrade of existing plant to meet environmental compliance and accommodate for future growth.	2016/17 - 2020/21	\$24,167
Te Awamutu Wastewater Treatment Plant Upgrade	Upgrade of existing plant to meet environmental compliance and accommodate for future growth.	2016/17 - 2017/18 and 2020/21-2022/23	\$13,536
Cambridge Pipe Bridge	Upgrading and strengthen bridge to accommodate increased volumes of wastewater.	2015/16 – 2017/18, and 2020/21	\$9,444
Te Awamutu Wastewater Pipe Upgrades	Upgrade of existing pipe to accommodate additional wastewater flows.	2015/16	\$828
Cambridge Wastewater Pipe Upgrades	Upgrade of existing pipe to accommodate additional wastewater flows.	2015/16 – 2016/17 and 2024/25	\$4,028
Cambridge North Deferred Residential	Water works within the Cambridge North residential area.	2015/16, 2018/19 – 2019/20 and 2021/22	\$1,686

Details of the costs associated with these projects and other financial information relevant to this group of activity are included in the following pages.

## Potential significant negative effects

Table 53: Wastewater treatment and disposal potential significant negative effects

Potential negative effect	How we are addressing this
The collection, treatment and disposal of sewage may result in odours and spillages.	We respond promptly to sewage complaints of odour and sewage spills.
Inadequate monitoring and infrastructure planning could potentially result in significant adverse environmental effects such as damage to waterways. Public health risk, pollution and disease could also occur.	We aim to minimise this risk by ensuring compliance with discharge consent conditions, and by ensuring compliance with appropriate New Zealand standards.
Increasing environmental standards will result in significant capital investment and ongoing operational costs in treatment facilities in the future years.	While these costs will be passed on to users of the service, they will increase over time as Council continues to comply with standards. The ability of users to sustain and fund projected levels of expenditure will be carefully considered to minimise the impacts on community economic wellbeing.



## Wastewater treatment and disposal: What you can expect from us

We provide a reliable wastewater system that supports community health and minimises impacts on the environment.

### We will track the success of our service:

Table 54: Wastewater treatment and disposal performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target				
				2015/16	2016/17	2017/18	2018-25	
Wastewater	Wastewater is managed to minimise environmental impact in a way that is most cost-effective	The number of dry weather sewerage overflows. <sup>41</sup>	3	<5	<5	<5	<5	
		Compliance with consents for discharge from the sewerage system. <sup>42</sup>	Number of Abatement notices.	0	0	0	0	0
			Number of Infringement notices.	0	0	0	0	0
			Number of Enforcement orders.	0	0	0	0	0
			Number of Convictions.	0	0	0	0	0
		The median response time for call-outs in response to a sewerage overflow. <sup>43</sup>	The time (hours) from notification for service personnel to reach the site.	Not previously measured	2	2	2	2
The time (hours) from notification to resolution of a blockage or other fault.	Not previously measured		6	6	6	6		

<sup>41</sup> Full wording of mandatory measure is: The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.

<sup>42</sup> Full wording of mandatory measure is: Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices, (b) infringement notices, (c) enforcement orders, (d) convictions received by the territorial authority in relation to those resource consents

<sup>43</sup> Full wording of mandatory measure is: Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, (b) Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
		The number of complaints received about any of the following: odour, system faults, blockages, and the response time to any of these issue. <sup>44</sup>	4.1	<15	<15	<15	<15

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<sup>44</sup> Full wording of mandatory measure is: The total number of complaints received by the territorial authority about any of the following (expressed per 1000 connections to the territorial authority's sewerage system): Sewerage odour, sewerage system faults, sewerage system blockages, territorial authority's response to issues with its sewerage system.

## Statement of cost of service

Table 55: Wastewater treatment and disposal statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Fees and Charges	460	469	487	501	517	534	553	574	595	619	645
<b>TOTAL REVENUE</b>	<b>460</b>	<b>469</b>	<b>487</b>	<b>501</b>	<b>517</b>	<b>534</b>	<b>553</b>	<b>574</b>	<b>595</b>	<b>619</b>	<b>645</b>
<b>OPERATING EXPENDITURE</b>											
Depreciation and Amortisation	3,034	3,100	3,310	3,486	3,734	3,963	4,108	4,392	4,676	4,869	5,077
Activity Expenses	2,350	2,696	2,837	2,909	3,613	5,427	4,780	5,528	5,391	5,605	5,818
Internal charges and Overheads	880	855	870	901	991	1,132	1,106	1,174	1,195	1,221	1,236
Finance Costs	129	6	-	64	360	580	519	612	753	658	534
<b>TOTAL EXPENDITURE</b>	<b>6,393</b>	<b>6,657</b>	<b>7,017</b>	<b>7,360</b>	<b>8,698</b>	<b>11,102</b>	<b>10,513</b>	<b>11,706</b>	<b>12,015</b>	<b>12,353</b>	<b>12,665</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(5,933)</b>	<b>(6,188)</b>	<b>(6,530)</b>	<b>(6,859)</b>	<b>(8,181)</b>	<b>(10,568)</b>	<b>(9,960)</b>	<b>(11,132)</b>	<b>(11,420)</b>	<b>(11,734)</b>	<b>(12,020)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	2,874	3,426	7,653	16,000	9,974	2,277	9,935	10,726	2,431	2,198	5,620
Vested Assets	344	257	215	221	228	314	380	394	409	425	10,068
Debt Repayment (Internal)	613	327	-	120	580	2,931	803	934	3,815	4,304	1,653
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>3,831</b>	<b>4,010</b>	<b>7,868</b>	<b>16,341</b>	<b>10,782</b>	<b>5,522</b>	<b>11,118</b>	<b>12,054</b>	<b>6,655</b>	<b>6,927</b>	<b>17,341</b>

## Capital expenditure table

Table 56: Wastewater treatment and disposal capital expenditure

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>To Meet Additional Demand</b>											
Cambridge Wastewater Treatment Plant Upgrade Stage 2	-	-	-	-	-	247	7,423	-	-	-	-
Cambridge North Deferred Residential	-	352	-	-	189	591	-	554	-	-	-
Cambridge Wastewater Pipe Upgrades	-	910	511	-	-	-	-	-	-	-	2,607
Te Awamutu Wastewater Pipe Upgrades	-	564	-	-	-	-	-	-	-	-	264
Te Awamutu Wastewater Treatment Plant Upgrade	-	-	1,774	2,542	-	-	771	8,281	168	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	-	1,826	2,285	2,542	189	838	8,194	8,835	168	-	2,871
<b>To Improve Level of Service</b>											
Cambridge Wastewater Treatment Plant Upgrade Stage 1	40	-	225	7,891	8,381	-	-	-	-	-	-
Te Awamutu Wastewater Treatment Plant Upgrade	161	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to Improve Level of Service</b>	201	-	225	7,891	8,381	-	-	-	-	-	-
<b>To Replace Existing Assets</b>											
Renewals	829	650	727	802	1,107	1,186	1,270	1,667	1,795	1,944	2,491
Cambridge Pipe Bridge	150	507	4,126	4,575	-	-	236	-	-	-	-
Cambridge WWTP Perimeter Fencing	-	250	-	-	-	-	-	-	-	-	-
Reticulation	1,198	-	-	-	-	-	-	-	-	-	-
Plant and Pumps	364	193	290	190	297	253	235	224	468	254	258
Pipe Condition Assessments & infiltration Study	132	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	2,673	1,600	5,143	5,567	1,404	1,439	1,741	1,891	2,263	2,198	2,749
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,874</b>	<b>3,426</b>	<b>7,653</b>	<b>16,000</b>	<b>9,974</b>	<b>2,277</b>	<b>9,935</b>	<b>10,726</b>	<b>2,431</b>	<b>2,198</b>	<b>5,620</b>

## Funding impact statement

Table 57: Wastewater treatment and disposal funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	331	463	528	596	757	1,001	1,000	1,110	1,147	1,177	1,213
Targeted rates	5,691	6,023	6,166	6,300	6,925	8,201	8,742	9,642	10,199	10,480	10,727
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	460	469	487	501	517	534	553	574	595	619	645
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>6,482</b>	<b>6,955</b>	<b>7,181</b>	<b>7,397</b>	<b>8,199</b>	<b>9,736</b>	<b>10,295</b>	<b>11,326</b>	<b>11,941</b>	<b>12,276</b>	<b>12,585</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	2,258	2,603	2,740	2,809	3,510	5,321	4,671	5,415	5,273	5,482	5,690
Finance costs	129	6	-	64	360	580	519	612	753	658	534
Internal charges and overheads applied	880	855	870	901	991	1,132	1,106	1,174	1,195	1,221	1,236
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,267</b>	<b>3,464</b>	<b>3,610</b>	<b>3,774</b>	<b>4,861</b>	<b>7,033</b>	<b>6,296</b>	<b>7,201</b>	<b>7,221</b>	<b>7,361</b>	<b>7,460</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,215</b>	<b>3,491</b>	<b>3,571</b>	<b>3,623</b>	<b>3,338</b>	<b>2,703</b>	<b>3,999</b>	<b>4,125</b>	<b>4,720</b>	<b>4,915</b>	<b>5,125</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	434	831	997	1,079	1,178	1,264	1,365	1,534	1,591	1,655	1,831
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>434</b>	<b>831</b>	<b>997</b>	<b>1,079</b>	<b>1,178</b>	<b>1,264</b>	<b>1,365</b>	<b>1,534</b>	<b>1,591</b>	<b>1,655</b>	<b>1,831</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	1,826	2,285	2,542	189	838	8,194	8,835	168	-	2,871
- to improve the level of service	201	-	225	7,891	8,381	-	-	-	-	-	-
- to replace existing assets	2,673	1,600	5,143	5,567	1,404	1,439	1,741	1,891	2,263	2,198	2,749
Increase (decrease) in reserves	775	896	(3,085)	(11,298)	(5,458)	1,690	(4,571)	(5,067)	3,880	4,372	1,336
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,649</b>	<b>4,322</b>	<b>4,568</b>	<b>4,702</b>	<b>4,516</b>	<b>3,967</b>	<b>5,364</b>	<b>5,659</b>	<b>6,311</b>	<b>6,570</b>	<b>6,956</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,215)</b>	<b>(3,491)</b>	<b>(3,571)</b>	<b>(3,623)</b>	<b>(3,338)</b>	<b>(2,703)</b>	<b>(3,999)</b>	<b>(4,125)</b>	<b>(4,720)</b>	<b>(4,915)</b>	<b>(5,125)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## **Water treatment and supply**

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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.

The water network infrastructure is a core service of Council and water treatment and supply is recognised by our Significance and Engagement Policy as a significant activity of Council. The Infrastructure Strategy (refer to page 57) outlines the strategic intent of this activity.

### **What we do**

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

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

### **Cambridge/Karāpiro**

The Cambridge/Karāpiro water supply has three sources of water - Lake Karāpiro, springs on Maungatautari (Hicks Road) and the Waikato River.

Water is treated at Karāpiro, Hicks Road and Alpha Street treatment plants.

Treated water is fed to the Karāpiro reservoirs to the reticulation network from the Karāpiro and Hicks Road treatment plants. There is also a reservoir in Cambridge North to supply the new subdivisions in the area and this reservoir is filled from the existing reticulation network.

The Cambridge/Karāpiro water supply scheme is connected to the Pukerimu scheme to manage low pressures to the properties who are part of the Pukerimu scheme and adjacent to Cambridge during times of peak demand.

### **Pukerimu/Ohaupo**

Water is abstracted from the Waikato River at Pukerimu Lane, Cambridge, treated and stored at the Parallel Road, Cox Road and Ohaupo reservoirs.

The scheme was originally constructed for horticultural purposes but the industry didn't take off. The water supply is used as a rural stock supply, and also supplies the township of Ohaupo, rural residential properties and the Hamilton Airport.

## **Te Awamutu/Pirongia**

Water is abstracted from the Maungauika Stream and treated at the Te Tahi water treatment plant. It is then gravity fed to Pirongia and gravity/pumped to Te Awamutu, and stored in reservoirs at Taylor's Hill.

## **Kihikihi**

Kihikihi's water supply is sourced from two groundwater bores and is treated at the Rolleston Water Treatment Plant and stored in the Rolleston Street reservoir.

## **Why we do it**

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

## **The environment in which we work**

Water infrastructure is the biggest challenge facing our district over the next 10 to 30 years, particularly given our projected population growth. Over the next decade alone, we'll need to spend more than \$200 million on water, wastewater and stormwater projects. The challenges are clear:

- a) Our towns and industrial areas have outgrown their water supplies.
- b) In parts of the district, we're struggling to provide enough water, especially during summer.
- c) Some of our water infrastructure is old and needs replacing.
- d) We have water pressure, taste and odour issues to resolve.
- e) Our resource consent conditions have changed, including restrictions on how much water we can take from local streams, bores and rivers.
- f) We have to comply with new rules to protect the environment.
- g) We have to comply with drinking water standards.
- h) We have to provide back-up options in case water infrastructure fails.

In addition to this, appliances like dishwashers, pools, spas and home sprinkler systems mean we're using more water than ever before.

A sub-regional Three Water's Strategy has been prepared by the Future Proof partnership to provide an overarching framework for the development and maintenance of the water supply, stormwater and wastewater systems of the Waipa and Waikato Districts and Hamilton City. This strategy has an action plan which is being implemented by the partnership councils.

The demand for water has increased and environmental constraints are more onerous, placing increased pressure on the water sources and the ability to treat and store water. Seasonally we are forced to restrict usage and in years of drought our supply is severely



limited in some schemes. In addition, in parts of Cambridge there are areas which experience water pressure issues during times of peak demand.

Demand is expected to increase within the boundaries of the water supply area. In particular, the Hamilton International Airport and Titanium Park industrial development will require additional supply.

In the ‘Key projects’ section below, we have included Council’s planned projects to address the issues outlined above. In a nutshell, this includes:

- Council investigating groundwater options (to supply Te Awamutu) in Year 1 of the plan. If the right quality and quantity of water is found, then piping the water from the Waikato River will not be necessary in the future.
- Carrying out improvements to the Pukerimu treatment plant, so that water from this plant can be piped to Te Awamutu in the future (if required) and also used by Ohaupo as well as neighbouring rural and commercial users, including industrial users at the airport.
- Upgrading Cambridge’s water treatment plants and pipelines to allow for future growth and improve water pressure.

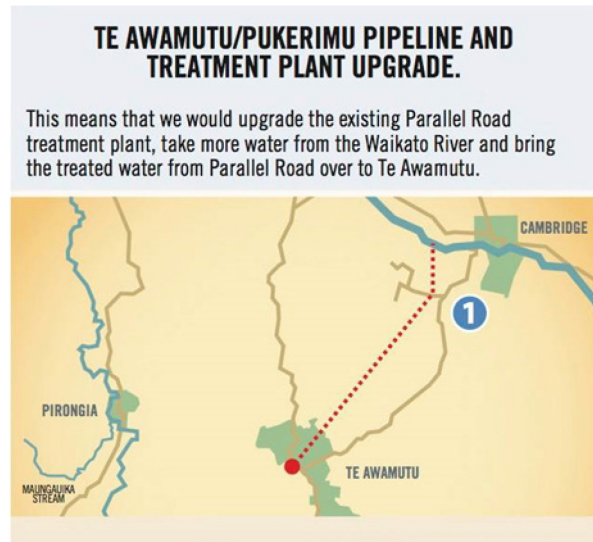


Figure 17: Te Awamutu/Pukerimu pipeline and treatment plant upgrade

### Charging for water

All water consumers in the Waipa district will be impacted by the costs our district is facing to help pay for critical work on water infrastructure.

At this stage, we cannot say specifically by how much for individual ratepayers. That is because, at this stage, we have not decided how we will charge for water once water meters are introduced to those parts of the district that do not already have them.

There are two components to any water meter charging regime. One is the fixed charge (like an electricity line charge) and the other is for the water consumers actually use (called a variable charge). People who use more water will pay more. People who use less water will pay less. The fixed charge will be the same for everyone. No-one will be charged ‘twice’ for the same amount of water.

How we charge for water will be something that we will discuss with the community before decisions are made.

## Water tanks

We do not require rainwater collection tanks to be installed in every house in the Waipa district. But there is nothing to stop people installing tanks to collect and use rainwater if they wish to. Many people have already done so and reduced the amount of water they use from town supplies. Council supports this.

However Council's role is to provide the infrastructure necessary to supply and treat water to national standards for residents and ratepayers. In drier months when rainwater collection tanks need topping up, we need to be able to supply the water to do so. We are also obliged to supply water for fire-fighting. And we must ensure that rainwater tanks cannot cross-contaminate the public water supply.

The installation of rainwater tanks is welcome but installing tanks will not resolve the water challenges facing our district.

## Using less water

In putting together this 10-Year Plan we've made a number of key assumptions. One of them is that people across the district will use less water in the future.

To ensure this happens, we have already planned for a number of initiatives, including the installation of water meters in those parts of the district that do not already have them. In fact, one of the conditions of the Te Awamutu water take resource consent (issued by the Waikato Regional Council) is that water meters are installed. Reducing water use in Waipa is a critical issue. All of the options and costs in this 10-Year Plan are reliant upon water use in the district reducing significantly.

In the future, Council needs Waipa people to restrict their water use to around 190 litres per person, per day of water. That's more than enough for residential use but is less than what is currently being used on a daily basis by people in Cambridge, Te Awamutu-Kihikihi and (to a lesser extent), Pirongia (see table below).

Table 58: Water use and water meter use

Location	Average water use per person, per day (2014)	Water meters
Cambridge	250 litres	No
Te Awamutu	250 litres	No
Kihikihi	250 litres	No
Ohaupo	185 litres	Yes
Pirongia	210 litres	Yes

Unless our usage drops, our district will be forced to pay even more for expensive water infrastructure, and to pay sooner, than is already provided for in this 10-Year Plan. By reducing how much water we use in the first place, we can avoid spending more money than we need to.

To help reduce how much water is used, we're supporting a number of initiatives:

- 1) Installing water meters in those parts of our district that do not already have them. Meters would be introduced, as planned, in Cambridge, Te Awamutu and Kihikihi beginning in 2016/17. (The installation of water meters was widely discussed and consulted on in the 10-year Plan 2012-2022 and the decision was made to install them throughout the district.)
- 2) Identifying and replacing leaky pipes as soon as we can.
- 3) More tightly managing water demand from the rural, industrial and commercial sectors.

### **Waikato water study**

In October 2014, Waipa District Council agreed to join with Hamilton City Council and Waikato District Council and jointly fund a study into how best to manage water infrastructure across all three councils in the future. The study will look at three options:

- a) Boosting the existing shared service arrangements between all three councils.
- b) Retaining the status quo with each council running its own operations.
- c) Forming a ratepayer-owned and council-controlled organisation (CCO) to run water services on behalf of all three councils.

The study will NOT consider establishing a private water company. The privatisation of council-delivered water services is against the law in New Zealand.

The results of the study are being assessed and decisions should be made towards the end of 2015. Should any changes be recommended as a result of this study, those changes would need to be widely discussed with the Waipa community.

For further information about this project go to [www.waterstudywaikato.org.nz](http://www.waterstudywaikato.org.nz)



### **The level of service we will deliver**

We are planning a significant investment in water supply infrastructure to ensure that we meet the level of service the community can expect. This will also ensure we can meet new demand driven by expected population growth, the New Zealand drinking water standards (by providing for increased storage and upgrading treatment plants), improving water pressure where required and adhering to increased levels of environmental compliance. Council will carry out an assessment to determine whether a review of the delivery of the service is required under section 17A of the Local Government Act 2002.

## What community outcomes does it contribute to?

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

Table 59: Water treatment and supply community outcomes

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

The significant decisions faced by Council in achieving these outcomes are drawn together in a table in the Infrastructure Strategy (included in this 10-Year Plan) which starts on page 57.

## Key projects

The following key projects are planned for 2015-25:

Table 60: Water treatment and supply key projects

Project	Description	Timeframe	Total cost for 10 years (\$000)
District-wide Main Replacement Criticality 1 & 2	Renewal of existing water pipes	2015/16 -2024/25	\$18,743 and \$23,003
Te Tahi - Papesch Rd Trunk Duplication & Renewal	Renewal of existing water pipes.	2021/22 - 2024/25	\$6,772
Water Meters - New and Replacement	Installation of water meters for water conservation.	2015/16 -2024/25	\$7,893
Frontier Rd to Taylors Hill Trunk Main	Installation of additional main to the reservoirs for security and system optimisation.	2020/21 - 2021/22	\$1,400
District-wide Rider Main Installation	Renewal of existing water pipes.	2015/16 -2024/25	\$1,533
Cambridge Hicks Road Water Treatment Plant Upgrade	Construction of new treatment plant to adhere to the New Zealand Drinking Water Standards.	2015/16 and 2020/21	\$2,498
Cambridge North Water Provision	Water works within the Cambridge North residential area.	2015/16 - 2016/17, 2018/19 – 2020/21	\$688
Karāpiro Rising Main	Installation of new main to increase capacity.	2015-16	\$1,452
Airport Water Supply Stage 2	Installation of new pipelines to increase the supply to the airport to support industrial	2020/21	\$1,245

Project	Description	Timeframe	Total cost for 10 years (\$000)
	development.		
Karāpiro Water Treatment Plant Upgrade	Upgrade of the existing treatment plant to cater for growth.	2015/16 - 2017/18	\$5,892
Parallel Rd Water Treatment Plant Upgrade	Upgrade of the existing treatment plant to cater for growth and provide a supplementary supply to the Te Awamutu water supply to respond to Waikato Regional Council water consent which required a reduction in water take from 2030.	2017/18 - 2019/20	\$10,064
Parallel Rd to Taylors Hill Pipeline	Installation of new pipeline connecting the Pukerimu and Te Awamutu Water supply schemes to provide a supplementary supply to the Te Awamutu water supply to respond to Waikato Regional Council water consent which requires a reduction in water take from 2030.	2016/17 - 2019/20	\$21,781
Te Awamutu Fire/LOS Service Upgrades	Upgrades to existing water pipes to ensure compliance with the Firefighting standards and increase pressure.	2021/22 - 2022/23	\$1,145
Dedicated Cambridge North Water Main	Installation of new main to provide water to the Cambridge north residential growth area.	2015/16 - 2016/17	\$576
Cambridge North to Hautapu Pipeline and C8	Installation of new main to provide water to the proposed Hautapu Industrial growth area.	2020/21 - 2022/23	\$2,951
Cambridge Fire & Water LOS Upgrades	Upgrades to existing water pipes to ensure compliance with the Firefighting standards and increase pressure.	2020/21 – 2024/25	\$4,083
T9 Te Rahu - Picquet Hill Water Reticulation	Installation of new pipelines to accommodate growth.	2018/19	\$190
Bond Rd/T3-T10 Water Reticulation	Installation of new pipelines to accommodate growth.	2024/25	\$737
Investigation of New Water Sources for Te Awamutu	Investigating groundwater options to supply Te Awamutu	2015/16	\$600

Details of the costs associated with these projects and other financial information relevant to this group of activity is included on the following pages.

