

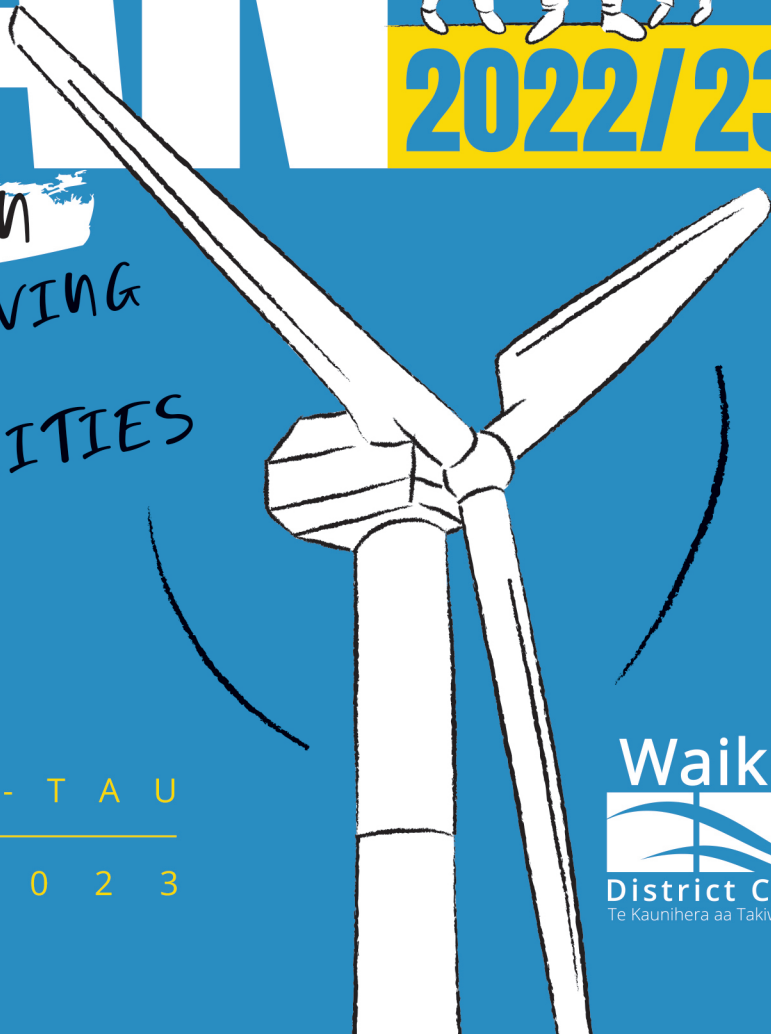


ANNUAL

PLAN



→ OUR VISION
LIVABLE, THRIVING
+ CONNECTED
COMMUNITIES



MAHERE - Ā - TAU
2022 — 2023

DIRECTORY

Waikato District Council's Call Centre and website are your first points of contact for all Council services, including building and resource consents, complaints and queries, liquor licensing, animal control, food safety, parks and recreation facilities, Council meetings and consultation, cemeteries, landfills, transport issues, rubbish and recycling collection, parking, rates, events, archives and community services.

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FOREWORD

The Waikato District is located in the middle of an area that is referred to as the golden triangle of Auckland, Hamilton and Tauranga. Waikato District Council is classified as a tier 1 Growth Council, making us one of only a few provincial councils in New Zealand that have a notable growth profile, similar to metro councils.

Since 2014, more than 12,000 people have moved to the Waikato District from other parts of Aotearoa, with notable growth in the district continuing to