## Potential significant negative effects

Table 61: Water treatment and supply potential significant negative effects

Potential negative effect	How we are addressing this
<p>Abstracting water has the potential to generate adverse environmental impacts, such as depletion of the supply sources. We are subject to resource consents regarding water abstraction, and the Waikato Regional Council monitors our activities and the water source to ensure long term environmental effects are minimised. The challenge for communities with reticulated supplies is to ensure the most efficient use of water resources.</p>	<p>To effectively manage the available water resources, we plan to require water meters to be installed on all properties connected to Council’s water supply schemes.</p> <p>The Future Proof partners have prepared a Sub-regional Three Waters Strategy and we will commence an Action Plan for the delivery of the three waters for the Waipa Community. This will ensure the most effective and efficient use of the treated water resource.</p>
<p>Increased public health standards have resulted in the need for significant capital investment and the subsequent ongoing operational costs in treatment facilities in future years.</p>	<p>While the costs will be met by users of the service over time, they will increase over time as we continue to meet standards. The ability of users to sustain and fund projected levels of expenditure in order to meet increasing environmental standards will be carefully considered to minimise the impact on community economic wellbeing.</p>

## Water treatment and supply: What you can expect from us

We provide a reliable supply of water sufficient to meet residential and industry needs which supports district development.

### We will track the success of our service:

Table 62: Water treatment and supply performance measures

Activity	The service we provide	How we measure success			Results for 2013/2014	Performance Target				
						2015/16	2016/17	2017/18	2018-25	
Water treatment and supply	The community is provided with safe and pleasant drinking water through a reliable piped water system (within specified areas) in a way that is most cost-effective	The extent to which the local authority's drinking water supply complies with the drinking-water standards. <sup>45</sup>	Compliant with bacterial compliance criteria.	Cambridge & Karāpiro.	Treatment plant.	Non-Compliant (NC)	NC	NC	NC	C
					Network zones.	Compliant (C)	C	C	C	C
				Te Awamutu & Pirongia.	Treatment plant.	Non-Compliant	C	C	C	C
					Network zones.	Compliant	C	C	C	C
				Kihikihi.	Treatment plant.	Compliant	C	C	C	C
					Network zones.	Compliant	C	C	C	C
				Ohaupo & Pukerimu.	Treatment plant.	Non-Compliant	C	C	C	C
					Network	Compliant	C	C	C	C

<sup>45</sup> Full wording of mandatory measure is: The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking water standards (bacteria compliance criteria); and (b) part 5 of the drinking water standards (protozoal compliance criteria).

Activity	The service we provide	How we measure success			Results for 2013/2014	Performance Target				
						2015/16	2016/17	2017/18	2018-25	
				zones.						
		Compliant with protozoal compliance criteria.	Cambridge & Karāpiro.	Treatment plant.	Non-Compliant	NC	NC	NC	C	
				Network zones.	Compliant	C	C	C	C	
			Te Awamutu & Pirongia.	Treatment plant.	Non-Compliant	C	C	C	C	
				Network zones.	Compliant	C	C	C	C	
			Kihikihi .	Treatment plant.	Compliant	C	C	C	C	
				Network zones.	Compliant	C	C	C	C	
			Ohaupo & Pukerimu.	Treatment plant.	Compliant	C	C	C	C	
				Network zones.	Compliant	C	C	C	C	
			Median response time for call-outs in response to a fault or unplanned interruption to the	Attendance for urgent call-out from the time of notification. (hours) <sup>47</sup>		Not previously measured	2	2	2	2

<sup>47</sup> Full wording of mandatory measure is: Attendance for urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.



Activity	The service we provide	How we measure success		Results for 2013/2014	Performance Target			
					2015/16	2016/17	2017/18	2018-25
		network. <sup>46</sup>	Resolution of urgent call-outs from the time of notification (hours). <sup>48</sup>	Not previously measured	6	6	6	6
			Attendance for non-urgent call-outs from the time of notification (days). <sup>49</sup>	Not previously measured	2	2	2	2
			Resolution of non-urgent call-outs from the time of notification (days). <sup>50</sup>	Not previously measured	10	10	10	10
Water treatment and supply	The community is provided with safe and pleasant drinking water through a reliable piped water system (within	The total number of complaints received about any of the following: Drinking water clarity, taste, odour, pressure or flow, continuity of supply, and the response to any of these issues. <sup>51</sup>		25.5	<30	<30	<30	<20

<sup>46</sup> Full wording of mandatory measure is: Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured:.

<sup>48</sup> Full wording of mandatory measure is: Resolution of urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

<sup>49</sup> Full wording of mandatory measure is: Attendance for non-urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

<sup>50</sup> Full wording of mandatory measure is: Resolution of non-urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

<sup>51</sup> Full wording of the mandatory measure is: The total number of complaints received by the local authority about any of the following (expressed per 1000 connections to the local authority's networked reticulation system): Drinking water clarity, drinking water taste, drinking water odour, drinking water pressure or flow, continuity of supply, the local authority's response to any of these issues.

Activity	The service we provide	How we measure success		Results for 2013/2014	Performance Target			
					2015/16	2016/17	2017/18	2018-25
	specified areas) in a way that is most cost-effective							
	The supply and demand are managed to ensure prudent use of water.	The percentage of real water loss from the networked reticulation system. <sup>52</sup>	Cambridge & Karāpiro.	7.2%	<15%	<15%	<15%	<12%
Te Awamutu & Pirongia.			9.4%	<15%	<15%	<15%	<12%	
Kihikihi.			23%	<25%	<25%	<25%	<20%	
Ohaupo & Pukerimu.			17%	<20%	<20%	<20%	<20%	
		The average consumption of drinking water per day per resident. <sup>53</sup>	Cambridge & Karāpiro.	250	250	250	250	190
Te Awamutu & Pirongia.			250	250	250	250	190	
Kihikihi.			250	250	250	250	250	
Ohaupo & Pukerimu.			185	185	185	185	185	

<sup>52</sup> Full wording of the mandatory measure is: The percentage of real water loss from the local authority's networked reticulation system. Note these results are from pre 2013/2014.

<sup>53</sup> Full wording of the mandatory measure is: The average consumption of drinking water per day per resident within the territorial authority district.

## Statement of cost of service

Table 63: Water treatment and supply statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Fees, charges and targeted rates for water supply	5,790	5,935	6,161	6,345	6,546	9,245	9,570	9,927	10,300	10,714	11,161
<b>TOTAL REVENUE</b>	<b>5,790</b>	<b>5,935</b>	<b>6,161</b>	<b>6,345</b>	<b>6,546</b>	<b>9,245</b>	<b>9,570</b>	<b>9,927</b>	<b>10,300</b>	<b>10,714</b>	<b>11,161</b>
<b>OPERATING EXPENDITURE</b>											
Depreciation and Amortisation	3,844	3,945	4,254	4,516	4,752	5,185	5,628	5,864	6,168	6,470	6,782
Activity Expenses	4,566	5,275	5,531	5,565	5,927	6,701	6,786	7,180	7,308	7,515	7,794
Internal charges and Overheads	268	341	409	409	400	451	532	532	557	599	620
Finance Costs	7	-	-	-	-	347	867	946	1,102	1,291	1,421
<b>TOTAL EXPENDITURE</b>	<b>8,685</b>	<b>9,561</b>	<b>10,194</b>	<b>10,490</b>	<b>11,079</b>	<b>12,684</b>	<b>13,813</b>	<b>14,522</b>	<b>15,135</b>	<b>15,875</b>	<b>16,617</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(2,895)</b>	<b>(3,626)</b>	<b>(4,033)</b>	<b>(4,145)</b>	<b>(4,533)</b>	<b>(3,439)</b>	<b>(4,243)</b>	<b>(4,595)</b>	<b>(4,835)</b>	<b>(5,161)</b>	<b>(5,456)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	6,950	8,104	8,155	9,345	21,110	21,501	7,793	10,662	11,342	10,653	10,735
Vested Assets	527	297	308	317	328	451	545	565	586	610	635
Debt Repayment (Internal)	-	28	-	-	-	460	1,768	1,223	1,727	2,186	2,339
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>7,477</b>	<b>8,429</b>	<b>8,463</b>	<b>9,662</b>	<b>21,438</b>	<b>22,412</b>	<b>10,106</b>	<b>12,450</b>	<b>13,655</b>	<b>13,449</b>	<b>13,709</b>

## Capital expenditure table

Table 64: Water treatment and supply capital expenditure table

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>To Meet Additional Demand</b>											
Cambridge North to Hautapu Pipeline and C8	-	-	-	-	-	-	141	2,049	761	-	-
Karapiro Rising Main	70	1,452	-	-	-	-	-	-	-	-	-
T9 Te Rahu - Picquet Hill Water Reticulation	-	-	-	-	190	-	-	-	-	-	-
Cambridge North Water Provision	-	98	278	-	108	124	80	-	-	-	-
Dedicated Cambridge North Water Main	-	250	326	-	-	-	-	-	-	-	-
Karapiro Water Treatment Plant Upgrade	-	150	2,829	2,913	-	-	-	-	-	-	-
Cambridge Water Reticulation Active Control	-	70	-	-	-	-	-	-	127	528	-
Bond Rd/T3-T10 Water Reticulation	-	-	-	-	-	-	-	-	-	-	737
Airport Water Supply Stage 2	-	-	-	-	-	-	1,245	-	-	-	-
Cambridge Upgrade Pipe Bridge Water Portion	-	-	-	-	-	-	236	-	-	-	-
<b>Total Capital Expenditure to Meet Additional Demand</b>	<b>70</b>	<b>2,020</b>	<b>3,433</b>	<b>2,913</b>	<b>298</b>	<b>124</b>	<b>1,702</b>	<b>2,049</b>	<b>888</b>	<b>528</b>	<b>737</b>
<b>To Improve Level of Service</b>											
Cambridge Hicks Rd WTP Upgrade	1,164	2,303	-	-	-	-	195	-	-	-	-
Karapiro Village Solution Construction	-	175	-	-	-	-	-	-	-	-	-
Parallel Rd Water Treatment Plant Upgrade	-	-	-	535	4,688	4,841	-	-	-	-	-
Parallel Rd to Taylors Hill Pipeline	-	-	208	214	10,396	10,963	-	-	-	-	-
Cambridge Fire & Water LOS Upgrades	-	-	-	-	-	-	193	917	952	990	1,031
Standby Generators for Treatment Plants	-	108	-	137	-	250	-	-	-	-	-
Te Awamutu Fire/LOS Service Upgrades	-	-	-	-	-	-	-	245	900	-	-
Te Tahi Consent Compliance - Installation of New Plant	-	67	-	-	-	-	-	-	-	-	-
Te Awamutu New Reservoir/Water Storage	2,630	-	-	-	-	-	-	-	127	528	-
Frontier Rd to Taylors Hill Trunk Main	-	-	-	-	-	-	177	1,223	-	-	-
Pukerimu Water Supply - Upgrade Supply to Airport	75	151	-	-	-	-	-	-	-	-	-
District Wide Zone Identification	338	-	-	-	-	-	-	-	428	221	191
Te Awamutu Pressure Management	68	-	-	-	-	-	-	-	-	-	-
Drinking Water Compliance	142	5	228	-	-	-	-	208	-	-	-
Investigation of New Water Sources Te Awamutu	-	600	-	-	-	-	-	-	-	-	-
Water Meters - New and Replacement	402	766	2,160	2,224	2,283	70	72	75	78	81	84
<b>Total Capital Expenditure to Improve Level of Service</b>	<b>4,819</b>	<b>4,175</b>	<b>2,596</b>	<b>3,110</b>	<b>17,367</b>	<b>16,124</b>	<b>637</b>	<b>2,668</b>	<b>2,485</b>	<b>1,820</b>	<b>1,306</b>
<b>To Replace Existing Assets</b>											
Renewals	342	178	329	189	212	187	210	259	209	313	283
DW Main Replacement Criticality 1	1,483	1,600	1,661	1,710	1,765	1,822	1,886	1,957	2,030	2,112	2,200
District Wide Rider Main Installation	-	131	136	140	144	149	154	160	166	173	180
District Wide Main Replacement & Upgrade - Criticality 2	-	-	-	1,283	1,324	3,095	3,204	3,324	3,449	3,587	3,737
Te Tahi - Papesch Rd Trunk Duplication & Renewal	-	-	-	-	-	-	-	245	2,115	2,120	2,292
DW Leak & Condition Investigation	20	-	-	-	-	-	-	-	-	-	-
DW Reservoirs Investigation & Condition Assessment	216	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure to Replace Existing Assets</b>	<b>2,061</b>	<b>1,909</b>	<b>2,126</b>	<b>3,322</b>	<b>3,445</b>	<b>5,253</b>	<b>5,454</b>	<b>5,945</b>	<b>7,969</b>	<b>8,305</b>	<b>8,692</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>6,950</b>	<b>8,104</b>	<b>8,155</b>	<b>9,345</b>	<b>21,110</b>	<b>21,501</b>	<b>7,793</b>	<b>10,662</b>	<b>11,342</b>	<b>10,653</b>	<b>10,735</b>

## Funding impact statement

Table 65: Water treatment and supply funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	403	590	683	760	862	1,044	1,213	1,274	1,337	1,409	1,488
Targeted rates	3,978	4,159	4,276	4,548	4,778	2,313	2,446	2,933	3,306	3,656	3,869
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	5,790	5,935	6,161	6,345	6,546	9,245	9,570	9,927	10,300	10,714	11,161
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>10,171</b>	<b>10,684</b>	<b>11,120</b>	<b>11,653</b>	<b>12,186</b>	<b>12,602</b>	<b>13,229</b>	<b>14,134</b>	<b>14,943</b>	<b>15,779</b>	<b>16,518</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	4,447	5,155	5,406	5,437	5,794	6,563	6,644	7,033	7,155	7,356	7,628
Finance costs	7	-	-	-	-	347	867	946	1,102	1,291	1,421
Internal charges and overheads applied	268	341	409	409	400	451	532	532	557	599	620
Other operating funding applications	7	5	5	5	5	5	5	5	5	5	5
<b>Total applications of operating funding (B)</b>	<b>4,729</b>	<b>5,501</b>	<b>5,820</b>	<b>5,851</b>	<b>6,199</b>	<b>7,366</b>	<b>8,048</b>	<b>8,516</b>	<b>8,819</b>	<b>9,251</b>	<b>9,674</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>5,442</b>	<b>5,183</b>	<b>5,300</b>	<b>5,802</b>	<b>5,987</b>	<b>5,236</b>	<b>5,181</b>	<b>5,618</b>	<b>6,124</b>	<b>6,528</b>	<b>6,844</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	286	615	802	872	978	1,089	1,176	1,332	1,382	1,437	1,570
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>286</b>	<b>615</b>	<b>802</b>	<b>872</b>	<b>978</b>	<b>1,089</b>	<b>1,176</b>	<b>1,332</b>	<b>1,382</b>	<b>1,437</b>	<b>1,570</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	70	2,020	3,433	2,913	298	124	1,702	2,049	888	528	737
- to improve the level of service	4,819	4,175	2,596	3,110	17,367	16,124	637	2,668	2,485	1,820	1,306
- to replace existing assets	2,061	1,909	2,126	3,322	3,445	5,253	5,454	5,945	7,969	8,305	8,692
Increase (decrease) in reserves	(1,222)	(2,306)	(2,053)	(2,671)	(14,145)	(15,176)	(1,436)	(3,712)	(3,836)	(2,688)	(2,321)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,728</b>	<b>5,798</b>	<b>6,102</b>	<b>6,674</b>	<b>6,965</b>	<b>6,325</b>	<b>6,357</b>	<b>6,950</b>	<b>7,506</b>	<b>7,965</b>	<b>8,414</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(5,442)</b>	<b>(5,183)</b>	<b>(5,300)</b>	<b>(5,802)</b>	<b>(5,987)</b>	<b>(5,236)</b>	<b>(5,181)</b>	<b>(5,618)</b>	<b>(6,124)</b>	<b>(6,528)</b>	<b>(6,844)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## **Support services**

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

### **What we do**

Provide specialist skills and services to support the delivery of Council services.

#### **Customer support**

Providing information to customers, logging customer requests, and processing payments are some of the key tasks undertaken by customer support. This team is the primary interface between our customers and Council, often providing information customers require at the first point of contact to resolve 80% of queries. We are responsible for ensuring customers receive excellent support services and look for opportunities to make it easier for customers to do business with us.

#### **Financial management**

This includes revenue collection, payment processing, budgeting, financial and treasury management, tax compliance and financial reporting and analysis.

#### **Human resources**

The human resources (HR) team assists managers, team leaders and supervisors to effectively manage our diverse workforce through activities such as recruitment, induction, performance management, reward and recognition, and staff development. The HR team work closely with the Chief Executive and Executive Team to ensure our people-related policies, plans and processes empower staff, enhance their wellbeing, and that we continue to develop as a 'workplace of choice'. HR is also responsible for embedding a robust health and safety and employee wellbeing framework that reflects employee involvement and commitment in health and safety decisions and practices.

#### **Information services including information technology, information management, GIS and project management**

Information technology provides desktop and server technology, software solutions, phone systems as well as day-to-day Information Technology-related support for all staff. Records management, including the processing of inwards and outwards correspondence, and maintaining records and archives is the responsibility of the Information Management team. GIS manage and provide spatial information and externally oriented services such as maps online.

## **Legal and corporate support**

The legal and corporate support team service the elected Council, its committees, sub-committees and community boards in carrying out their governance processes (this activity is highlighted in the Governance section). The way in which Council conducts its activities and operations is in many cases controlled by legislation. The Local Government Act 2002, Local Government Official Information and Meetings Act 1987, Local Government Rating Act 2002, the Public Records Act 2005, Public Works Act 1981, Resource Management Act 1991 for example, set out the administrative procedures and requirements to which we must adhere. The legal and corporate support team play a key role in assisting with legislative compliance and in ensuring that Council is well served with legal advice and corporate support.

## **Property services**

The property services team manages the property portfolio of land owned and/or administered by Council. Land and buildings are maintained, leased, acquired and disposed of by this team as required.

## **Why we do it**

To support the organisation in effectively and efficiently delivering services.

## **The environment in which we work**

In preparing work programmes and delivering services, all support service activities have regard to the community outcomes.

Support services work closely with the other groups of activities to understand current and future needs. The work programmes of the support services teams are influenced by these requirements along with factors such as changes in legislation, customer expectations, and technology changes. The impact of any significant unplanned work will be addressed through the long term planning and annual plan processes and other reprioritisation processes as the need arises.

Support services activities do not generally generate revenue so a key challenge is managing costs while continuing to achieve statutory compliance and delivering the agreed levels of service. In this, support services play a key role in achieving the outcome of our services being acknowledged as excellent value for money.

## **Support services assets include buildings, vehicles and computer equipment.**


Maintenance and renewal works for buildings are identified through condition assessments incorporated within the activity management plans and the appropriate plans are put in place to manage the required work. There is a renewal programme to replace vehicles and computer equipment and software is replaced and updated on a cyclical basis.



## What community outcomes does it contribute to?

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

Table 66: Support services community outcomes

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

## Key projects

The following projects are planned for 2015-25:

Table 67: Support services key projects

Projects	Description	Timeframe	Total cost over 10 years (\$000)
Vehicle and other plant renewals.	An ongoing programme that ensures that our plant and vehicles are up-to-date and reliable.	2015/16 - 2024/25	\$5,602
Computer hardware and software renewals and upgrades.	An ongoing programme of renewal work that ensures that our computer hardware and software is up-to-date and reliable.	2015/16 - 2024/25	\$7,806
Animal control pound - Te Awamutu.	Design and construct a new pound in Te Awamutu.	2015-16	\$793
Office accommodation fit out and modernisation	This is the fit out of 101 Bank St and 135 Roche St (Council offices).	2015/16 - 2019/20, 2021/22 - 2022/23	\$2,692

Note: The animal control pound in Te Awamutu is undertaken within the planning and regulatory group of activities on page 145.

## Support services: What you can expect from us

We provide a responsive customer support service to our community.

### We will track the success of our service:

Table 68: Support services performance measures

Activity	The service we provide	How we measure success	Results for 2013/2014	Performance Target			
				2015/16	2016/17	2017/18	2018-25
Support Services	The community has enquiries completed at first resolution provided by Customer Support.	percentage of query calls received by Customer Support resolved at the time.	Not previously measured. <sup>54</sup>	75%	80%	80%	80%
		percentage of walk in queries received by Customer Support resolved at the time.	Not previously measured.	80%	80%	80%	80%

<sup>54</sup> From 2015/2016 this will include the closure of calls assigned to external contractors which were not previously included in reporting.

## Statement of cost of service

Table 69: Support services statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Fees and Charges	20	7	7	7	8	8	8	8	9	9	9
<b>TOTAL REVENUE</b>	<b>20</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>OPERATING EXPENDITURE</b>											
Employee Related Expenses	5,312	6,150	6,325	6,538	6,700	6,868	7,042	7,216	7,456	7,644	7,832
Depreciation and Amortisation	1,113	1,060	1,119	1,170	1,210	1,210	1,204	1,246	1,277	1,345	1,342
Activity Expenses	4,150	3,037	3,116	3,161	3,197	3,305	3,436	3,458	3,574	3,632	3,774
Finance Costs	(30)	185	454	553	749	1,140	1,341	1,352	1,407	1,193	1,107
<b>TOTAL EXPENDITURE</b>	<b>10,545</b>	<b>10,432</b>	<b>11,014</b>	<b>11,422</b>	<b>11,856</b>	<b>12,523</b>	<b>13,023</b>	<b>13,272</b>	<b>13,714</b>	<b>13,814</b>	<b>14,055</b>
<b>OPERATING NET COST OF SERVICE</b>	<b>(10,525)</b>	<b>(10,425)</b>	<b>(11,007)</b>	<b>(11,415)</b>	<b>(11,848)</b>	<b>(12,515)</b>	<b>(13,015)</b>	<b>(13,264)</b>	<b>(13,705)</b>	<b>(13,805)</b>	<b>(14,046)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	2,239	2,195	1,400	2,557	2,187	1,064	1,504	1,462	1,898	1,366	1,708
Debt Repayment	300	298	450	458	503	672	614	589	577	497	513
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,539</b>	<b>2,493</b>	<b>1,850</b>	<b>3,015</b>	<b>2,690</b>	<b>1,736</b>	<b>2,118</b>	<b>2,051</b>	<b>2,475</b>	<b>1,863</b>	<b>2,221</b>

## Capital expenditure table

Table 70: Support services capital expenditure

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>To Improve Level of Service</b>											
Buildings	634	803	235	804	889	78	-	71	753	-	196
Web Strategy	100	-	-	-	-	-	-	-	-	-	-
Computer Hardware Upgrades	50	50	-	105	108	-	-	118	-	126	-
<b>Total to Improve Level of Service</b>	<b>784</b>	<b>853</b>	<b>235</b>	<b>909</b>	<b>997</b>	<b>78</b>	<b>-</b>	<b>189</b>	<b>753</b>	<b>126</b>	<b>196</b>
<b>To Replace Existing Assets</b>											
Plant	500	549	467	541	585	570	595	519	524	541	711
Carparks Renewals	-	-	-	19	-	-	39	-	-	-	46
Computer Hardware Renewals	387	433	585	657	400	294	515	577	316	309	559
Computer Software Renewals	568	360	113	431	205	122	355	177	305	390	196
<b>Total to Replace Existing Assets</b>	<b>1,455</b>	<b>1,342</b>	<b>1,165</b>	<b>1,648</b>	<b>1,190</b>	<b>986</b>	<b>1,504</b>	<b>1,273</b>	<b>1,145</b>	<b>1,240</b>	<b>1,512</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,239</b>	<b>2,195</b>	<b>1,400</b>	<b>2,557</b>	<b>2,187</b>	<b>1,064</b>	<b>1,504</b>	<b>1,462</b>	<b>1,898</b>	<b>1,366</b>	<b>1,708</b>

## Funding impact statement

Table 71: Support services funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	314	293	295	303	345	387	456	424	357	311	311
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	20	7	7	7	8	8	8	8	9	9	9
Internal charges and overheads recovered	10,260	10,385	10,787	11,082	11,330	11,619	11,941	12,159	12,532	12,849	13,160
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of operating funding (A)</b>	<b>10,594</b>	<b>10,685</b>	<b>11,089</b>	<b>11,392</b>	<b>11,683</b>	<b>12,014</b>	<b>12,405</b>	<b>12,591</b>	<b>12,898</b>	<b>13,169</b>	<b>13,480</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	9,455	9,187	9,442	9,699	9,897	10,173	10,478	10,674	11,030	11,277	11,606
Finance costs	(30)	185	454	553	749	1,140	1,341	1,352	1,407	1,193	1,107
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,425</b>	<b>9,372</b>	<b>9,896</b>	<b>10,252</b>	<b>10,646</b>	<b>11,313</b>	<b>11,819</b>	<b>12,026</b>	<b>12,437</b>	<b>12,470</b>	<b>12,713</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,169</b>	<b>1,313</b>	<b>1,193</b>	<b>1,140</b>	<b>1,037</b>	<b>701</b>	<b>586</b>	<b>565</b>	<b>461</b>	<b>699</b>	<b>767</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>-</b>	<b>-</b>	<b>-</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	784	853	235	909	997	78	-	189	753	126	196
- to replace existing assets	1,455	1,342	1,165	1,648	1,190	986	1,504	1,273	1,145	1,240	1,512
Increase (decrease) in reserves	(1,070)	(882)	(207)	(1,417)	(1,150)	(363)	(918)	(897)	(1,437)	(667)	(941)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,169</b>	<b>1,313</b>	<b>1,193</b>	<b>1,140</b>	<b>1,037</b>	<b>701</b>	<b>586</b>	<b>565</b>	<b>461</b>	<b>699</b>	<b>767</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,169)</b>	<b>(1,313)</b>	<b>(1,193)</b>	<b>(1,140)</b>	<b>(1,037)</b>	<b>(701)</b>	<b>(586)</b>	<b>(565)</b>	<b>(461)</b>	<b>(699)</b>	<b>(767)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Amended by Council resolution on 30 May 2017

# Financial Planning





## Financial planning

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### Statement of prospective financial information

The financial information contained within this 10-Year Plan is prospective financial information which complies with the Financial Reporting Standard 42 (FRS). 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 years 2015-25, 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 2015/16 is considered to be a 'forecast year' and based on future events, which are expected to occur. The actual results achieved for the financial years 2015-25 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 (refer to pages 243 - 255) 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.

### Funding of operating expenditure

Section 100 of the Local Government Act 2002 requires us to fund operating expenditure from operating revenue.

The reasons for not fully funding selected operating expenses are detailed below:

### Infrastructural assets

The value of assets written off as a result of the renewal of infrastructural assets is not funded in the current or future years. The following group of activities are affected:

Table 79: Infrastructural assets

Group of Activities	2015/16 (\$000)
Roads and Footpaths	\$907
Stormwater	\$60
Water Treatment and Supply	\$120
Wastewater Treatment and Disposal	\$93

These estimates were based on trends relating to asset write-offs over the preceding three years.

### **Community services and facilities and support services**

We do not fund depreciation on buildings and improvements where future renewals would be from community sources or through raising new debt. This type of facility is primarily community occupied, has a life in excess of 50 years and renewal would only occur if future generations so decided. The amount of depreciation not funded in 2015/16 is \$590,400.

### **Forestry**

We have an investment in forestry and generate income from logging sales and expenditure to maintain and manage the forest. The income and expenditure do not necessarily match each year, with some years having high sales and other years no sales. To ensure that there is no flow on impact to ratepayers this activity will be managed through a reserve account which over a number of years should show a surplus.

### **Pensioner housing**

We have an investment in residential housing and generate income from rent and expenditure to maintain and manage the properties. The income and expenditure do not necessarily match each year and to ensure that there is no flow on impact to ratepayers this activity is managed through a reserve account to ensure that any rents collected are used for the benefit of the property.

### **Operating surplus**

Council's operating surplus reflected on page 231 is the result of income funding asset development, and various non-cash items such as revaluation gains, being included in the Statement of Comprehensive Revenue and Expense in line with accounting requirements. Council only sets rates and fees and charges income to the levels needed to meet its operating costs.

## Prospective statement of comprehensive revenue and expense

Table 80: Prospective statement of comprehensive revenue and expense

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>OPERATING INCOME</b>											
Rates, excluding targeted water supply rates	44,531	45,723	48,083	50,593	53,264	54,703	57,342	59,717	62,708	64,582	66,634
Fees, charges, and targeted rates for water supply	12,486	13,709	14,448	14,559	15,040	19,807	18,156	18,785	21,068	20,126	20,877
Reserve contributions	629	418	282	307	332	359	388	437	451	466	505
Development contributions	2,312	3,137	3,874	4,113	4,409	4,718	5,038	5,542	5,743	5,965	6,771
Gain on revaluation of investment properties & forestry	406	522	559	577	615	680	724	771	781	831	858
Vested assets	3,170	10,507	2,516	2,580	2,651	3,635	4,370	4,509	4,659	4,823	14,625
Finance income	269	250	256	310	270	278	286	295	305	315	326
Subsidies and Grants	7,844	7,258	7,117	9,190	8,251	9,106	10,903	8,974	8,311	8,570	9,571
Other revenue	325	325	333	342	351	361	372	383	396	409	424
<b>Total Operating Income</b>	<b>71,972</b>	<b>81,849</b>	<b>77,468</b>	<b>82,571</b>	<b>85,183</b>	<b>93,647</b>	<b>97,579</b>	<b>99,413</b>	<b>104,422</b>	<b>106,087</b>	<b>120,591</b>
<b>OPERATING EXPENDITURE</b>											
Employee benefit expenses	16,710	18,141	18,520	19,040	19,512	20,003	20,508	21,015	21,602	22,145	22,690
Depreciation & amortisation	19,111	19,647	20,965	21,878	23,068	24,311	25,528	26,738	27,940	29,153	30,462
Other expenses	25,054	25,772	26,993	27,873	29,865	35,544	33,194	34,607	34,057	36,922	37,952
Finance costs	1,417	1,016	1,550	1,859	2,731	4,037	4,788	5,208	5,634	5,459	5,364
<b>Total Operating Expenditure</b>	<b>62,292</b>	<b>64,576</b>	<b>68,028</b>	<b>70,650</b>	<b>75,176</b>	<b>83,895</b>	<b>84,018</b>	<b>87,568</b>	<b>89,233</b>	<b>93,679</b>	<b>96,468</b>
<b>OPERATING SURPLUS</b>	<b>9,680</b>	<b>17,273</b>	<b>9,440</b>	<b>11,921</b>	<b>10,007</b>	<b>9,752</b>	<b>13,561</b>	<b>11,845</b>	<b>15,189</b>	<b>12,408</b>	<b>24,123</b>
<b>Other Comprehensive Income recognised directly in Equity</b>											
Property Plant and Equipment											
Revaluation gains/(losses) taken to equity	36,990	17,834	27,836	21,487	24,997	42,146	32,414	36,134	59,482	44,772	50,330
Cash flow hedges	223	(262)	114	107	100	96	97	95	97	25	-
<b>Total Other Comprehensive Income for the year</b>	<b>37,213</b>	<b>17,572</b>	<b>27,950</b>	<b>21,594</b>	<b>25,097</b>	<b>42,242</b>	<b>32,511</b>	<b>36,229</b>	<b>59,579</b>	<b>44,797</b>	<b>50,330</b>
<b>Total Comprehensive Income for the year</b>	<b>46,893</b>	<b>34,845</b>	<b>37,390</b>	<b>33,515</b>	<b>35,104</b>	<b>51,994</b>	<b>46,072</b>	<b>48,074</b>	<b>74,768</b>	<b>57,205</b>	<b>74,453</b>

## Prospective statement of changes in equity

Table 81: Prospective statement of changes in equity

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July	1,232,980	1,219,354	1,254,199	1,291,589	1,325,104	1,360,208	1,412,202	1,458,274	1,506,348	1,581,116	1,638,321
Total comprehensive income previously reported	46,893	34,845	37,390	33,515	35,104	51,994	46,072	48,074	74,768	57,205	74,453
<b>Balance at 30 June</b>	<b>1,279,873</b>	<b>1,254,199</b>	<b>1,291,589</b>	<b>1,325,104</b>	<b>1,360,208</b>	<b>1,412,202</b>	<b>1,458,274</b>	<b>1,506,348</b>	<b>1,581,116</b>	<b>1,638,321</b>	<b>1,712,774</b>
<b>Equity represented by</b>											
Retained earnings	359,599	388,383	400,302	411,668	423,358	432,349	444,032	454,927	464,558	474,288	495,460
Other reserves	920,274	865,816	891,287	913,436	936,850	979,853	1,014,242	1,051,421	1,116,558	1,164,033	1,217,314
<b>Total Equity</b>	<b>1,279,873</b>	<b>1,254,199</b>	<b>1,291,589</b>	<b>1,325,104</b>	<b>1,360,208</b>	<b>1,412,202</b>	<b>1,458,274</b>	<b>1,506,348</b>	<b>1,581,116</b>	<b>1,638,321</b>	<b>1,712,774</b>

Any operating surpluses generally come from non-cash items, we budget for a general funds cash breakeven position. The Statement of Comprehensive Income also includes significant infrastructural revaluations which are also non-cash items.

## Prospective statement of financial position

Table 82: Prospective statement of financial position

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and cash equivalents	2,159	2,870	1,949	2,742	1,951	494	706	525	689	406	488
Trade and other receivables	3,549	3,870	3,961	4,058	4,161	4,275	4,396	4,525	4,666	4,817	4,982
Other financial assets	208	208	208	208	208	208	208	208	208	208	208
<b>Total Current Assets</b>	<b>5,916</b>	<b>6,948</b>	<b>6,118</b>	<b>7,008</b>	<b>6,320</b>	<b>4,977</b>	<b>5,310</b>	<b>5,258</b>	<b>5,563</b>	<b>5,431</b>	<b>5,678</b>
<b>Non Current Assets</b>											
Property plant and equipment	1,288,484	1,268,509	1,314,278	1,365,736	1,423,799	1,489,449	1,539,730	1,591,047	1,659,651	1,713,013	1,785,461
Intangible Assets	1,214	1,256	1,369	1,800	2,005	2,127	2,482	2,659	2,964	3,354	3,550
Forestry Assets	1,294	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318	1,318
Other financial assets	2,725	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836	2,836
Investment Properties	13,165	12,635	12,259	12,064	12,679	13,359	14,083	14,854	13,568	14,399	15,257
<b>Total Non Current Assets</b>	<b>1,306,882</b>	<b>1,286,554</b>	<b>1,332,060</b>	<b>1,383,754</b>	<b>1,442,637</b>	<b>1,509,089</b>	<b>1,560,449</b>	<b>1,612,714</b>	<b>1,680,337</b>	<b>1,734,920</b>	<b>1,808,422</b>
<b>Total Assets</b>	<b>1,312,798</b>	<b>1,293,502</b>	<b>1,338,178</b>	<b>1,390,762</b>	<b>1,448,957</b>	<b>1,514,066</b>	<b>1,565,759</b>	<b>1,617,972</b>	<b>1,685,900</b>	<b>1,740,351</b>	<b>1,814,100</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Trade and other payables	6,205	9,601	9,488	9,657	9,837	10,036	10,248	10,473	10,720	10,983	11,271
Provisions	83	48	54	51	52	58	55	56	58	60	63
Employee benefit liabilities	1,163	1,225	1,257	1,291	1,327	1,367	1,409	1,454	1,503	1,555	1,612
Borrowings	300	-	7,000	6,000	-	12,500	14,500	26,000	21,500	11,000	13,000
<b>Total Current Liabilities</b>	<b>7,751</b>	<b>10,874</b>	<b>17,799</b>	<b>16,999</b>	<b>11,216</b>	<b>23,961</b>	<b>26,212</b>	<b>37,983</b>	<b>33,781</b>	<b>23,598</b>	<b>25,946</b>
<b>Non Current Liabilities</b>											
Derivative financial instruments	538	731	617	510	410	314	217	122	25	-	-
Provisions	636	698	673	649	623	589	556	519	478	432	380
Borrowings	24,000	27,000	27,500	47,500	76,500	77,000	80,500	73,000	70,500	78,000	75,000
<b>Total Non Current Liabilities</b>	<b>25,174</b>	<b>28,429</b>	<b>28,790</b>	<b>48,659</b>	<b>77,533</b>	<b>77,903</b>	<b>81,273</b>	<b>73,641</b>	<b>71,003</b>	<b>78,432</b>	<b>75,380</b>
<b>Total Liabilities</b>	<b>32,925</b>	<b>39,303</b>	<b>46,589</b>	<b>65,658</b>	<b>88,749</b>	<b>101,864</b>	<b>107,485</b>	<b>111,624</b>	<b>104,784</b>	<b>102,030</b>	<b>101,326</b>
<b>EQUITY</b>											
Retained Earnings	359,599	388,383	400,302	411,668	423,358	432,349	444,032	454,927	464,558	474,288	495,460
Other reserves	920,274	865,816	891,287	913,436	936,850	979,853	1,014,242	1,051,421	1,116,558	1,164,033	1,217,314
<b>Total Equity</b>	<b>1,279,873</b>	<b>1,254,199</b>	<b>1,291,589</b>	<b>1,325,104</b>	<b>1,360,208</b>	<b>1,412,202</b>	<b>1,458,274</b>	<b>1,506,348</b>	<b>1,581,116</b>	<b>1,638,321</b>	<b>1,712,774</b>

## Prospective statement of cash flow

Table 83: Prospective statement of cash flow

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cash Flows from Operating Activities</b>											
Receipts from rates revenue	44,531	45,722	48,083	50,594	53,264	54,702	57,343	59,717	62,707	64,583	66,634
Interest received	269	250	256	310	270	278	286	295	305	315	326
Receipts from other revenue	24,260	24,602	25,692	28,416	28,279	34,237	34,736	33,993	35,828	35,385	37,984
Payments to suppliers and employees	(42,675)	(43,620)	(44,882)	(45,840)	(47,979)	(54,086)	(52,187)	(54,047)	(57,529)	(57,367)	(58,872)
Interest Paid	(1,417)	(1,016)	(1,550)	(1,859)	(2,731)	(4,037)	(4,788)	(5,208)	(5,634)	(5,459)	(5,364)
<b>Net Cash Flow from Operating Activities</b>	<b>24,968</b>	<b>25,938</b>	<b>27,599</b>	<b>31,621</b>	<b>31,103</b>	<b>31,094</b>	<b>35,390</b>	<b>34,750</b>	<b>35,677</b>	<b>37,457</b>	<b>40,708</b>
<b>Cash Flows from Investing Activities</b>											
Proceeds from sale of property, plant and equipment	-	965	-	1,800	-	-	-	-	-	-	-
Proceeds from sale of investment property	4,968	1,604	1,604	1,704	-	-	-	-	5,585	-	-
Purchase of intangible assets	(668)	(360)	(113)	(431)	(205)	(122)	(355)	(177)	(305)	(390)	(196)
Purchase of property, plant and equipment	(40,764)	(41,777)	(37,511)	(52,510)	(54,689)	(45,429)	(39,457)	(37,863)	(33,793)	(34,350)	(39,430)
Purchase & Development of investment property	(670)	(728)	-	(391)	-	-	(866)	(891)	-	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>(37,134)</b>	<b>(40,296)</b>	<b>(36,020)</b>	<b>(49,828)</b>	<b>(54,894)</b>	<b>(45,551)</b>	<b>(40,678)</b>	<b>(38,931)</b>	<b>(28,513)</b>	<b>(34,740)</b>	<b>(39,626)</b>
<b>Cash Flows from Financing Activities</b>											
Proceeds from borrowings	11,000	14,000	7,500	26,000	29,000	13,000	18,000	18,500	19,000	18,500	10,000
Repayment of borrowings	-	-	-	(7,000)	(6,000)	-	(12,500)	(14,500)	(26,000)	(21,500)	(11,000)
<b>Net Cash Flow from Financing Activities</b>	<b>11,000</b>	<b>14,000</b>	<b>7,500</b>	<b>19,000</b>	<b>23,000</b>	<b>13,000</b>	<b>5,500</b>	<b>4,000</b>	<b>(7,000)</b>	<b>(3,000)</b>	<b>(1,000)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,166)</b>	<b>(358)</b>	<b>(921)</b>	<b>793</b>	<b>(791)</b>	<b>(1,457)</b>	<b>212</b>	<b>(181)</b>	<b>164</b>	<b>(283)</b>	<b>82</b>
Cash and cash equivalents at the beginning of the year	3,325	3,228	2,870	1,949	2,742	1,951	494	706	525	689	406
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>2,159</b>	<b>2,870</b>	<b>1,949</b>	<b>2,742</b>	<b>1,951</b>	<b>494</b>	<b>706</b>	<b>525</b>	<b>689</b>	<b>406</b>	<b>488</b>

## Statement of borrowing

Table 84: Statement of borrowing

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Movements in Borrowings</b>											
Opening Balance	13,300	13,000	27,000	34,500	53,500	76,500	89,500	95,000	99,000	92,000	89,000
Net Loans Raised/(Repaid)	11,000	14,000	7,500	19,000	23,000	13,000	5,500	4,000	(7,000)	(3,000)	(1,000)
Closing Balance	24,300	27,000	34,500	53,500	76,500	89,500	95,000	99,000	92,000	89,000	88,000
Current Portion of External Debt	300	-	7,000	6,000	-	12,500	14,500	26,000	21,500	11,000	13,000
Term Portion of External Debt	24,000	27,000	27,500	47,500	76,500	77,000	80,500	73,000	70,500	78,000	75,000
	24,300	27,000	34,500	53,500	76,500	89,500	95,000	99,000	92,000	89,000	88,000

The above represents the level of external borrowing but this could fluctuate depending on future use of reserves.

## Capital expenditure programme

Table 85: Capital expenditure programme

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Projects</b>											
Governance	-	-	30	27	27	-	-	-	-	-	-
Community Services and Facilities	8,284	9,237	6,258	12,579	4,632	4,524	5,275	2,525	4,793	1,954	1,855
Roads and Footpaths	14,475	24,457	13,746	12,354	13,799	15,385	18,390	15,834	14,031	18,590	18,408
Stormwater	4,937	5,399	2,375	2,512	5,260	3,670	1,226	1,272	3,267	3,767	5,222
Wastewater Treatment and Disposal	3,218	3,683	7,868	16,221	10,202	2,591	10,315	11,120	2,840	2,623	15,688
Water Treatment and Supply	7,476	8,401	8,463	9,662	21,438	21,952	8,338	11,227	11,928	11,263	11,370
Support Services	2,239	2,195	1,400	2,557	2,187	1,064	1,504	1,462	1,898	1,366	1,708
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>40,629</b>	<b>53,372</b>	<b>40,140</b>	<b>55,912</b>	<b>57,545</b>	<b>49,186</b>	<b>45,048</b>	<b>43,440</b>	<b>38,757</b>	<b>39,563</b>	<b>54,251</b>

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



## Council reserve funds, movements and balances

Table 86: Council reserve funds, movements and balances

	2014/15 Budget \$000	2014/15 Forecast \$000	2015-25 Transfer to Reserve \$000	2015-25 Transfer From Reserve \$000	2024-25 Closing Balance \$000
<i>Council created reserves consist of:</i>					
<b>Property Reserves</b>					
Asset Sales Cambridge	2,893	898	9,017	( 6,645)	3,270
Asset Sales General	227	329	116	-	445
Endowment Land Cambridge	6,114	2,009	4,690	( 755)	5,944
Endowment Land Pirongia	20	17	6	-	23
Endowment Land Te Awamutu	91	549	31	( 520)	60
Endowment Land Waipa District	127	1,026	42	( 1,026)	42
Forestry Reserve	106	63	3,250	( 3,313)	-
Residential Housing Reserve	370	378	14,108	( 14,345)	141
<b>Reserve Contributions &amp; Development Contributions</b>					
Cambridge North	1,316	1,226	30,849	( 30,297)	1,778
District Wide Stormwater	98	217	204	-	421
District Wide Waste Water	417	834	8,091	( 8,910)	15
District Wide Water Treatment and Supply	376	886	7,580	( 7,768)	698
District Wide Roading	-	2,427	3,864	( 2,943)	3,348
District Wide Reserve Developments	100	612	-	( 99)	513
District Wide Land Purchase	1,020	2,226	2,451	( 2,722)	1,955
Te Awamutu Library/Museum	99	363	216	( 388)	191
<b>Special Funds</b>					
Cemetery Paterangi	4	4	-	-	4
Project Funding Reserve	830	2,264	-	( 1,492)	772
General Insurance Reserve	99	116	-	-	116
Infrastructure Insurance Reserve	284	284	1,054	-	1,338
<b>Separate Balances</b>					
Roading Reserve	681	473	285,885	( 285,885)	473
Stormwater Reserve	320	22	59,791	( 49,988)	9,825
Water Supply Reserve	4,012	4,467	203,367	( 207,551)	283
Waste Water Reserve	2,021	1,887	151,581	( 153,096)	372
Depreciation Reserve - Long Term Assets	475	575	11,753	( 10,523)	1,805
Depreciation Reserve - Medium Term Assets	630	1,373	6,617	( 5,963)	2,027
<b>Asset Revaluation Reserves</b>					
<b>Asset revaluation reserves consist of:</b>					
<b>Operational assets</b>					
Land	96,875	93,897	30,195	( 68)	124,024
Buildings	19,443	19,159	13,087	( 277)	31,969
Intangible	31	68	-	-	68
<b>Infrastructural Assets</b>					
Sewerage System	55,350	36,330	45,281	-	81,611
Water System	76,280	51,163	63,150	-	114,313
Drainage network	36,902	34,333	31,695	-	66,028
Roading network	612,663	589,418	174,024	-	763,442
<b>Total</b>	<b>920,274</b>	<b>849,893</b>	<b>1,161,995</b>	<b>( 794,574)</b>	<b>1,217,314</b>

## Council reserves

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

Table 87: Council reserves

Reserve	Purpose	Activity
<b>Property reserves</b>		
Asset sales: Cambridge	Proceeds from Cambridge asset sales held in reserve to fund future asset purchases	Property services
Asset sales: general	Proceeds from district-wide asset sales held in reserve to fund future asset purchases	Property services
Endowment land: Cambridge	Proceeds from sale of Cambridge endowment land held in reserve for endowment purposes	Property services
Endowment land: Pirongia	Proceeds from sale of Pirongia endowment land held in reserve for endowment purposes	Property services
Endowment land: Te Awamutu	Proceeds from sale of Te Awamutu endowment land held in reserve for endowment purposes	Property services
Endowment land: Waipa district	Proceeds from sale of district-wide endowment land held in reserve for endowment purposes	Property services
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	Property services
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 portfolio	Property services
<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 roading	Proceeds from development contributions to fund growth related expenditure	Roads & footpaths
District-wide reserve developments	Proceeds from development contributions to fund growth related expenditure	Parks & reserves
District-wide land purchase	Proceeds from development contributions to fund growth related expenditure	Parks & reserves
Cambridge pool	Proceeds from development contributions to fund growth related expenditure for Cambridge Pool	District pool: Cambridge
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 increase in commercial underground insurance deductible if a major event happens in the Waipa District	Stormwater / wastewater treatment and disposal / water treatment & supply
<b>Separate balances</b>		
Roading reserve	Funds held in reserve for capital works expenditure	Roads & footpaths
Stormwater reserve	Funds held in reserve for capital works expenditure	Stormwater
Water supply reserve	Funds held in reserve for capital works expenditure	Water treatment & supply
Wastewater reserve	Funds held in reserve for operating and capital works expenditure	Wastewater treatment & disposal
Depreciation reserve long term assets	Funds held in reserve for capital works expenditure	Community services & facilities
Depreciation reserve medium term assets	Funds held in reserve for capital works expenditure	Community services & facilities

Reserve	Purpose	Activity
<b>Asset revaluation reserves</b>		
<i>Operational</i>		
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
<i>Infrastructural assets</i>		
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

## 2015 budget and 2015 forecast

The table below shows the 2014/15 Annual Plan budget compared to the 2014/15 Forecast as at 31 March 2015. The 2014/15 forecast column represents the best starting point for year one of the 10-Year Plan and reflects updated budget information as at 31 March 2015.

Table 88: 2015 budget and 2015 forecast

	2014/15 Budget \$000's	2014/15 Forecast \$000's
<b>Statement of Comprehensive Income</b>		
Operating Income	71,972	79,007
Operating Expenditure	62,292	65,081
Operating Surplus	9,680	13,926
<b>Statement of Movements in Equity</b>		
Public Equity at the start of the year	1,232,980	1,168,215
Net surplus/(deficit) for the year	9,680	13,926
Property, Plant and Equipment Revaluation gains (losses) taken to equity	36,990	36,990
Cashflow hedges	223	223
Total Recognised Income and Expenses	46,893	51,139
Total Equity at End of The Year	1,279,873	1,219,354
<b>Statement of Financial Position as at year end</b>		
Current Assets	5,916	7,224
Non Current Assets	1,306,882	1,237,115
Total Assets	1,312,798	1,244,339
Current Liabilities	7,751	10,882
Non Current Liabilities	25,174	14,103
Total Liabilities	32,925	24,985
Equity and Net Assets	1,279,873	1,219,354
<b>Statement of Cashflows</b>		
Net from Operating Activities	24,968	27,588
Net from Investing Activities	(37,134)	(32,436)
Net from Financing Activities	11,000	-
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,166)	(4,848)
Cash and Cash Equivalents at the beginning of the year	3,325	8,076
Cash and Cash Equivalents at the end of the year	2,159	3,228

## Projects considered but not funded

Table 89: Projects considered but not funded

Project	Estimated 10yr Cost
Storage facilities for Climax engine	\$185,000
Land purchase - Kihikihi Domain	\$2,000,000
Museum & cultural centre - Cambridge	\$5,420,000
Land purchases - heritage sites	\$2,834,900
Te Ko Utu Promenade (Lake St closure)	\$1,000,000
Town concept plan implementation - Cambridge (upgrade of CBD areas)	\$250,000
Town concept plan implementation - Te Awamutu (upgrade of CBD areas)	\$330,000
Town concept plan implementation - Kihikihi (upgrade of CBD areas)	\$550,000
Town concept plan implementation - Pirongia (upgrade of CBD areas)	\$450,000
Town concept plan implementation - Cambridge - Car park	\$200,000
Town concept plan implementation – Te Awamutu - Car park Connection	\$1,500,000
Town concept plan implementation - Te Awamutu - Market Street	\$1,000,000
Town concept plan implementation - Te Awamutu - Mahoe Street	\$2,500,000
Town concept plan implementation - Te Awamutu - Alexandra St	\$800,000
Urban residential upgrades	\$1,485,000
T6 St Leger / SH3 intersection network upgrades	\$3,000,000
T6 St Leger footpath -SH3 to Bruce Rd	\$175,000
Cycling projects - Alpers Ridge to Shakespeare St	\$450,000
Cycling projects - Peak Road	\$220,000
Te Awa extension to Waipuke	\$500,000
Te Awa extension - Waipuke to Horahora	\$1,500,000
Cycling project - Te Awamutu to Pirongia (metal)	\$655,200
Te Awamutu western arterial heavy traffic route	\$36,000,000
<b>Total</b>	<b>\$63,005,100</b>

## Statement of accounting policies

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### Reporting entity

Waipa District Council is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

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 is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself as a Tier 1 public benefit entity as defined under Public Benefit Entities International Public Sector Accounting Policies (PBE IPSAS).

### Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002: Section 111, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice.

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with Financial Reporting Standard 42, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

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

### Exchange transactions

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

## **Non-Exchange transactions**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Waipa District 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 revenue are listed below.

### **Rates revenue**

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year in which the rates have been set. Rates revenue is recognised when payable.

### **Other revenue**

Water billing revenue is recognised on an actual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Council receives government grants from the New Zealand Transport Agency which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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.

Interest income is recognised using the effective interest method.

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

## **Development contributions**

The revenue recognition point for development and financial contributions is at the point that settlement is received, either by payment or negotiated developer agreement.



## **Borrowing 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.

## **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.

## **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 Income 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.

## **Financial assets**

Council classifies its investments in the following categories:

- Financial assets at fair value through profit and loss.
- Loans and receivables.
- Held-to-maturity investments.
- Financial assets at fair value through other comprehensive income.

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 Income.

### **Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss. 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 fair value. 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. 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.

### **Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income 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. 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 income, 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 income 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. 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 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 at no cost, or for a nominal cost, it is recognised at 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 Income. 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.

## 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 72: Asset useful lives and associated depreciation rates

Asset	Components	Years
Water treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Water reticulation	Pipes	25 – 80
	Fittings	10 - 30
Sewage treatment	Structures	25 – 100
	Plant	10 – 60
	Pipes	60
Sewerage reticulation	Pipes	50 – 80
	Fittings	25 - 80
	Manholes	50 - 80
Stormwater	Structures	15 - 80
	Pipes	50 – 80
	Manholes	50 - 80
Formation/carriageway and shoulder		Infinite
Pavement structure		30 – 100
Pavement surface (seal)		10 – 15
Catch-pits and culverts		30 – 80
Bridges		20 – 80
Kerb and channel		30 - 50
Lighting		10 – 50
Footpaths		15 – 100
Signs		5 – 10
Railings		20 - 35
Buildings – not componentised		20 - 100

Asset	Components	Years
Building – structure		30 - 100
Building – fit-out		25 – 80
Building – services		25 - 80
Site improvements / structures		10 - 40
Plant / motor vehicles		3 – 10
Furniture, fittings and equipment		3 – 10
Computer equipment		3 – 10
Intangibles		3 – 10
Library books		7

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

### Revaluation

Those asset classes that are revalued are valued on a yearly cycle on the basis described below, with the exception of property, plant and equipment, which is valued every three years. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

### 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 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.

## **Intangible assets**

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.

### **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 de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expenses. The useful lives and associated amortisation rates of computer software have been estimated at 3-10 years (33% – 10%).

### **Impairment of property, plant and equipment and 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 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.

## **Forestry**

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.

### **Employee benefits**

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.

### **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.

## **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.

Derivatives 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 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 Expenses, together with any changes in the fair value of the assets or liability that are attributable to the hedged risk.

### **Cash flow hedge**

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



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

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

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

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

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

### **Borrowings**

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

### **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.

## **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 is included as part of receivables or payables in the Statement of Financial Position. The net GST paid to, or received from the Inland Revenue Department is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

## **Budget figures**

The budget figures have been prepared in accordance with 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 group of activities using the cost allocation system outlined below.

Direct costs are those costs directly attributable and charged to a group of activities. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific group of activities. Indirect costs are charged to significant activities using appropriate cost drivers such as computer equipment used, staff numbers and floor area.

## **Critical accounting estimates and assumptions**

In preparing these financial statements 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 discussed below.

## **Landfill and 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.

## **Infrastructural assets**

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over 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 infrastructural asset revaluations.

## **Income tax**

Council is tax exempt for income tax purposes.



## 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.
- The application of funding methods to Council activities.

This statement should be read in conjunction with our Revenue & Financing Policy (refer to page 279) that sets out our policies in respect of each source of funding for operating and capital expenses. We have reviewed the Revenue and Financing Policy as part of preparing this long-term plan and in doing so have taken into consideration:

- The community outcomes to which each activity primarily contributes.
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- The period in or over which those benefits are expected to occur.
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity.
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.
- The overall impact of any allocation of liability for revenue needs on the community.

The review process amended the structure of the district-wide funding to include a uniform annual general charge (UAGC). The UAGC applied on a separately used or inhabited part of a rating unit (SUIP) basis, and replaces the targeted ward rate applied on a per rating unit basis.

Some refinements to the existing policy at activity level were made, such as better identifying the beneficiaries and funding of the Te Awamutu Events Centre and the Cambridge Pool.

The Events Centre targeted rate was removed with the funding reallocated as part of the targeted ward rate to Te Awamutu, Kakepuku and Pirongia Wards. The funding for the Cambridge Pool was amended from Cambridge Ward, to include both the Cambridge and Maungatautari Wards.

The Consolidated Funding Statement includes petrol tax, funds from asset sales, rates penalties and rates remissions which are not directly attributable to a specific activity.

## Consolidated statement of cost of service

Table 73: Consolidated statement of cost of service

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>REVENUE</b>											
Governance	34	39	121	39	39	128	39	39	136	39	39
Planning and Regulatory	3,064	4,036	4,354	4,468	4,587	4,719	4,364	4,497	4,646	4,803	4,974
Community Services and Facilities	3,014	3,252	3,349	3,228	3,370	5,200	3,649	3,764	5,406	3,967	4,070
Roads and Footpaths	7,852	7,106	6,973	6,964	8,131	9,046	8,292	8,914	8,250	8,509	9,510
Wastewater Treatment and Disposal	460	469	487	501	517	534	553	574	595	619	645
Water Treatment and Supply	5,790	5,935	6,161	6,345	6,546	9,245	9,570	9,927	10,300	10,714	11,161
Support Services*	10,280	10,392	10,794	11,089	11,338	11,627	11,949	12,167	12,541	12,858	13,169
<b>GROSS REVENUE</b>	<b>30,494</b>	<b>31,229</b>	<b>32,239</b>	<b>32,634</b>	<b>34,528</b>	<b>40,499</b>	<b>38,416</b>	<b>39,882</b>	<b>41,874</b>	<b>41,509</b>	<b>43,568</b>
Less Internal Charges	10,260	10,385	10,787	11,082	11,330	11,619	11,941	12,159	12,532	12,849	13,160
<b>NET REVENUE</b>	<b>20,234</b>	<b>20,844</b>	<b>21,452</b>	<b>21,552</b>	<b>23,198</b>	<b>28,880</b>	<b>26,475</b>	<b>27,723</b>	<b>29,342</b>	<b>28,660</b>	<b>30,408</b>
<b>OPERATING EXPENDITURE</b>											
Governance	7,224	6,914	7,212	7,301	7,164	7,592	7,766	7,618	8,251	8,301	8,160
Planning and Regulatory	5,109	5,735	6,131	6,347	6,476	6,649	6,247	6,445	6,577	6,788	6,956
Community Services and Facilities	15,380	15,926	16,307	17,287	18,992	21,770	20,163	20,737	19,641	21,973	22,483
Roads and Footpaths	17,918	17,997	19,081	19,593	20,271	21,098	21,932	22,970	23,865	24,731	25,782
Stormwater	2,211	2,833	2,986	3,098	3,176	3,346	3,802	3,801	3,955	4,124	4,385
Wastewater Treatment and Disposal	6,393	6,657	7,017	7,360	8,698	11,102	10,513	11,706	12,015	12,353	12,665
Water Treatment and Supply	8,685	9,561	10,194	10,490	11,079	12,684	13,813	14,522	15,135	15,875	16,617
Support Services	10,545	10,432	11,014	11,422	11,856	12,523	13,023	13,272	13,714	13,814	14,055
<b>GROSS EXPENDITURE</b>	<b>73,465</b>	<b>76,055</b>	<b>79,942</b>	<b>82,898</b>	<b>87,712</b>	<b>96,764</b>	<b>97,259</b>	<b>101,071</b>	<b>103,153</b>	<b>107,959</b>	<b>111,103</b>
Less Internal Charges	10,260	10,385	10,787	11,082	11,330	11,619	11,941	12,159	12,532	12,849	13,160
Less rates charged to Council properties	913	1,094	1,127	1,165	1,206	1,251	1,298	1,346	1,388	1,430	1,475
<b>NET EXPENDITURE</b>	<b>62,292</b>	<b>64,576</b>	<b>68,028</b>	<b>70,651</b>	<b>75,176</b>	<b>83,894</b>	<b>84,020</b>	<b>87,566</b>	<b>89,233</b>	<b>93,680</b>	<b>96,468</b>
<b>NET COST OF SERVICE - OPERATING</b>	<b>(42,058)</b>	<b>(43,732)</b>	<b>(46,576)</b>	<b>(49,099)</b>	<b>(51,978)</b>	<b>(55,014)</b>	<b>(57,545)</b>	<b>(59,843)</b>	<b>(59,891)</b>	<b>(65,020)</b>	<b>(66,060)</b>
<b>CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>											
Capital Expenditure (excluding Vested)	37,460	42,865	37,624	53,332	54,894	45,550	40,678	38,931	34,098	34,740	39,626
Vested Assets	3,170	10,507	2,516	2,580	2,651	3,635	4,370	4,509	4,659	4,823	14,625
Debt Repayment	-	-	-	7,000	6,000	-	12,500	14,500	26,000	21,500	11,000
<b>TOTAL CAPITAL EXPENDITURE AND DEBT REPAYMENT</b>	<b>40,630</b>	<b>53,372</b>	<b>40,140</b>	<b>62,912</b>	<b>63,545</b>	<b>49,185</b>	<b>57,548</b>	<b>57,940</b>	<b>64,757</b>	<b>61,063</b>	<b>65,251</b>

Note \* - includes internal charges

## Consolidated funding impact statement

Table 74: Consolidated funding impact statement

	2014/15 Annual Plan \$000	2015/16 Budget \$000	2016/17 Budget \$000	2017/18 Budget \$000	2018/19 Budget \$000	2019/20 Budget \$000	2020/21 Budget \$000	2021/22 Budget \$000	2022/23 Budget \$000	2023/24 Budget \$000	2024/25 Budget \$000
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	15,650	21,148	24,445	27,803	30,801	34,724	37,716	38,642	40,497	41,536	43,045
Targeted rates	28,882	24,574	23,638	22,791	22,463	19,978	19,627	21,075	22,210	23,047	23,589
Subsidies and grants for operating purposes	2,525	2,819	2,869	2,860	3,007	3,078	3,159	3,245	3,340	3,443	3,554
Fees and charges	12,486	13,662	14,407	14,519	15,004	19,774	18,123	18,749	21,031	20,090	20,837
Interest and dividends from investments	269	250	256	310	270	278	286	295	305	315	326
Local authorities fuel tax, fines, infringement fees, and other receipts	325	325	333	342	351	361	372	383	396	409	424
<b>Total sources of operating funding (A)</b>	<b>60,137</b>	<b>62,778</b>	<b>65,948</b>	<b>68,625</b>	<b>71,896</b>	<b>78,193</b>	<b>79,283</b>	<b>82,389</b>	<b>87,779</b>	<b>88,840</b>	<b>91,775</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	41,013	42,607	43,942	44,893	47,069	52,437	51,324	53,192	56,122	56,535	58,056
Finance costs	1,417	1,016	1,550	1,859	2,731	4,037	4,788	5,208	5,634	5,459	5,364
Other operating funding applications	1,021	1,056	1,062	1,068	1,067	1,075	1,084	1,092	1,102	1,112	1,122
<b>Total applications of operating funding (B)</b>	<b>43,451</b>	<b>44,679</b>	<b>46,554</b>	<b>47,820</b>	<b>50,867</b>	<b>57,549</b>	<b>57,196</b>	<b>59,492</b>	<b>62,858</b>	<b>63,106</b>	<b>64,542</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>16,686</b>	<b>18,099</b>	<b>19,394</b>	<b>20,805</b>	<b>21,029</b>	<b>20,644</b>	<b>22,087</b>	<b>22,897</b>	<b>24,921</b>	<b>25,734</b>	<b>27,233</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	5,319	4,439	4,248	6,330	5,244	6,028	7,745	5,729	4,971	5,127	6,017
Development and financial contributions	2,941	3,555	4,156	4,420	4,741	5,077	5,426	5,979	6,194	6,431	7,276
Increase (decrease) in debt	11,000	14,000	7,500	19,000	23,000	13,000	5,500	4,000	(7,000)	(3,000)	(1,000)
Gross proceeds from sale of assets	4,968	2,569	1,604	3,504	-	-	-	-	5,585	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>24,228</b>	<b>24,563</b>	<b>17,508</b>	<b>33,254</b>	<b>32,985</b>	<b>24,105</b>	<b>18,671</b>	<b>15,708</b>	<b>9,750</b>	<b>8,558</b>	<b>12,293</b>
<b>Applications of capital funding</b>											
Capital expenditure											
- to meet additional demand	6,025	12,750	9,441	8,349	5,688	4,035	10,066	11,861	3,242	4,327	7,592
- to improve the level of service	17,089	17,424	11,921	26,535	34,736	25,243	12,916	7,489	10,020	8,896	8,899
- to replace existing assets	14,346	12,691	16,262	18,448	14,470	16,272	17,696	19,581	20,836	21,517	23,135
Increase (decrease) in reserves	3,454	(203)	(722)	727	(880)	(801)	80	(326)	573	(448)	(100)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>40,914</b>	<b>42,662</b>	<b>36,902</b>	<b>54,059</b>	<b>54,014</b>	<b>44,749</b>	<b>40,758</b>	<b>38,605</b>	<b>34,671</b>	<b>34,292</b>	<b>39,526</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(16,686)</b>	<b>(18,099)</b>	<b>(19,394)</b>	<b>(20,805)</b>	<b>(21,029)</b>	<b>(20,644)</b>	<b>(22,087)</b>	<b>(22,897)</b>	<b>(24,921)</b>	<b>(25,734)</b>	<b>(27,233)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Annual Plan	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Total prospective revenue and expense wholly attributable to District Council	46,893	34,845	37,390	33,515	35,104	51,994	46,072	48,074	74,768	57,205	74,453
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	16,686	18,099	19,394	20,805	21,029	20,644	22,087	22,897	24,921	25,734	27,233
<b>Difference</b>	<b>30,207</b>	<b>16,746</b>	<b>17,996</b>	<b>12,710</b>	<b>14,075</b>	<b>31,350</b>	<b>23,985</b>	<b>25,177</b>	<b>49,847</b>	<b>31,471</b>	<b>47,220</b>
<b>The difference is due to:</b>											
Capital income	8,260	7,994	8,404	10,750	9,985	11,105	13,171	11,708	11,165	11,558	13,293
Vested assets	3,170	10,507	2,516	2,580	2,651	3,635	4,370	4,509	4,659	4,823	14,625
Revaluation of assets	37,619	18,094	28,509	22,171	25,712	42,922	33,235	37,000	60,360	45,628	51,188
Gain (loss) on sale/disposal of assets	269	(202)	(468)	(913)	(1,205)	(2,001)	(1,263)	(1,302)	1,603	(1,385)	(1,424)
Depreciation and amortisation	(19,111)	(19,647)	(20,965)	(21,878)	(23,068)	(24,311)	(25,528)	(26,738)	(27,940)	(29,153)	(30,462)
<b>Total explained difference</b>	<b>30,207</b>	<b>16,746</b>	<b>17,996</b>	<b>12,710</b>	<b>14,075</b>	<b>31,350</b>	<b>23,985</b>	<b>25,177</b>	<b>49,847</b>	<b>31,471</b>	<b>47,220</b>



## Rates Information

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Rateable property numbers as required by legislation:

Table 75: Rateable property numbers

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Rateable Properties	20829	21,214	21,640	22,085	22,550	23,035	23,533	24,071	24,609	25,147

Rates requirement figures quoted in the section below are plus 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, district 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 inhabitation or use, even if it is not currently occupied, this constitutes a separate use of the rating unit by the owner. The following are guides to how this will be applied.

In a residential situation an independent residence is defined as having a separate entrance and separate cooking, living and toilet/bathroom facilities.

A separately used or inhabited part comes into effect in a business situation when the property has been set up to accommodate, or is accommodating, separate lessees, tenants, or the like, or the ability to operate separate businesses from the same rating unit.

The following examples are considered to be separately used or inhabited parts of a rating unit:

- Individual flats, apartments or dwellings.
- A building or parts of a building that are able to be used as independent trading operations.
- Vacant rating units.
- A dwelling attached to a shop or other business premises.

- A residential building or part of a residential building that is used, or can be used as an independent residence.

The following are not considered to be separately used parts of a rating unit:

- Residential sleep out or granny flat that does not meet the definition of an independent residence.
- A hotel room with or without kitchen facilities.
- A motel room with or without kitchen facilities.

### **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 and with no differential. The rate for 2015/16 is 0.1293 cents in the dollar on the capital value of each rating unit.

The general rate will fund a portion of the district-wide funding.

Amount to be raised: \$16,606,943 plus GST.

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

A uniform annual general charge is set under section 15 of the Local Government Rating Act 2002 at \$260.87 plus 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: \$5,542,174 plus GST.

### **Targeted rates**

Targeted rates are set under sections 16 and 19 of the Local Government Rating Act 2002 for the activities listed below. The 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 2015/16 year are shown below:

Table 76: Targeted ward rates

Ward	\$ Rate (GST excl)	\$ Raising
Cambridge	554.29	4,201,551
Kakepuku	562.14	654,893
Maungatautari	519.39	686,634
Pirongia	543.98	1,566,118
Te Awamutu	602.85	3,725,613

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: \$10,834,809 plus 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 \$20.00 plus GST is set for each rating unit in the Cambridge and Maungatautari wards.

Amount to be raised: \$180,651 plus 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 Kakepuku, Cambridge, Maungatautari and Pirongia. The rates per dollar of capital value are shown in the following table:

Table 77: Capital works targeted rate

Ward	Rate (GST excl)	\$ Raising
Cambridge	0.0015	58,184
Te Awamutu	0.0016	37,382

Amount to be raised: \$95,566 plus 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 2015/16 in cents per dollar of capital value are shown in the following table:

Table 78: Stormwater targeted rates

	Rate (GST excl)	\$ Raising
Urban	0.0422	2,063,063
Rural	0.0067	511,813

Amount to be raised: \$2,574,876 plus GST.

## Rural fire management

A targeted rate is set to fund the costs of rural fire management in rural areas of the district. The rural fire management rate is based on the capital value of each rating unit in the rural category, as defined for the purposes of the "Stormwater" targeted rate above. The rate for 2015/16 in cents per dollar of capital value is 0.0018 plus GST.

Amount to be raised: \$134,680 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 2015/16 year are:

Table 79: Sewerage targeted rate

	\$ Rate per pan or urinal (GST excl)	\$ Raising
Connected (3 or less pans)	425.20	5,062,572
Connected (4 to 10 pans)	361.42	281,185
Connected (11-15 pans)	297.64	112,210
Connected (16-20 pans)	259.37	57,840
Connected (21-35 pans)	233.86	90,504
Connected (36-45 pans)	204.10	35,105
Connected (46 or more pans)	191.34	138,722
Serviceable	212.60	71,859

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.

Amount to be raised: \$5,849,997 plus 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 2015/16 year are:

Table 80: Non-metered water targeted rate

	Rate (GST excl)	Raising
Connected	\$335.66	\$3,823,469
Serviceable	\$167.83	\$110,935

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: \$3,934,404 plus 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 connection 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 2015/16 year are:

Table 81: Metered water targeted rate

	Amount per Connection (GST excl)	Consumption base rate (GST excl) 0 m <sup>3</sup> to 250 m <sup>3</sup>	Consumption base rate (GST excl) over 250 m <sup>3</sup>
Potable Water	121.96	0.8548 per m <sup>3</sup>	1.2400 per m <sup>3</sup>
Raw Water	121.96	0.2137 per m <sup>3</sup>	0.2137 per m <sup>3</sup>

Amount to be raised: \$5,826,108 plus 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, who 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 2015/16 in cents per dollar of capital value is 0.0081 plus GST.

Amount to be raised: \$4,500 plus GST.

### Recycling charges

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

The targeted rate is a fixed amount of \$46.96 plus GST per separately used or inhabited part of a rating unit.

Amount to be raised: \$876,995 plus GST.

### Community hall/centre 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/centre.

These rates are a fixed amount per separately used or inhabited part of a rating unit and will be charged to the rating units within the relevant community hall areas.

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:

Table 82: Community hall targeted rates

	\$ Rate (GST excl)	Amount to be raised: (Plus GST)
Fencourt Hall	12.43	4,103
Hautapu Hall	17.74	7,096
Horahora Hall	23.43	3,070
Kaipaki Hall	36.96	9,425
Karapiro Hall	23.26	7,257
Koromatua Hall	17.74	4,400
Maungatautari Hall	32.39	4,535
Monavale Hall	26.09	4,592
Ngahinapouri Hall	17.74	5,570
Ohaupo Hall	11.57	4,476
Parawera Hall	16.17	1,795
Paterangi Hall	24.83	4,569
Pirongia Sports Centre	8.87	10,413
Pukeatua Hall	18.52	3,222
Rangioawhia Hall	12.39	1,549
Rukuhia Hall	22.70	6,196
Te Miro Hall	24.26	4,124
Whitehall Hall	21.74	1,739

### Early payment of rates

Sections 55 and 56 of the Local Government Rating Act 2002 empower us to adopt policies in relation to the 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 of 21 August 2015, 21 November 2015, 21 February 2016 and 21 May 2016. Where the due date falls on a weekend or public holiday, the due date is extended until the next working day.

### Penalties on rates not paid by the due date

A penalty of 10% will be added to all instalments or part thereof assessed in the 2015/2016 rating year which remain unpaid six days after the due date for that instalment. Where this penalty date falls on a weekend or public holiday, the penalty date is extended until the next working day.

Additional penalties of 10% will be added to any rates assessed in a previous year or years that are still unpaid on 7 July 2015; and then again on 7 January 2016.





## Rates breakdown indicator properties

Table 83: Rates breakdown indicator properties

Capital Value Rates	Cents / \$ of CV	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
General		0.1311	0.1293	0.1374	0.1450	0.1492	0.1592	0.1645	0.1650	0.1684	0.1696	0.1740
Stormwater (Urban)		0.0354	0.0422	0.0436	0.0443	0.0444	0.0460	0.0519	0.0504	0.0511	0.0520	0.0542
Stormwater (Rural)		0.0040	0.0067	0.0069	0.0070	0.0071	0.0071	0.0075	0.0075	0.0077	0.0079	0.0081
Uniform Annual General Charge	\$	-	260.87	349.57	438.26	526.96	615.65	686.96	695.65	721.74	726.09	730.43
Fixed Targeted Rates	\$	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Sewerage		397.83	425.20	429.50	432.30	468.20	545.60	572.30	617.50	638.20	641.10	642.30
Water		314.81	335.66	340.83	358.47	372.15	170.69	179.76	210.53	231.28	249.42	258.10
Targeted Wards		772 - 931	519 - 603	439 - 517	358 - 430	268 - 350	189 - 269	110 - 189	106 - 187	105 - 184	105 - 178	94 - 165
CB Community Sports Hall		21.74	20.00	19.13	18.26	16.52	15.65	14.78	13.91	13.04	12.17	11.30
Recycling		50.43	46.96	46.96	46.96	46.96	46.96	46.96	46.96	47.83	47.83	48.70

These are the indicated rates, exclusive of GST.

The indicator properties are shown **INCLUSIVE** of GST.

Table 84: Rates breakdown indicator properties – continued

Cambridge Ward (Residential) \$240,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,897	1,589	1,501	1,431	1,442	1,205	1,153	1,238	1,282	1,298	1,294
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	465	478	504	527	538	570	601	598	609	613	631
Total Rates	2,362	2,367	2,407	2,462	2,586	2,483	2,544	2,636	2,721	2,746	2,765
\$ incr per week		0.10	0.76	1.05	2.42	-1.99	1.18	1.76	1.63	0.50	0.35
Percentage Increase		0.2%	1.7%	2.3%	5.1%	-4.0%	2.5%	3.6%	3.2%	1.0%	0.7%

Cambridge Ward (Residential) \$390,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,897	1,589	1,501	1,431	1,442	1,205	1,153	1,238	1,282	1,298	1,294
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	756	776	819	856	875	927	977	972	990	997	1,026
Total Rates	2,653	2,665	2,722	2,791	2,923	2,840	2,920	3,010	3,102	3,130	3,160
\$ incr per week		0.24	1.08	1.32	2.56	-1.61	1.55	1.72	1.76	0.55	0.57
Percentage Increase		0.5%	2.1%	2.5%	4.8%	-2.9%	2.8%	3.1%	3.0%	0.9%	0.9%

Cambridge Ward (Residential) \$870,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,897	1,589	1,501	1,431	1,442	1,205	1,153	1,238	1,282	1,298	1,294
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	1,687	1,731	1,826	1,909	1,952	2,067	2,179	2,168	2,208	2,224	2,288
Total Rates	3,584	3,620	3,729	3,844	4,000	3,980	4,122	4,206	4,320	4,357	4,422
\$ incr per week		0.71	2.09	2.20	3.01	-0.38	2.73	1.61	2.18	0.73	1.25
Percentage Increase		1.0%	3.0%	3.1%	4.1%	-0.5%	3.6%	2.0%	2.7%	0.9%	1.5%

Rural Residential Cambridge \$355,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,019	660	561	467	422	327	235	231	227	219	202
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	568	569	603	635	653	693	716	718	732	737	755
Total Rates	1,587	1,529	1,566	1,606	1,681	1,728	1,741	1,749	1,789	1,791	1,797
\$ incr per week		-1.10	0.70	0.77	1.44	0.91	0.24	0.17	0.75	0.04	0.12
Percentage Increase		-3.6%	2.4%	2.6%	4.6%	2.8%	0.7%	0.5%	2.2%	0.1%	0.4%

Rural Residential Cambridge \$640,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,097	735	635	542	496	402	309	306	302	294	279
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	1,023	1,026	1,087	1,144	1,177	1,249	1,291	1,295	1,320	1,328	1,361
Total Rates	2,120	2,061	2,124	2,190	2,279	2,359	2,390	2,401	2,452	2,457	2,480
\$ incr per week		-1.16	1.22	1.27	1.71	1.54	0.59	0.21	0.99	0.11	0.42
Percentage Increase		-2.8%	3.1%	3.1%	4.1%	3.5%	1.3%	0.5%	2.1%	0.2%	0.9%

Amended by Council resolution on 30 May 2017

Rural Residential Cambridge \$1,330,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,100	744	645	551	506	411	319	315	312	304	288
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	2,126	2,131	2,258	2,378	2,445	2,596	2,682	2,691	2,743	2,760	2,828
Total Rates	3,226	3,175	3,305	3,433	3,557	3,715	3,791	3,806	3,885	3,899	3,956
\$ incr per week		-0.98	2.49	2.47	2.38	3.04	1.46	0.29	1.51	0.28	1.09
Percentage Increase		-1.6%	4.1%	3.9%	3.6%	4.4%	2.0%	0.4%	2.1%	0.4%	1.5%

Commercial / Industrial Cambridge \$235,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,477	1,149	1,055	964	960	955	893	942	961	956	941
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	456	468	493	516	527	558	589	586	596	601	618
Total Rates	1,933	1,917	1,950	1,984	2,093	2,221	2,272	2,328	2,387	2,392	2,399
\$ incr per week		-0.29	0.64	0.65	2.11	2.45	0.97	1.08	1.15	0.10	0.13
Percentage Increase		-0.8%	1.7%	1.7%	5.5%	6.1%	2.3%	2.5%	2.6%	0.2%	0.3%

Commercial / Industrial Cambridge \$640,000 with 2 dwellings / units	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,934	1,638	1,549	1,461	1,499	1,582	1,551	1,652	1,695	1,694	1,680
UAGC		600	804	1,008	1,212	1,416	1,580	1,600	1,660	1,670	1,680
Capital Value Rates	1,241	1,274	1,343	1,404	1,436	1,521	1,603	1,595	1,624	1,636	1,683
Total Rates	3,175	3,512	3,696	3,873	4,147	4,519	4,734	4,847	4,979	5,000	5,043
\$ incr per week		6.48	3.55	3.41	5.25	7.16	4.13	2.17	2.53	0.40	0.83
Percentage Increase		10.6%	5.3%	4.8%	7.0%	9.0%	4.8%	2.4%	2.7%	0.4%	0.9%

Commercial / Industrial Cambridge \$1,660,000 with 3 dwellings / units	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	2,391	2,127	2,043	1,959	2,037	2,209	2,209	2,362	2,428	2,431	2,418
UAGC		900	1,206	1,512	1,818	2,124	2,370	2,400	2,490	2,505	2,520
Capital Value Rates	3,219	3,303	3,485	3,642	3,724	3,945	4,157	4,137	4,212	4,243	4,366
Total Rates	5,610	6,330	6,734	7,113	7,579	8,278	8,736	8,899	9,130	9,179	9,304
\$ incr per week		13.85	7.74	7.30	8.97	13.44	8.81	3.12	4.45	0.93	2.40
Percentage Increase		12.8%	6.4%	5.6%	6.6%	9.2%	5.5%	1.9%	2.6%	0.5%	1.4%

Te Awamutu Ward (Residential) \$240,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,959	1,622	1,534	1,458	1,390	1,157	1,107	1,193	1,240	1,265	1,266
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	465	478	504	527	539	571	602	599	610	615	633
Total Rates	2,424	2,400	2,440	2,489	2,535	2,436	2,499	2,592	2,680	2,715	2,739
\$ incr per week		-0.47	0.78	0.93	0.88	-1.91	1.21	1.80	1.70	0.69	0.45
Percentage Increase		-1.0%	1.7%	2.0%	1.8%	-3.9%	2.6%	3.7%	3.4%	1.3%	0.9%

Amended by Council resolution on 30 May 2017

Te Awamutu Ward (Residential)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$350,000 with 1 dwelling	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,959	1,622	1,534	1,458	1,390	1,157	1,107	1,193	1,240	1,265	1,266
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	679	697	735	768	786	832	877	873	889	897	924
Total Rates	2,638	2,619	2,671	2,730	2,782	2,697	2,774	2,866	2,959	2,997	3,030
\$ incr per week		-0.36	1.01	1.14	0.99	-1.63	1.48	1.77	1.80	0.74	0.61
Percentage Increase		-0.7%	2.0%	2.2%	1.9%	-3.0%	2.9%	3.3%	3.3%	1.3%	1.1%

Te Awamutu Ward (Residential)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$620,000 with 1 dwelling	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,959	1,622	1,534	1,458	1,390	1,157	1,107	1,193	1,240	1,265	1,266
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	1,202	1,234	1,302	1,361	1,392	1,475	1,554	1,547	1,575	1,590	1,636
Total Rates	3,161	3,156	3,238	3,323	3,388	3,340	3,451	3,540	3,645	3,690	3,742
\$ incr per week		-0.10	1.58	1.63	1.24	-0.94	2.15	1.71	2.04	0.86	1.00
Percentage Increase		-0.2%	2.6%	2.6%	1.9%	-1.4%	3.3%	2.6%	3.0%	1.2%	1.4%

Rural Residential Te Awamutu	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$360,000 with 1 dwelling	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,140	747	648	549	424	333	242	241	240	241	230
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	576	577	612	644	662	703	727	729	744	750	769
Total Rates	1,716	1,624	1,662	1,697	1,692	1,744	1,759	1,770	1,814	1,826	1,839
\$ incr per week		-1.75	0.72	0.67	-0.09	1.00	0.28	0.22	0.85	0.24	0.25
Percentage Increase		-5.3%	2.3%	2.1%	-0.3%	3.1%	0.8%	0.6%	2.5%	0.7%	0.7%

Rural Residential Te Awamutu	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$640,000 with 1 dwelling	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,140	747	648	549	424	333	242	241	240	241	230
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	1,023	1,026	1,087	1,145	1,178	1,251	1,292	1,296	1,322	1,333	1,367
Total Rates	2,163	2,073	2,137	2,198	2,208	2,292	2,324	2,337	2,392	2,409	2,437
\$ incr per week		-1.73	1.24	1.16	0.18	1.62	0.63	0.25	1.07	0.33	0.53
Percentage Increase		-4.1%	3.1%	2.8%	0.4%	3.8%	1.4%	0.6%	2.4%	0.7%	1.1%

Rural Residential Te Awamutu	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$1,320,000 with 1 dwelling	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,140	747	648	549	424	333	242	241	240	241	230
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	2,110	2,116	2,242	2,362	2,429	2,579	2,665	2,673	2,727	2,750	2,819
Total Rates	3,250	3,163	3,292	3,415	3,459	3,620	3,697	3,714	3,797	3,826	3,889
\$ incr per week		-1.67	2.50	2.35	0.84	3.11	1.48	0.33	1.60	0.56	1.21
Percentage Increase		-2.7%	4.1%	3.7%	1.3%	4.7%	2.1%	0.5%	2.2%	0.8%	1.6%

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Commercial / Industrial Te Awamutu \$235,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fixed Targeted Rates	1,901	1,568	1,480	1,404	1,336	1,103	1,053	1,139	1,185	1,210	1,210
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	456	468	494	516	528	559	589	586	597	603	620
Total Rates	2,357	2,336	2,376	2,424	2,470	2,370	2,432	2,525	2,612	2,648	2,670
\$ incr per week		-0.40	0.77	0.93	0.88	-1.93	1.20	1.80	1.67	0.68	0.42
Percentage Increase		-0.9%	1.7%	2.0%	1.9%	-4.1%	2.6%	3.8%	3.4%	1.4%	0.8%

Commercial / Industrial Te Awamutu \$630,000 with 3 dwellings / units	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fixed Targeted Rates	1,901	1,568	1,480	1,404	1,336	1,103	1,053	1,139	1,185	1,210	1,210
UAGC		900	1,206	1,512	1,818	2,124	2,370	2,400	2,490	2,505	2,520
Capital Value Rates	1,183	1,214	1,281	1,339	1,369	1,451	1,529	1,522	1,550	1,564	1,610
Total Rates	3,084	3,682	3,967	4,255	4,523	4,678	4,952	5,061	5,225	5,279	5,340
\$ incr per week		11.51	5.48	5.54	5.16	2.96	5.28	2.10	3.16	1.04	1.16
Percentage Increase		19.4%	7.7%	7.3%	6.3%	3.4%	5.9%	2.2%	3.2%	1.0%	1.1%

Commercial / Industrial Te Awamutu dwellings / units	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fixed Targeted Rates	3,415	3,187	3,113	3,030	3,116	3,479	3,544	3,809	3,928	3,946	3,941
UAGC		900	1,206	1,512	1,818	2,124	2,370	2,400	2,490	2,505	2,520
Capital Value Rates	3,141	3,224	3,402	3,556	3,637	3,853	4,061	4,041	4,116	4,154	4,275
Total Rates	6,556	7,311	7,721	8,098	8,571	9,456	9,975	10,250	10,534	10,605	10,736
\$ incr per week		14.53	7.89	7.25	9.07	17.03	9.99	5.28	5.48	1.36	2.53
Percentage Increase		11.5%	5.6%	4.9%	5.8%	10.3%	5.5%	2.8%	2.8%	0.7%	1.2%

Pirongia Ward - Rural \$400,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fixed Targeted Rates	972	706	613	514	388	298	206	202	202	202	191
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	632	634	672	708	729	774	800	803	820	827	848
Total Rates	1,604	1,640	1,687	1,726	1,723	1,780	1,796	1,805	1,852	1,864	1,879
\$ incr per week		0.69	0.92	0.76	-0.06	1.10	0.32	0.15	0.90	0.25	0.28
Percentage Increase		2.3%	2.9%	2.3%	-0.2%	3.3%	0.9%	0.4%	2.6%	0.7%	0.8%

Pirongia Ward - Rural \$2,440,000 with 2 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Fixed Targeted Rates	1,024	754	661	562	437	346	255	250	251	251	241
UAGC		600	804	1,008	1,212	1,416	1,580	1,600	1,660	1,670	1,680
Capital Value Rates	3,852	3,867	4,100	4,321	4,445	4,723	4,882	4,899	5,000	5,045	5,174
Total Rates	4,876	5,221	5,565	5,891	6,094	6,485	6,717	6,749	6,911	6,966	7,095
\$ incr per week		6.62	6.62	6.28	3.88	7.52	4.47	0.61	3.12	1.07	2.47
Percentage Increase		7.1%	6.6%	5.9%	3.4%	6.4%	3.6%	0.5%	2.4%	0.8%	1.8%

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Pirongia Ward - Rural \$5,200,000 with 2 dwellings	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,004	734	641	542	416	326	234	229	230	231	220
UAGC		600	804	1,008	1,212	1,416	1,580	1,600	1,660	1,670	1,680
Capital Value Rates	8,210	8,240	8,737	9,209	9,472	10,064	10,405	10,441	10,656	10,752	11,027
Total Rates	9,214	9,574	10,182	10,759	11,100	11,806	12,219	12,270	12,546	12,653	12,927
\$ incr per week		6.93	11.69	11.10	6.57	13.57	7.95	0.98	5.31	2.04	5.28
Percentage Increase		3.9%	6.3%	5.7%	3.2%	6.4%	3.5%	0.4%	2.3%	0.8%	2.2%

Pirongia Village \$300,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	966	690	597	498	373	282	191	186	186	186	175
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	576	592	624	653	668	708	747	743	757	765	787
Total Rates	1,542	1,582	1,623	1,655	1,647	1,698	1,728	1,729	1,773	1,786	1,802
\$ incr per week		0.76	0.81	0.61	-0.17	0.99	0.56	0.03	0.85	0.25	0.31
Percentage Increase		2.6%	2.7%	1.9%	-0.5%	3.1%	1.7%	0.1%	2.6%	0.7%	0.9%

Pirongia Village \$460,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	966	690	597	498	373	282	191	186	186	186	175
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	883	907	957	1,001	1,024	1,086	1,145	1,139	1,161	1,172	1,207
Total Rates	1,849	1,897	1,956	2,003	2,003	2,076	2,126	2,125	2,177	2,193	2,222
\$ incr per week		0.93	1.15	0.90	-0.02	1.40	0.96	0.00	0.99	0.32	0.54
Percentage Increase		2.6%	3.1%	2.4%	0.0%	3.6%	2.4%	0.0%	2.4%	0.8%	1.3%

Pirongia Village \$775,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	966	690	597	498	373	282	191	186	186	186	175
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	1,487	1,529	1,613	1,687	1,725	1,829	1,929	1,920	1,956	1,975	2,034
Total Rates	2,453	2,519	2,612	2,689	2,704	2,819	2,910	2,906	2,972	2,996	3,049
\$ incr per week		1.25	1.81	1.48	0.28	2.21	1.74	-0.07	1.28	0.47	1.00
Percentage Increase		2.6%	3.7%	2.9%	0.5%	4.2%	3.2%	-0.1%	2.3%	0.8%	1.7%

Ohaupo Village \$380,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	959	693	600	501	376	285	194	189	189	189	178
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	600	602	638	673	692	735	760	763	779	786	806
Total Rates	1,559	1,595	1,640	1,678	1,674	1,728	1,744	1,752	1,798	1,810	1,824
\$ incr per week		0.69	0.88	0.72	-0.08	1.05	0.30	0.15	0.88	0.24	0.26
Percentage Increase		2.3%	2.9%	2.3%	-0.3%	3.3%	0.9%	0.4%	2.6%	0.7%	0.7%

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Kakepuku Ward \$1,110,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	981	700	608	509	384	293	202	197	197	198	187
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	1,749	1,759	1,865	1,966	2,022	2,148	2,221	2,229	2,275	2,295	2,354
Total Rates	2,730	2,759	2,875	2,979	3,012	3,149	3,213	3,226	3,302	3,328	3,381
\$ incr per week		0.56	2.22	2.00	0.63	2.65	1.22	0.25	1.46	0.50	1.01
Percentage Increase		1.1%	4.2%	3.6%	1.1%	4.6%	2.0%	0.4%	2.4%	0.8%	1.6%

Kakepuku Ward \$4,140,000 with 3 dwellings	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,127	839	747	648	522	432	341	336	338	339	329
UAGC		900	1,206	1,512	1,818	2,124	2,370	2,400	2,490	2,505	2,520
Capital Value Rates	6,525	6,561	6,956	7,332	7,541	8,013	8,284	8,313	8,484	8,560	8,779
Total Rates	7,652	8,300	8,909	9,492	9,881	10,569	10,995	11,049	11,312	11,404	11,628
\$ incr per week		12.45	11.71	11.22	7.50	13.21	8.19	1.03	5.07	1.77	4.32
Percentage Increase		8.5%	7.3%	6.5%	4.1%	7.0%	4.0%	0.5%	2.4%	0.8%	2.0%

Kakepuku Ward \$6,290,000 with 3 dwellings	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,127	839	747	648	522	432	341	336	338	339	329
UAGC		900	1,206	1,512	1,818	2,124	2,370	2,400	2,490	2,505	2,520
Capital Value Rates	9,914	9,968	10,568	11,140	11,458	12,174	12,586	12,630	12,890	13,006	13,339
Total Rates	11,041	11,707	12,521	13,300	13,798	14,730	15,297	15,366	15,718	15,850	16,188
\$ incr per week		12.81	15.65	14.97	9.59	17.92	10.90	1.32	6.78	2.53	6.51
Percentage Increase		6.0%	7.0%	6.2%	3.8%	6.8%	3.8%	0.4%	2.3%	0.8%	2.1%

Maungatautari Ward \$500,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,021	702	609	515	469	375	281	278	274	266	250
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	788	792	840	886	911	968	1,001	1,004	1,025	1,034	1,060
Total Rates	1,809	1,794	1,851	1,905	1,986	2,051	2,072	2,082	2,129	2,135	2,150
\$ incr per week		-0.28	1.08	1.02	1.57	1.26	0.39	0.20	0.90	0.12	0.30
Percentage Increase		-0.8%	3.1%	2.9%	4.3%	3.3%	1.0%	0.5%	2.3%	0.3%	0.7%

Maungatautari Ward \$2,080,000 with 1 dwelling	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,022	689	595	501	455	362	267	264	260	253	237
UAGC		300	402	504	606	708	790	800	830	835	840
Capital Value Rates	3,278	3,296	3,495	3,684	3,789	4,026	4,162	4,176	4,263	4,301	4,411
Total Rates	4,300	4,285	4,492	4,689	4,850	5,096	5,219	5,240	5,353	5,389	5,488
\$ incr per week		-0.28	3.98	3.78	3.11	4.71	2.38	0.41	2.16	0.68	1.90
Percentage Increase		-0.3%	4.8%	4.4%	3.5%	5.1%	2.4%	0.4%	2.1%	0.7%	1.8%

Maungatautari Ward \$5,160,000 with 3 dwellings	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fixed Targeted Rates	1,152	825	732	638	592	498	404	401	399	391	377
UAGC		900	1,206	1,512	1,818	2,124	2,370	2,400	2,490	2,505	2,520
Capital Value Rates	8,132	8,177	8,670	9,138	9,399	9,987	10,325	10,361	10,574	10,669	10,942
Total Rates	9,284	9,902	10,608	11,288	11,809	12,609	13,099	13,162	13,463	13,565	13,839
\$ incr per week		11.88	13.56	13.09	10.03	15.38	9.42	1.20	5.80	1.97	5.27
Percentage Increase		6.7%	7.1%	6.4%	4.6%	6.8%	3.9%	0.5%	2.3%	0.8%	2.0%





Amended by Council resolution on 30 May 2017

# Policies and Plans



## Revenue and Financing Policy

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### Introduction

The Revenue and Financing Policy (“the policy”) outlines Council’s policies on the funding sources to be used to fund the operational and capital expenditure of Council’s activities and the rationale for their use.

The policy is required by sections 102 and 103 of the Local Government Act 2002 (the Act). The policy must be included in the 10-Year Plan as required by Schedule 10, clause 10. Section 103(4) requires that where a change to the policy is made outside of the 10-Year Plan process, only a significant amendment is required to be audited.

Section 103(2) of the Act allows the following mechanisms to be used for funding the operating or capital expenditure of Council’s activities:

- a) General rates, including:
  - i) Choice of valuation system,
  - ii) Differential rating,
  - iii) Uniform annual general charges.
- b) Targeted rates.
- (ba) Lump sum contributions.
- c) Fees and charges.
- d) Interest and dividends from investments.
- e) Borrowing.
- f) Proceeds from asset sales.
- g) Development contributions.
- h) Financial contributions under the Resource Management Act 1991.
- i) Grants and subsidies.
- j) Any other source.

In addition to identifying the sources of funding under section 103(2) of the Act, the policy must set out why Council has determined they should be used. A two-step process is required under section 101(3) of the Act. Firstly, for each activity, Council must consider the following matters:

- a) The community outcomes to which the activity primarily contributes.
- b) The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals.
- c) The period of time over which benefits occur (intergenerational equity).
- d) The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity (also called the ‘exacerbator pays’

principle, which suggests that in appropriate cases the exacerbators should meet at least part of the cost of an activity).

- e) The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Secondly, following consideration of these matters, Council must consider the overall impact of this allocation of liability on the current and future wellbeing of the community (section 101(3)(b) of the Act).

In deciding how activities will be funded Council first looks to sources other than rates. These sources include fees and charges, grants and subsidies. Rates are Council's major source of income although grants, fees and charges, subsidies, levies and loans also provide substantial funding.

The Local Government Act requires Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered by the 10-Year Plan (Schedule 10, clause 15). The Funding Impact Statement shows how Council intends to implement the Revenue and Financing Policy each year. It also shows the amounts to be collected from each available source, including how various rates are to be applied.

### **Changes since the 2012 Revenue and Financing Policy**

The following changes have been incorporated in the 2015 policy:

- a) Re-write and restructure of the policy to enhance interpretation and understanding;
- b) Amendments to the structure of the district-wide funding to comprise the following key elements:
  - i) Introduction of a uniform annual general charge (UAGC) to be applied on a separately used or inhabited part of a rating unit (SUIP) basis, replacing the targeted ward rate applied on a per rating unit basis.
  - ii) A capital value rate applied as a general rate based on property value.
  - iii) It is proposed that this rating approach is transitioned in over six years of the 10-Year Plan.

### ***Amendments to the funding of the Te Awamutu Events Centre:***

- a) The targeted rate set to fund the loan charges for the development of the Te Awamutu Events Centre has been removed and these costs are now funded through the Targeted Ward Rates as per paragraph (b) below.
- b) The 2012-22 Revenue and Financing Policy indicates the area of funding of the Targeted Ward Rate for this facility to be solely Te Awamutu. The area of funding is now expanded to include the Te Awamutu, Kakepuku and Pirongia wards via the Targeted Ward Rate. This more accurately links the area of community benefit to this facility.
- c) Due to the Te Awamutu Events Centre being managed by the Waipa Community Facilities Trust (the Trust), and all fees and charges revenue from this facility being set, collected and retained by that entity, there is no private benefit allocated to this

activity.

**Amendments to the funding of the Cambridge Pool:**





- a) Due to the Cambridge Pool being managed by the Trust, and all fees and charges revenue from this facility being set, collected and retained by that entity, there is no private benefit allocated to this activity.
- b) The area of funding has been amended from Cambridge, to include both the Cambridge and Maungatautari Wards. This more accurately links the area of community benefit to this facility.

**Application of section 101(3) of the Act**

This section sets out how Council has applied its analysis of section 101(3) to the funding sources in sections 3 and 4 of this policy.

**Community outcomes**

Council is required to identify the community outcome to which each activity primarily contributes. Each activity is assigned to one or more community outcomes. Council’s community outcomes are:

Outcomes	Description
	<p><b>Economically progressive:</b></p> <ul style="list-style-type: none"> <li>▪ We are financially sustainable;</li> <li>▪ Our services are acknowledged as excellent value for money; and</li> <li>▪ Waipa’s growth is built on its strengths.</li> </ul>
	<p><b>Connected with our community:</b></p> <ul style="list-style-type: none"> <li>▪ Our stakeholders are advocates/ambassadors for Waipa and Council;</li> <li>▪ We engage with all parts of our community; and</li> <li>▪ We have collaborative and enduring partnerships.</li> </ul>
	<p><b>Socially responsible:</b></p> <ul style="list-style-type: none"> <li>▪ We give back to the community;</li> <li>▪ We are a workplace of choice;</li> <li>▪ Waipa offers an excellent quality of life; and</li> </ul>
	<p><b>Environmental and cultural champions:</b></p> <ul style="list-style-type: none"> <li>▪ We are recognised as environmental and cultural leaders; and</li> <li>▪ Waipa’s environmental and cultural heritage is a showcase for excellence.</li> </ul>

**Distribution of benefits**

Section 101(3)(ii) of the Act requires Council to assess the ‘*distribution of benefits between the community as a whole, any identifiable part of the community, and individuals*’. For the purpose of this assessment, Council has identified three types of benefits:

***Public benefit - whole district:***

This is considered to be any service or product:

- a) That is available to all;
- b) From which it is not practicable to exclude and/or identify particular user(s);
- c) Where use by one particular individual or group does not consume the service or product, and it remains available for the benefit of others;
- d) That typically does not incur significant additional costs for additional users;
- e) That may benefit the community generally through option value (availability), existence value (quality of life), bequest value (a legacy for later generations) or prestige value (civic pride).

***Public benefit - community***

This is considered to be any service or product (as above for the whole district) which can be identified to a specific part of the community usually by location, i.e. by Ward.

***Private benefit***

This is considered to be any service or product:

- a) That is used only by a particular individual or groups;
- b) That once purchased or used, the service or product is not available for use by another individual or group;
- c) That has a quantifiable incremental cost according to the number of users.

For a number of activities, Council has established a range of values for the percentage split of public and private benefits, as these can vary from year to year depending on the demand for services and the level of debt servicing within the activities.

**Period of benefits**

Council is required to assess the period in or over which those benefits are expected to occur which will in turn indicate the period in which the operating and capital expenditure should be funded. For all activities, operating costs are directly related to providing benefits in the year of expenditure and are funded on an annual basis.

Assets provide benefits for the duration of their useful lives ranging from a few years to many decades for infrastructural assets. The concept behind intergenerational equity is to match the period over which an asset is funded to the period where benefits are derived from the use of the asset.

**Exacerbator pays**

Council is required to consider the extent to which the action or inaction of particular individuals or a group contribute to the need to undertake the activity. The 'exacerbator

pays' principle basically holds that those whose actions or inactions give rise to a need to undertake a particular activity should meet part of the cost of that particular activity.

### **Costs and benefits**

Council is required to consider the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities using a different rate or combination of rates.

### **Overall impact of revenue needs on wellbeing**

When Council has completed its activity-by-activity analysis and allocation of funding mechanisms, it examines the overall effect of the allocation on the community, to ensure that it does not adversely impact on the current or future wellbeing of the district. In order to achieve this, Council's revenue policies have regard to the following principles:

- a) Fairness/equity.
- b) Uniformity.
- c) Efficiency.
- d) Stability.
- e) Simplicity.
- f) Justifiability.

Council assesses the effect of proposed funding mixes on a range of properties, including low and high value residential properties in urban areas and townships, rural properties and commercial/industrial properties. As part of this assessment Council has the ability to adjust the proportion of the general rate, uniform annual general charge and targeted ward rate which make up district-wide funding if the annual effects of relative changes in the level of rates between various types of properties in the district require moderation.

### **Funding sources - operational expenditure**

Operating expenditure is expenditure on the day to day operations of Council.

Council's policies in relation to the funding of operating expenses are set out to ensure prudent financial management and compliance with legislative requirements and generally accepted accounting practice.

Council may choose not to fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediate, preceding or subsequent years. An operating deficit will only be budgeted when it would be beneficial to avoid significant fluctuations in rates, fees or charges.

In addition, Council may choose to fund more than is necessary to meet the operating expenditure in any particular year. It will only budget for such an operating surplus if necessary to fund an operating deficit in the immediate, preceding or subsequent years, or

to repay debt having regard to forecast future debt levels or to avoid significant fluctuations in rates, fees or charges in future years.

From time to time loans may also be used to cover the costs of operating projects. These are likely to be projects which span more than one year, and/or the outcome of which is expected to last for some time (e.g. the District Plan review). Any projects to be funded from loans will be identified in the annual Funding Impact Statement.

The proportion of district-wide funding provided by general rates, uniform annual general charge and targeted ward rates are determined and disclosed each year in the Funding Impact Statement.

Council has determined that the following sources may be used to fund operating expenditure:

### **Rates**

In selecting funding mechanisms for each activity, Council seeks to fund private benefit from fees and charges, community benefit from targeted rates, and whole district benefit from a mixture of general rates, uniform annual general charges and targeted rates for district-wide activities.

The mixture of general rates, uniform annual general charge and targeted rates for district-wide activities is referred to in this policy as “district-wide funding”. District-wide funding is also used to meet the shortfall where the fees and charges that are collected are less than the assessed private benefit of the activity.

### ***General Rates***

Council uses a capital value rating system across the district. Capital value is preferred to land value because Council believes this generally provides a better surrogate for ability to pay. Rates in a capital value rating system are collected as follows:

- a) A General Rate is a rate in the dollar for the capital value of the property and is used to meet a portion of district-wide funding.

### ***Uniform Annual General Charge***

A uniform annual general charge, based on a fixed amount per separately used or inhabited part of a rating unit (SUIP), is used to meet a portion of district-wide funding.

### ***Definition of a Separately Used or Inhabited Part of a Rating Unit***

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 inhabitation or use, even if it is not currently occupied, this constitutes a separate use of the rating unit by the owner. The following are guides to how this will be applied.



In a residential situation an independent residence is defined as having a separate entrance and separate cooking, living and toilet/bathroom facilities.

A separately used or inhabited part comes into effect in a business situation when the property has been set up to accommodate, or is accommodating, separate lessees, tenants, or the like, or the ability to operate separate businesses from the same rating unit.

The following examples are considered to be separately used or inhabited parts of a rating unit:

- a) Individual flats, apartments or dwellings.
- b) A building or parts of a building that are able to be used as independent trading operations.
- c) Vacant rating units.
- d) A dwelling attached to a shop or other business premises
- e) A residential building or part of a residential building that is used, or can be used as an independent residence.

The following are not considered to be separately used parts of a rating unit:

- a) Residential sleep out or granny flat that does not meet the definition of an independent residence.
- b) A hotel room with or without kitchen facilities.
- c) A motel room with or without kitchen facilities.

### ***Targeted rates***

The targeted ward rate which is a fixed amount per rating unit is collected on a differential basis based on location.

The targeted ward rate is used to meet:

- a) The community/group benefit element of activities; which includes community boards, community grants, libraries, Cambridge Pool, Te Awamutu Events Centre, Museums, community properties, Cambridge Town Hall, recycling, Cycling Centre of Excellence and passenger transport.
- b) A proportion of district-wide funding.

Targeted rates can either be on the basis of a rate in the dollar for the capital value of the property, or a fixed amount per property either by rating unit or by SUIP.

Targeted rates are used to fund activities such as district halls, rural fire management, recycling, Cambridge Community Sports Hall, stormwater, water treatment and supply and wastewater treatment and disposal.

## **Fees and charges**

Generally, Council will use fees and charges to recover the “private benefit” costs of a particular activity if it is economically viable to do so.

## **Grants and subsidies**

Some activities undertaken by Council qualify for grants or subsidies from the Crown. In particular, Council receives a subsidy from the New Zealand Transport Agency (NZTA) for qualifying roading expenditure.

## **Other sources of income**

This is a catch-all classification and the income is treated in the same way as fees and charges. It includes parking infringement fines, rates penalties, income from interest, and lease income.

## **Funding operational expenditure by activity**

The tables below illustrate the outcome of the analysis undertaken by Council in relation to section 101(3). The tables ‘community outcomes’ and ‘funding principles’ are assessed for the entire group of activity, and the tables ‘economic benefit assessment’ are assessed for each activity within that group. Where appropriate, footnotes are provided for additional rationale of the funding of the targeted ward rate.

The ‘community outcomes’ tables below show the community outcomes to which each group of activity primarily contributes. These tables show only the primary considerations, and it is acknowledged that most activities contribute to more outcomes than those shown.

The ‘funding principles’ tables show how the funding principles in section 101(3)(a) of the Act relate to each group of activity. The analysis assists Council in determining which funding mechanisms are appropriate for each activity. Generally those activities which score low for user pays or for cost/benefit of separate funding are best funded by general rates, whilst those scoring higher in those areas are best funded by user charges or targeted rates. The low/medium/high rating relates to the degree by which each group of activity conforms to the following economic principles:




- a) **Distribution of benefit** – the degree to which benefits can be attributed to individuals/groups, rather than the community as a whole.
- b) **Period of benefit** - the degree to which benefits can be attributed to future period.
- c) **Extent of action/inaction** – the degree to which action or inaction of groups or individuals gives rise to need for expenditure.
- d) **Cost/benefit of separate funding** – the degree to which costs and benefits justify separate funding of this activity.

The ‘economic benefit assessment and funding target’ tables detail how each activity within the group of activity is proposed to be funded, and what the funding targets are for each activity. Generally, these tables show that where a private benefit exists, the cost of this is

to be recovered by user charges or a targeted rate. The cost of public benefits is usually funded via district-wide funding or via the targeted ward rate for benefits restricted by location.

Costs for each group of activity include the allocation of Council's support service overheads.

## Governance

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

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Governance	Low	Low	Low	Low

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Council and elections			100%				100%
Community boards		90%	10%			90% <sup>55</sup>	10%
Community grants	8% - 12%	50% - 55%	33% - 42%	8% - 12%		50% - 55% <sup>56</sup>	33% - 42%
Strategic planning			100%				100%
Community relationships			100%				100%
Corporate			100%				100%

## Governance funding conclusion



Council, elections, strategic planning and communications provide a public benefit to the whole district and should be funded by all ratepayers through district-wide funding. The

<sup>55</sup> The Te Awamutu Community Board is allocated to Te Awamutu and Kakepuku wards, the Cambridge Community Board is allocated to the Cambridge and Maungatautari wards.

<sup>56</sup> These are allocated to the ward to which the grant relates / benefits.

community boards provide a public benefit both to the individual communities that they serve and to the wider district and are funded partially by the targeted ward rate and partially by district-wide funding. Community grants provides a public benefit to the individual communities that the individual grants relate to, and for some grants this is a district-wide benefit.

## Planning and Regulatory

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

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Planning & Regulatory	High	Low	High	Low

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Animal control	60%		40%	60% - 70%			30% - 40%
Building control	80%		20%	80% - 100%			0% - 20%
Environmental health	60%		40%	35% - 45% <sup>57</sup>			55% - 65%
Resource management	44%		56%	45% - 70%			30% - 55%
Development engineering	32%		68%	30% - 50%			50% - 70%

## Planning and regulatory funding conclusion

Benefits are generated for the whole district within the activities for health inspections, maintaining animal control facilities, some aspects of planning (appeals to Environment Court, protecting heritage, landscape features) and responding to non-chargeable information requests.





Fees and charges are levied for these activities to recover the private benefit portion of

<sup>57</sup> Refer to paragraph 4.7.1.3.

services provided (“user pays”). The quantity of services delivered will vary according to market conditions, and accordingly Council sets a range for the funding for these activities from fees and charges. The balance is funded from district-wide funding.

For the activity environmental health, Council is prevented by statutory limits from fully recovering the costs related to implementing liquor licenses and hazardous substances. This results in the balance of these costs being funded from district-wide funding.

### Community services and facilities

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

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Community services and facilities	Medium	Medium	Medium	Medium

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Parks & reserves			100%				100%
Mighty River Domain	40% - 50%		50% - 60%	40% - 55%			45% - 60%
District libraries	22%	21%	58%	10% - 25%		20% - 25% <sup>58</sup>	50% - 70%
Cambridge Pool		55% - 70%	30% - 45%			55% - 65% <sup>59</sup>	35% - 45%
Te Awamutu		50% - 55%	45% - 50%			50% - 55% <sup>60</sup>	45% - 50%

<sup>58</sup> The Te Awamutu Library is allocated to the Te Awamutu, Kakepuku and Pirongia wards; Cambridge Library is allocated to the Cambridge and Maungatautari wards.

<sup>59</sup> The Cambridge pool is allocated to the Cambridge and Maungatautari wards.

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Events Centre							
Museums	10% - 15%	20% - 25%	60% - 70%	10% - 20%		21% <sup>61</sup>	59% - 69%
Heritage			100%				100%
Cemeteries	57%		43%	45% - 65%			35% - 55%
Public toilets	40% - 50%		50% - 60%	5% - 10% <sup>62</sup>			90% - 95%
Commercial / strategic properties	40% - 50%		50% - 60%	45% - 65%			35% - 55%
Community properties	20% - 25%	20% - 25%	50% - 60%	10% - 20% <sup>63</sup>		20% - 25% <sup>64</sup>	55% - 70%
Pensioner housing	95%		5%	100% <sup>65</sup>			
District halls	22% - 28% <sup>66</sup>	23% - 27%	45% - 55%	8% - 10%	20% - 30%	20% - 30% <sup>67</sup>	30% - 52%
Forestry			100%	100% <sup>68</sup>			
Rural fire mngt			100%		100%		
Civil defence	60%		40%	50% - 60%			40% - 50%
Litter bins			100%				100%
Waste management (recycling)	95%	3%	2%	10% - 15%	80% - 85%	3% <sup>69</sup>	2%
Landfills			100%				100%
Cambridge Community Sports Hall		100%			100%		
Cycling Centre of Excellence		100%				100% <sup>70</sup>	

<sup>60</sup> The Te Awamutu Events Centre is allocated to the Te Awamutu, Kakepuku and Pirongia wards.

<sup>61</sup> The Te Awamutu museum is allocated to the Te Awamutu ward, and the Cambridge museum is allocated to the Cambridge ward.

<sup>62</sup> This allocation is low as there are practical difficulties in applying the 'user pays' principle to this activity. The exception is the Cambridge Superloo, where revenue is received for the toilet and for the use of showers.

<sup>63</sup> Council subsidises the rental costs for this activity as rent received from these organisations is generally below market value.

<sup>64</sup> Allocated to the Cambridge and Te Awamutu wards.

<sup>65</sup> While there is a small public benefit, Council has retained its long standing policy of funding all costs from rents.

<sup>66</sup> Private benefit relates to the fees and charges received from hall hireage, and to the Targeted Rate which is the Hall Rates.

<sup>67</sup> Allocated to the Cambridge ward to fund the Cambridge Town Hall.

<sup>68</sup> Fees and charges are received in the form of forestry harvesting revenue, which is accounted for in a separate reserve to fund this activity.

<sup>69</sup> Allocated to the Cambridge and Maungatautari wards.

<sup>70</sup> This is allocated to all wards in the Waipa District.

### Community services and facilities funding conclusion:



Some activities are identified as generating benefits for the whole district such as civil defence, and in other instances activities will benefit a specific identifiable community within the district, e.g. rural fire management.

Council will recover reasonable costs from individuals or groups who are identified as benefiting from the service or facility (“user pays”).

Council subsidises some activities via district-wide funding to promote Council policies and achieve strategic outcomes through:

- a) Subsidising the costs to individuals of borrowing library books, to encourage recreational and educational development of district residents.
- b) Subsidising the costs to individuals of entry to community facilities to encourage the development of a healthy community.

### Roads and footpaths

Roads and footpaths - community outcomes primarily contributed to:	
 <b>Economically progressive</b>	<ul style="list-style-type: none"> <li>▪ We are financially sustainable.</li> <li>▪ Our services are acknowledged as excellent value for money.</li> <li>▪ Waipa’s growth is built on its strengths.</li> </ul>
 <b>Socially responsible</b>	<ul style="list-style-type: none"> <li>▪ Waipa offers an excellent quality of life.</li> </ul>

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Roads and footpaths	Medium	High	Low	Medium

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Roads and footpaths	33%- 38%	2%	60% - 65%	30% - 50%	1%	1%	48% - 68%

### Roads and footpaths funding conclusion



This activity includes roads, road safety, passenger transport, footpaths, street lights, cycling and walking and car parks.

This activity is considered to generate benefits for the whole district, although in some circumstances (e.g. road seal extensions) there is a higher proportion of benefit identified

for a particular community. Additionally, in some instances the provision of a paved surface is considered to benefit a particular community (e.g. the construction of new footpaths) but the maintenance of it generates a benefit to the district as a whole.

Access to the road system is regarded as a public good due to non-excludability, and the funding method is through district-wide funding. External subsidies and contributions are available and Council seeks to maximise the level of subsidy available from external agencies and minimise district-wide funding. The funding percentages are expressed as ranges, because the actual funding mix from year to year will vary in accordance with the percentage of work undertaken which is eligible for subsidy.

### Stormwater

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

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Stormwater	Low	High	Low	High


Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Stormwater	-	93%	7%	-	93%	-	7%

### Stormwater funding conclusion


Stormwater is one of the group of activities required within the 10-Year Plan, and it is considered appropriate to rate this as a separate activity. Council considers that this service is a public benefit that should primarily be recovered through a targeted rate differentiated for rural and urban service.

Reticulated stormwater is considered to generate benefits for urban communities; whereas rural drainage is considered to benefit rural communities.

### Water treatment and supply

Water treatment and supply - community outcomes primarily contributed to:	
 <b>Economically progressive</b>	<ul style="list-style-type: none"> <li>We are financially sustainable.</li> <li>Our services are acknowledged as excellent value for money.</li> <li>Waipa's growth is built on its strengths.</li> </ul>



Water treatment and supply - community outcomes primarily contributed to:	
 <b>Socially responsible</b>	<ul style="list-style-type: none"> <li>Waipa offers an excellent quality of life.</li> </ul>

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Water treatment and supply	High	High	Low	High

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Water treatment and supply	85% - 89%	3% - 5%	8% - 10%	45% - 55%	36% - 46%	-	9%

### Water treatment and supply funding conclusion



Water treatment and supply is one of the group of activities required within the 10-Year Plan, and it is considered appropriate to rate this as a separate activity.

Direct users of the water supply clearly receive a benefit. The service also provides a public benefit in relation to the promotion of public health.

Council considers this service should be recovered through a targeted rate and through fees and charges for metered properties. The rate will be differentiated for the service received, connected or connectable. The public benefit component will be funded through district-wide funding.

It is noted that with the introduction of planned water meters within the 10-Year Plan, the funding target will shift from targeted rate to fees and charges as more properties will be connected via water meters.

### Wastewater treatment and disposal

Wastewater treatment and disposal - community outcomes primarily contributed to:	
 <b>Economically progressive</b>	<ul style="list-style-type: none"> <li>Our services are acknowledged as excellent value for money.</li> </ul>
 <b>Environmental and cultural champions</b>	<ul style="list-style-type: none"> <li>We are recognised as environmental and cultural leaders.</li> </ul>

Group of Activity	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Wastewater treatment and disposal	Low	High	Low	High

Group of Activity	Economic benefit assessment			Funding Targets			
	Private	Community	Whole District	Fees & Charges	Targeted Rate	Targeted Ward Rate	District-wide Funding
Wastewater treatment and disposal	82% - 86%	5% - 7%	9% - 11%	0% - 10%	80% - 90%	-	10%

### Wastewater treatment and disposal funding conclusion

Wastewater treatment and disposal is one of the group of activities required within the 10-Year Plan, and it is considered appropriate to rate this as a separate activity.

The provision of wastewater service is primarily a private benefit to the communities that can access the reticulation. The service also provides a public benefit via improved public health and environmental quality.

Council considers that this service should be recovered through a targeted rate and through fees and charges for trade waste recoveries. The rate will be differentiated for the service received, connected or connectable. The public benefit component will be funded through district-wide funding.

### Overall consideration of allocation of liability for revenue

The activity by activity analysis outlined above allocates some funding directly to sources such as fees and charges, subsidises, grants and targeted rates (including targeted ward rate). The remaining funding balance comes from district-wide funding, a mix of general rates (by CV), UAGC and targeted ward rates.

When considering the overall impact of this funding allocation on the community including the rating impacts for the community, Council identified that the main issues were:

- a) Affordability for those on fixed incomes;
- b) The fairness and equity of the current policy; and
- c) The high incidence of uniform (fixed) rates.

To help address these issues, Council has changed the structure of the district-wide funding to comprise the following key elements:

- a) Introduce a uniform annual general charge (UAGC) to be applied on a separately

used or inhabited part of a rating unit (SUIP) basis.

- b) On a transitional basis, reduce the value of the targeted ward rate which is applied on a per rating unit basis, until it is no longer an element of the district-wide funding.
- c) Gradually increase the proportion of the Capital Value rates within the district-wide funding.

It is proposed that this rating approach is transitioned in over six years with the UAGC introduced at \$300 increasing by \$102 per year for the next four years and \$82 in year 6. The capital value rate is anticipated to increase by 0.8% per year for the first six years.

The result in year six of the 10-Year Plan is a district-wide funding structure as follows:

- a) A UAGC of \$790;
- b) No targeted ward rate as part of the district-wide funding; and
- c) A capital value rate comprising 58.6% of the district-wide funding.

The exact proportions of general rates and targeted ward rates which make up district-wide funding in any year will be set out in the Funding Impact Statement for that year, which is included in the Annual Plan. It is possible that this may vary from the transition plan proposed in the 10-Year Plan. In arriving at the decision on the proportions, Council will bear in mind the following considerations:

The effect of fixed charges (such as targeted ward rates or the uniform annual general charge) on the total rates burden of lower value residential properties, and households with low or fixed incomes;

The effect of capital value based general rates on the total rates burden of high capital value rural properties, and very high capital value commercial properties;

The relative increases in rates proposed for the year for rural and urban ratepayers;

Any barriers to accessibility for community services which might be created by fully funding private benefit from fees and charges.

### **Funding sources - capital expenditure**

As with operating expenditures, Council has set out to ensure that it takes a prudent approach to the funding of capital expenditure with an emphasis on legislative and accounting compliance.

Funding to pay for new assets will come from a mix of borrowing, development or financial contributions, grants and subsidies, capital revenue, reserves and asset sales. Generally the costs of new assets will not be met from rates, however a portion of the costs of servicing loans will be.

Rates may be used to fund low value capital projects, these may be district-wide funding or a targeted rates depending on the activity the capital project relates to.

Some of the groups of activities use separate reserves to fund upgrades/growth to achieve stated levels of service. Once reserves are fully used, any remaining balance is funded by borrowing. These activities include stormwater, water treatment and supply, wastewater treatment and disposal, and roads and footpaths.

Funding for capital works will depend on the nature of the work, in particular the reasons (cost drivers) which have made the work necessary. There are three main cost drivers recognised by Council:

- a) Growth.
- b) Level of service improvements.
- c) Renewal.

As outlined in the introduction section of this policy, Section 101(3) of the Act requires Council to consider a range of matters (using a two-step process) to determine what funding sources are appropriate. Responses to the requirements in the first of these steps in relation to all methods of funding capital expenditure are illustrated in the tables below:

	Community outcomes			
	Economically progressive	Environmental and cultural champions	Connected with our community	Socially responsible
Capital expenditure	Y	Y	Y	Y

	Funding principles			
	Distribution of benefit (user pays)	Period of benefit (intergenerational equity)	Extent of action/inaction (Exacerbator pays)	Cost/benefit of separate funding
Capital expenditure due to growth	High	High	High	High
Capital expenditure – levels of service improvement, statutory requirements or other reasons	Low	High	Low	High
Capital expenditure due to renewals	Low	High	Low	High

The council has then, at the second step, considered the overall impact on the community of the allocation of funding for capital expenditure, and made the funding decisions set out below.

### **Capital expenditure due to growth**

The district's population and local economy is growing. The development generated from the growth places pressure on the assets and services provided by Council. Investment in additional assets is required to meet the demands of growth.

Council intends to entirely fund the portion of capital expenditure (CAPEX) that is attributable to growth by Development Contributions (DC's) and/or Financial Contributions (FC's) where it is legally, fairly, reasonably and practically possible to do so. It is considered that DCs and FCs are the best mechanism available to ensure that the cost of growth sits with those who have created the need for that cost. Refer to the Development Contributions Policy, which is a separate policy that provides full details around the rationale for, and level of, contributions.

### **Funding sources for growth capital expenditure**

The funding sources for growth capital expenditure in order of priority are:

- a) Vested assets.
- b) Development Contributions and Financial Contributions.
- c) Capital grants and subsidies attributable to growth portion.
- d) Borrowing.

### **Capital expenditure due to changes in levels of service**

The cost driver for a significant portion of capital works within the Waipa district relates to increasing levels of service for the community. In some cases, these improvements are required because of changes to legislation or resource consent conditions, which means there is often little discretion with regard to the decision<sup>71</sup>. In other cases, the increase in level of service is a community driven decision.

### **Funding sources for levels of service improvement capital expenditure**

The funding sources for levels of service improvement capital expenditure in order of priority are:

- a) Capital grants and subsidies.
- b) Asset sales.
- c) Capital reserves.
- d) Borrowing.
- e) Rates for small value capital projects.

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<sup>71</sup> For example, upgrades to water treatment plants due to water treatment standards.

### **Capital expenditure due to renewals**

Renewal capital works are those capital expenditure costs that are incurred in restoring an asset to previous service levels, usually reflected in the amount that an asset has depreciated. Therefore, by using depreciation funds Council is maintaining infrastructural networks to their existing service level.

The funding of depreciation is an implied requirement of the “balanced budget” provision of the LGA. It requires that Council fully fund all operating costs, including reductions in the useful life or quality of assets.

### **Funding sources for renewal capital expenditure**

The funding sources for other capital expenditure in order of priority are:

- a) Depreciation reserves.
- b) Borrowing.
- c) Rates for small value capital projects.

Depreciation reserves are used to fund projects relating to renewals. Borrowing is used to fund projects where there is not sufficient depreciation reserves available.

## **Significance and Engagement Policy summary**

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Significance is one of the most important concepts in the Local Government Act 2002. The aim of the policy is to help local authorities direct the appropriate level of attention, consideration, consultation and disclosure to matters based on their relative importance to their communities. The full Significance and Engagement Policy is available to the public on Council's website or from Council offices and libraries. This is a summary for information purposes only.

### **Purpose and scope**

- a) To enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
- b) To provide clarity about how and when communities can expect to be engaged in decisions made by Council.
- c) To inform Council from the beginning of a decision-making process about the extent, form and type of engagement required.

### **Policy**

- a) Engaging with the community is needed to understand the views and preferences of people likely to be affected by or interested in a proposal or decision.
- b) An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops.
- c) Council will take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:
  - i. Whether there is a legal requirement to engage with the community.
  - ii. The level of financial consequences of the proposal or decision.
  - iii. Whether the proposal or decision will affect a large portion of the community.
  - iv. The likely impact on present and future interests of the community.
  - v. The likely impact on Māori cultural values and their relationship to land and water.
  - vi. Whether the proposal affects the level of service of a significant activity.
  - vii. Whether community interest is high.
  - viii. Whether the likely consequences are controversial.
  - ix. Whether community views are already known, including the community's preferences about the form of engagement.
  - x. The form of engagement used in the past for similar proposals and decisions.

- d) If a proposal or decision is affected by a number of the above considerations, it is more likely to have a higher degree of significance.
- e) In general, the more significant an issue, the greater the need for community engagement.
- f) Council will apply a consistent and transparent approach to engagement.
- g) Council is required to undertake a special consultative procedure as set out in section 83 of the Local Government Act 2002, or to carry out consultation in accordance with or giving effect to section 82 of the Local Government Act 2002 on certain matters (regardless of whether they are considered significant as part of this policy).
- h) For all other issues requiring a decision, Council will use the policy to determine the appropriate level of engagement on a case-by-case basis.
- i) The Community Engagement Guide (attached to the policy) identifies the form of engagement Council may use to respond to some specific issues. It also provides examples of types of issues and how and when communities could expect to be engaged in the decision making process.
- j) Joint Management Agreements, Memoranda of Understanding or any other similar high level formal agreements with Māori will be considered as part of this process.
- k) When Council makes a decision that is significantly inconsistent with this policy, the steps identified in section 80 of the Local Government Act 2002 will be undertaken.

### **Council's strategic assets**

- a) Pensioner housing:
  - i. Dallinger Court, Cambridge.
  - ii. Wallace Court, Cambridge.
  - iii. Dr Tod Court, Cambridge.
  - iv. Vaile Court, Cambridge.
  - v. Lyon Street, Te Awamutu.
  - vi. Palmer Street, Te Awamutu.
  - vii. Churchill Street, Te Awamutu.
  - viii. Mangapiko Street, Te Awamutu.
- b) Equity securities in the Waikato Regional Airport Ltd.



## Waste management

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The Waste Minimisation Act 2008 requires us to promote effective and efficient waste management and minimisation in the district, and to do this through a waste management and minimisation plan. This does not mean that we are required to actually provide waste services itself but the Waste Minimisation Act provides us with tools to influence, promote and implement measures to reduce and minimise waste.

The Waste Minimisation Act also sets a levy on all waste disposed to landfills, some of which is then returned to Local Government to help fund initiatives that promote and achieve waste minimisation. The initiatives need to have been outlined in our Waste Management and Minimisation Plan to qualify for the levy funding. We currently receive about \$130,000 in waste levy funding annually.

We adopted our Waste Management and Minimisation Plan 2011-17 in October 2011. The Waste Management and Minimisation Plan outlines where we want to be in relation to waste management and minimisation, highlights waste issues in the Waipa district that were identified in the waste assessment, and sets out an action plan to address those issues.

Our vision for waste management and minimisation is:

*‘Progress towards zero waste and a sustainable Waipa’*

The goals for waste management and minimisation in Waipa district are:

- a) To reduce the harmful effects of waste generation and disposal; and
- b) To improve the efficiency of resource use.

The following objectives will assist the district to achieve its waste management and minimisation goals:

- a) To promote and encourage cost effective, efficient and sustainable waste management practices within the Waipa district; and
- b) To minimise the quantity of waste being generated and disposed of within the Waipa district by providing strategies and tactics to encourage waste reduction, reuse, recycling and recovery before residual disposal.

We will work closely with Waikato Regional Council to implement the Waste Management and Minimisation Plan. This approach will help ensure a greater degree of coordination across the region and make the best use of limited resources available to promote effective waste management.

There is no significant variation between the Waste Management and Minimisation Plan 2011-17 and the 10-Year Plan 2015-25.

## **Assessment of water and sanitary services**

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There are no significant variations between the proposals outlined in this Plan and the assessments of water and sanitary services contained in the 10-Year Plan 2009-19.

No further assessments have been undertaken since the 10-Year Plan 2009-19 was adopted and there is no significant variation between the assessments and the 10-Year Plan 2015-25.

Amended by Council resolution on 30 May 2017

# **Council Controlled Organisations**



## **Council controlled organisations**

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The Local Government Act 2002 requires Council to include in the 10-Year Plan information on council controlled and council organisations in which it is a stakeholder. In particular, Council must include:

- Its significant policies and objectives regarding ownership and control of the organisation.
- The nature and scope of the activities to be provided by the organisation.
- The key performance targets and other measures by which performance may be judged.

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

- Waikato Regional Airport Limited, also known as Hamilton International Airport.
- Local Government Funding Agency Limited.
- New Zealand Local Government Insurance Corporation, also known as Civic Assurance.
- Local Authority Shared Services Limited.

### **Waikato Regional Airport Limited**

Waikato Regional Airport Limited (Hamilton International Airport) is jointly owned by five local authorities – Hamilton City, Waipa District, Waikato District, Matamata-Piako District and Otorohanga District Councils. Hamilton International Airport has a joint venture interest in Titanium Park Limited and is the sole shareholder of Hamilton Waikato Tourism Limited. The airport's responsibilities include oversight of the governance function of these entities.

Waipa District Council's shareholding is 15.625%.

#### **Core purpose**

- Enabler of air services to the region.
- Operate a first class, safe and compliant regional airport.
- Strategic positioning of the business to enhance capital value.

#### **Nature and scope of activities**

- Operate an efficient and compliant airport.
- Enhance the traveller experience.
- Maintain a viable aeronautical business.
- Maximise revenue diversification through non-aeronautical business opportunities.

- Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation.

### Capital expenditure

Planned major capital expenditure in the three year forecast is:

Table 85: Waikato Regional Airport Limited capital expenditure

	2015 \$000s	2016 \$000s	2017 \$000s
Runway and apron	650 <sup>72</sup>	-	-
Car park control gear	-	-	500
Other projects	740	630	505
<b>Total</b>	<b>1,390</b>	<b>630</b>	<b>1,005</b>

### Performance targets

Figures below are based on consolidated company forecasts.

Table 86: Waikato Regional Airport Limited performance targets

	Year ended 30 June		
	2015	2016	2017
Earnings before interest, taxation and depreciation amortisation (EBITDA)	\$2.88m	\$2.21m	\$2.33m
Net surplus/ (Deficit) after tax	\$111k	-\$683k	-\$817k
Net profit after tax to average shareholders' funds	0.00%	-0.01%	-0.01%
Net profit after tax to total assets	0.00%	-0.01%	-0.01%
Net cash flow (operating and investing)	-\$375k	\$161k	\$41k
Total liabilities/shareholders' funds (debt/equity ratio)	26:74	25:75	24:76
percentage of non-landing charges revenue*	64.44%	64.33%	63.93%
Interest cover <sup>73*</sup>	2.91	2.72	2.81

\*Applicable to Parent company (Airport) operations only

Additional targets:

- To achieve the Airport Certification Standards as required by the Civil Aviation Authority.

<sup>72</sup> Deferred from previous year to year ending 30 June 2015.

<sup>73</sup> The interest cover measures the number of times the net profit before interest, tax and depreciation (EBITDA) covers interest paid on debt.

- b) Collect, document and act (where viable) on customer feedback forms to continuously monitor and improve the customer experience. Maintain a database to ensure recurring negative feedback is promptly acted upon.

### **Dividend policy**

In view of the priority to reduce debt, the Directors propose to recommend that no dividend be paid for the next three years and that the dividend payment decisions for subsequent years are determined at the annual general meeting each year.

### **New Zealand Local Government Funding Agency Limited**

The Local Government Funding Agency Limited (LGFA), which is a council controlled trading organisation, has been established by the local government sector and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

Waipa District Council's shareholding is 0.4%.

### **Primary objective**

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- a) Providing estimated savings in annual interest costs for all participating local authorities of at least 30 basis points, based on the methodology set out in LGFA's Annual Report 2012-2013.
- b) Making longer-term borrowings available to participating local authorities.
- c) Enhancing the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice.

### **Principal objectives**

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- a) Achieve the objectives and performance targets of the shareholders (Shareholders) in LGFA (both commercial and non-commercial) as specified in the Statement of Intent.
- b) Be a good employer.
- c) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.
- d) Conduct its affairs in accordance with sound business practice.

### **Nature and scope of activities**

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may

undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

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

In lending to participating local authorities, LGFA will:

- a) Operate in a manner to ensure LGFA is successful and sustainable in the long-term.
- b) Educate and inform participating local authorities on matters within the scope of LGFA's operations.
- c) Provide excellent service to participating local authorities.
- d) Ensure excellent communication exists and be professional in its dealings with all its stakeholders.
- e) Ensure its products and services are delivered in a cost effective manner.

### **Dividend policy**

The LGFA will seek to maximise benefits to participating local authorities as borrowers rather than shareholders. Consequently it is intended to pay a limited dividend to shareholders.

The LGFA board's policy is to pay a dividend that provides an annual rate of return to shareholders equal to LGFA cost of funds plus 2.00% over the medium term. Retained earnings are forecast to increase to \$19.1 million by June 2017. As a result, LGFA will review its capital structure and report to shareholders by 31 March 2015. At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

### **Performance targets**

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

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

In lending to participating local authorities, LGFA will:

- a) Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- b) Educate and inform participating local authorities on matters within the scope of LGFA's operations.
- c) Provide excellent service to participating local authorities.
- d) Ensure excellent communication exists and be professional in its dealings with all its stakeholders.



- e) Ensure its products and services are delivered in a cost effective manner.

## **New Zealand Local Government Insurance Corporation**

The New Zealand Local Government Insurance Corporation (Civic) is wholly owned by New Zealand city, district and regional councils. It provides a range of products and services to prevent loss and manage risk.

Waipa District Council's shareholding is 1.1%.

### **Mission statement**

To provide insurance, risk-financing and superannuation solutions to the local government sector.

### **Corporate goals**

The specific goals of the New Zealand Local Government Insurance Corporation are:

- a) To operate as a sound and successful business.
- b) To be the primary supplier of insurance, risk-financing and superannuation services to the local government sector.
- c) To investigate and facilitate, as appropriate, new products and markets in insurance, risk-financing and superannuation.
- d) To regain a claims paying ability rating of A- or better.

### **Profits, dividend policy and projections**

Civic historically has three main sources of revenue: insurance premiums, investment income, and fees from providing administration and accounting services. The profit outlook is as follows:

#### *Profits from providing insurance*

These will take a while to rebuild following Civic's withdrawal from the property insurance market after it was unable to secure suitable reinsurance terms for 1 July 2011. Civic intends to re-enter the property insurance market once it has settled its Canterbury earthquake claims.

#### *Profits from investment income*

An environment of lower interest rates and investment returns inevitably means less investment income. Civic's investment return is strongly influenced by the investment performance of its nine-story office block at 114 Lambton Quay, Wellington.

### *Profits from providing administration and accounting services*

The fee income generated contributes significantly to Civic's overheads. This source of revenue will continue to increase as the SuperEasy funds under management continues to increase.

Until such time that Civic has re-established itself as a local government property underwriter, it is not meaningful to provide financial projections.

### **Nature and scope of activities**

Civic's primary role is to provide insurance, risk-financing and superannuation services to the local government sector.

- For traditional insurance, Civic has always offered and intends to offer in the future:
  - Competitive prices;
  - An honest and fair process for managing claims; and
  - Products from which the profits are returned to the sector through the Company's local government shareholders.
- Civic provides administration, reinsurance, accounting, and a range of other services to Civic Property Pool, Riskpool and LAPP.
- Civic provides superannuation services for local government and local government staff via SuperEasy and SuperEasy KiwiSaver.
- Civic investigates and facilitates as appropriate new insurance, risk-financing and superannuation services and/or markets that it believes will prove beneficial to its shareholders and the local government sector.
- Ownership and management of Civic Assurance House provides a centre in Wellington's CBD for national local government organisations (e.g., LGNZ, SOLGM, LGOL and Civic).
- In a modest and selective way Civic provides sponsorship for a range of local government activities at regional and national level.

### **Performance targets and measures**

- To obtain and maintain a claims paying ability rating from rating agency AM Best of "A (Excellent)" or better.
- To resolve Civic's disputes with its reinsurers and settle its Canterbury earthquake claims.
- To provide superannuation services to at least 90% of local authorities.
- To continue to be an efficient and effective administration manager for Civic Property Pool, Riskpool and Local Authority Protection Programme.

## Local Authority Shared Services Limited

### Shareholders

Local Authority Shared Services Limited (LASS) is jointly owned by 12 local authorities.

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

### Background

The local authorities within the boundaries of the Waikato region have adopted shared services as a mechanism for providing back of office type services in a coordinated manner across the region to leverage opportunities and deliver benefits. Over the period that Local Authority Shared Services Limited has been operating, the following positive outcomes have been achieved:

- Improved level and quality of service provided through the Shared Valuation Database Service.
- Coordinated approach to the provision of services.
- Reductions in the cost of services.
- Opportunities to develop new initiatives.
- Opportunities for all councils, irrespective of location or size, to benefit from joint initiatives.
- Economies of scale, resulting in cost saving, have been achieved in procurement.

There are two shared services currently operating. The Shared Valuation Data Service provides valuation data services to the councils and has been established to ensure that valuation data is both accurate and current. The Waikato Regional Transport Model has been developed to collect information on traffic type and flows which will be used to develop a transport model for the Waikato region. New services will only be adopted where a business case shows that they provide some form of benefit to the shareholders.

## **Council policies and objectives relating to Council controlled organisations**

The Constitution of Local Authorities Shared Services Limited set out the principles and expectations around how the company will be governed and operated. While Council has no formal policies and objectives, it has become a shareholder on the basis that the Local Authority Shared Services Limited will develop products and services of significant benefit to Waipa residents and ratepayers.

### **Company objectives**

The objective of the Local Authority Shared Services Limited is to provide Waikato region's local authorities with a vehicle to procure shared services. It provides a mechanism for the development of new services which are available to any shareholder that chooses to join. It also provides those councils that wish to develop new services with a company structure under which they can develop and promote services to other local authorities.

### **Nature and scope of activities**

There are currently three major operations under the LASS umbrella, plus a support role for collaborative initiatives of the Waikato Mayoral Forum.

Firstly, the Shared Valuation Data Service (SVDS). This operational system is providing both timely and accurate valuation data to member Councils and shareholders. The SVDS has become the accepted valuation database in the region.

Secondly, the Waikato Regional Transportation Model (WRTM). This model became fully operational in February 2010. This model, built within its budgeted cost, provides accurate information to Councils and external users for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region.

Thirdly, LASS is a party to a joint contract between the company, shareholding Councils and AON Ltd for insurance brokerage services and various collective insurance policies. Other joint procurement contracts also exist.

Over the period that the company has been operating benefits have been delivered in the form of:

- Improved level and quality of service.
- Co-ordinated approach to the provision of services.
- Reductions in the cost of services.
- Opportunity to develop new initiatives.
- Opportunity for all councils irrespective of location or size to benefit from joint initiatives.
- Leverage provided from economy of scales resulting from a single entity representing Councils leveraging procurement opportunities.

The Waikato Mayoral Forum in 2012 enabled the creation of five working parties to investigate collaborative opportunities in the areas of governance, planning, two waters, roading and economic development. An additional work stream for bylaws and policies was created in 2013. Each working party is led by a Council CEO in conjunction with a group of Mayors/Chairperson from the Waikato Mayoral Forum. LASS is available as a support entity to assist these working parties.

Collective funding of \$100,000 in 2012/13 resulted in the scoping and defining of further project work during 2013/14, and additional funding proposals were presented to shareholding councils for consideration as part of their 2013/14 Annual Plan process. This proposal also contained funding for the Waikato Plan project into 2014/15.

An additional range of shared service opportunities are being considered at the present time. For example, some opportunities in the area of procurement have been identified and the shareholders are looking to progress these opportunities. Further work is also under way to consider how information technology initiatives can be advanced collectively under LASS.

Based on feedback from shareholder councils and the CEO Forum, the LASS Directors will continue to discuss their role in the development of business cases for shared services at future meetings. These investigations will include reporting to shareholders and the Waikato Mayoral Forum on the alternative mechanisms to develop shared services.

Directors are mindful of the current political environment, and see these investigations of possible shared services as a key focus of their role.

### **Performance targets**

Performance targets relate to the level of services that are current or under development. It is envisaged that these targets will expand as new services are developed. The targets include:

- The Statement of Intent is informed by the annual survey and independent benefits review.
- Costs Control: Administration expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.
- Cashflow: LASS maintains an overall positive cashflow position.
- Reporting: The Board will provide a written report on the business operations and financial position of the LASS on a six monthly basis.
- Statutory Adherence: There will be an annual report to directors that all statutory requirements of the LASS are being adhered to.
- SVDS Availability: That SVDS is available to users at least 99% of normal working hours.
- SVDS Sales Data Delivery: That at least 98% of agreed timelines are met for sale and property files that have been delivered to the FTP server for access to customers.

- SVDS Major Enhancement Development Hours: All Capital enhancement development work is supported by a business case approved by the Advisory Group.
- WRTM: That all required modelling reports are actioned within the required timeframe.
- WRTM: That the base model adheres to “Screenline Validation Standards” as set out in the NZTA Economic Evaluation Manual as indicated by an external independent peer review.
- WRTM: That a full report on progress of the model be provided to the LASS Board twice each year.
- Insurance: The key performance indicators from appendix 4 of the brokerage contract are met.
- Joint Procurement: That any joint procurement projects deliver as per project approved objectives.
- Advice to the Waikato Mayoral Forum: In response to requests from shareholders, LASS will provide regular reports and updates to the Waikato Mayoral Forum regarding progress with shared service initiatives.
- Independent Benefit Review Plan update: The independent benefit review plan will be reviewed, updated and signed off by the LASS Board by 31 May of the year immediately preceding the year the plan relates to.
- Independent Benefit Reviews: Those reviews timetabled in the plan for the current year be completed by the end of the year.

Amended by Council resolution on 30 May 2017

# Glossary





## Glossary

Term	Definition
<b>Action Plan</b>	A plan identifying a series of actions to be taken to achieve defined outcomes.
<b>Activity</b>	Services provided by or on behalf of Council.
<b>Amortisation</b>	The reduction of the value of an asset by prorating its cost over a period of years.
<b>Annual Plan</b>	Contains details of Council's action plan for the next financial year, the budget and the level of rates required to fund that spending. It also contains details of any variation from the financial statements and funding impact statement that are included in Council's current 10-Year Plan.
<b>Annual report</b>	Report prepared once a year to assess Council's performance against its objectives, activities, performance targets and budgets as outlined in the 10-Year Plan.
<b>Asset</b>	A resource; Council's asset ownership extends over land, buildings, plant, equipment, forestry and infrastructure such as roads, bridges, footpaths, sewerage schemes, water supply and stormwater reticulation.
<b>Asset Management Plans (AMPs)</b>	A plan for the management of one or more assets that combine multidisciplinary management techniques (including technical and financial) over the lifecycle of the asset in the most cost-effective manner to provide a specified level of service.
<b>Capital Expenditure</b>	Money spent to build or buy a new asset, or to improve the standard of any existing asset.
<b>Community</b>	A group of individuals and organisations that are linked together by some common factor, interest, identity or administrative boundary.
<b>Community Boards</b>	Pass on community concerns and make recommendations to the elected Council and its committees.
<b>Community Outcomes</b>	The outcomes that a local authority aims to achieve for its community and district in the present and for the future.
<b>Community Wellbeing</b>	The overall wellbeing (quality of life) of the community taking into account economic, cultural, social and environmental wellbeing.
<b>Council Controlled Organisations</b>	A company or entity in which one or more local authority has a shareholding of 50% or more, voting rights of 50% or more, or the right to appoint 50% or more of the directors. Section 6(4) of the Local Government Act 2002 details entities which are exceptions.
<b>Development Contributions</b>	Payment from developers to help fund new infrastructure required by growth (as set out in the Local Government Act 2002).
<b>District Plan</b>	Required by the Resource Management Act 1991, it defines how resources and development will be managed by the district. The Plan is based on economic, cultural, social and environmental wellbeing.
<b>Equity</b>	The market value of assets less any liabilities.
<b>Funding Impact Statement</b>	A financial statement that discloses the revenue and financial mechanisms that Council proposes to use.
<b>Future Proof</b>	The term used to refer to the growth strategy that is being prepared for the sub-region. Included in the sub-region are the following authorities – Waipa District Council, Waikato District Council, Waikato Regional Council and Hamilton City Council.

Term	Definition
<b>General Rate</b>	A charge calculated using the rateable value of property that is paid to council to fund its general services but not services funded by targeted rate, fees or charges.
<b>Governance</b>	Is how Council engages with the community, oversees the effective and responsible management of resources, delivers services and sets the strategic direction for the district.
<b>Hapū</b>	A cluster of related whanau (extended family), descended from a single ancestor that has collective decision-making rights over its territory.
<b>Hearing</b>	A meeting at which members of the public speak to elected representatives and/or staff about an issue.
<b>Indicator</b>	A measure or combination of measures, either qualitative or quantitative, against which performance or progress can be assessed.
<b>Interest</b>	Interest on bank accounts, overdrafts and debt.
<b>Iwi</b>	Larger than the hapū - A cluster of related hapū, descended from a single ancestor, varying in size.
<b>Levels of Service (LOS)</b>	The extent of a service provided by Council.
<b>Local Authority</b>	A regional, district or city council.
<b>Local Government Act 2002</b>	The legislation that defines the powers and responsibilities of Local Government organisations (regional, city and district councils).
<b>Long Term Plan</b>	Refer to 10-Year Plan.
<b>Ngā Iwi Toopu o Waipa</b>	A representative group of local tangata whenua, made up of mandated hapū representatives appointed by relevant Marae committees.
<b>Operating Costs</b>	These are costs to run the council's services on a day-by-day basis and range from maintenance of infrastructure to staff salaries.
<b>Partnership</b>	This refers to the council's relationship with groups within the community to achieve outcomes. This does not refer to a legal partnership.
<b>Passenger Transport</b>	Can also be referred to as public transport – includes buses.
<b>Rates</b>	Rates are what each property owner pays for the services provided by councils. The charge is set in accordance to the Local Government (Rating) Act 2002.
<b>Resource Management Act 1991</b>	Legislation setting out Local Government's responsibilities to promote the sustainable management of natural and physical resources. The Act includes a range of regulatory and other responsibilities for the councils, including requirements for the state of the environment monitoring and reporting.
<b>Renewals</b>	Activities required to upgrade, refurbish or replace current facilities or assets, with facilities or assets of equivalent capability or service potential.
<b>Revenue</b>	Revenue received by the council to fund the services it provides. Revenue sources include – rates; fees and charges for using a particular service; penalties and fines; and grants and subsidies.
<b>Shared service</b>	Waikato Mayoral Forum initiative to share costs across the region where possible through Local Authority Shared Services Limited.
<b>Significance</b>	The degree of importance that Council has given to an issue, proposal, decision or any other matter that is likely to impact on the district's wellbeing.
<b>Strategic Plan</b>	An explanation of the overall direction and emphasis that Council's activities and programmes will take to realise the long-term vision.

Term	Definition
<b>Strategy</b>	A plan of action designed to guide progress towards the long-term vision.
<b>Submission</b>	Feedback or proposal from an individual or group on an issue.
<b>Sustainability</b>	Using our resources in such a way that we meet the needs of the present generation without compromising the ability of the future generations to meet their own needs.
<b>Tangata Whenua</b>	Māori people who belong to a particular area by ancestral connection.
<b>Targeted Rate</b>	A rate that is levied to fund a particular service or facility.
<b>Te Kauhanganui o Waikato</b>	Kauhanganui is made up of marae representatives from throughout the wider region of Tainui with emphasis on those who faced raupatu (land confiscation). Each marae is represented by two delegates, one Kaumatua (elder) and one rangatahi (youth), who are appointed for a set term.
<b>Ward</b>	An administrative and electoral area of the district. There are five wards in our district – Cambridge; Te Awamutu; Pirongia; Maungatautari and Kakepuku.
<b>Waipa 2050</b>	Waipa 2050 is a project through which a review of the Waipa District growth strategy will be reviewed. The work will focus on looking at growth in the district and how to best manage it. Also included in this work is the development of town concept plans for Cambridge, Te Awamutu/Kihikihi, Pirongia and Ohaupo.
<b>Vested Assets</b>	An existing right to the immediate or future possession of property, resources, cash, stock and goodwill.
<b>10-Year Plan</b>	A strategic plan, covering at least 10 years, that describes a local authorities activities and the community outcomes of the authority's district or region. A council's 10-Year Plan is the basis for its accountability to the community.



Amended by Council resolution on 30 May 2017

# Appendix



## Proposed disposal of endowment land and use of endowment funds

As a result of the Local Government reorganisation in 1989 and subsequent property purchases Waipa District Council currently holds 69 properties “in trust” for the benefit of the people of the district. We hold cash within separate Cambridge, Te Awamutu, Pirongia and district-wide endowment funds. The money in the funds is available pending future property purchases or development, and the funds may be used to offset external debt. Any internal lending of this type would be at an interest rate based on Council’s Cost of Capital and would be repaid to the endowment account on an annual basis.

The Local Government Act 2002 places restrictions around how the properties are dealt with, especially when we are contemplating the disposal of the properties and the use of the funds generated from the disposal.

The proceeds of any sale will be reinvested, including for the development of community facilities for the long term benefit of the district. We will seek approval from the Minister of Local Government under section 140(4)(a)(ii) of the Local Government Act 2002 in situations where the original purpose for which a property was vested in Council differs from the purpose to utilise the proceeds arising from the subsequent sale of that property. An example of this is the proposal to use a combined total of around \$1.6 million of Te Awamutu and district-wide endowment funds to build a new Te Awamutu library. Full disclosure of the use of these endowment funds and the project itself is provided in the Key Projects section of this plan (refer to page 162).

Previously we were required to identify properties considered for disposal and include them in the 10-Year Plan. A recent amendment to the Local Government Act 2002 removes this requirement. However Waipa District Council has decided that it is in the interest of Waipa District residents that where Council is contemplating the sale of any endowment property, then these will be identified within the plan. The table below describes these properties.

A full list of endowment properties including location maps is available and can be found on our website ([www.waipadc.govt.nz](http://www.waipadc.govt.nz)).

Table 87: Endowment properties

Location	Legal Description	Land Area (HA)
Addison St	Allotment 8, Town of Cambridge West	1.6187
Cnr Taylor/Vogel/King St	Lot 1 DP 423118	0.4318
Cnr Taylor/Vogel/King St	Lot 2 DP 423118	0.4086
312 Roche St	Lot 9, DPS 35638	0.0513
65 Bradley Pl	Part Allotment 399, Parish of Mangapiko	0.1411
65 Bradley Pl	Lot 37, DPS 20180	0.0129
1244 Rewi St	Part Allotment 399, Parish of Mangapiko	2.114

Location	Legal Description	Land Area (HA)
Kane St	Section 517, Town of Pirongia East	6.0096
Baffin St	Section 123, Town of Pirongia East	0.3541
Bath St	Allotment 600a, Town of Cambridge East	1.4063
Bath St	Allotment 601a, Town of Cambridge East	0.7765
3853 Cambridge Rd	Lot 5, DPS 72654	0.2095
74 Mahoe St	Part Section XII, Teasdale Settlement	0.1194
McAndrew St	Allotment 283, Town of Kihikihi	0.3915
Crozier St	Lot 24, DPS 79519	3.7250



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# **Auditors Report**

## To the reader

### Independent auditor's report on Waipa District Council's 2015-25 Long-Term Plan

I am the Auditor-General's appointed auditor for Waipa District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long term plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 30 June 2015.

### Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and coordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 43 to 49 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

### Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.<sup>74</sup>

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether the:

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<sup>74</sup> The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

- Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- information in the plan is based on materially complete and reliable asset and activity information;
- Council's key plans and policies have been consistently applied in the development of the forecast information;
- assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the publication of the consultation document.

## **Responsibilities of the Council and auditor**

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

## **Independence**

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

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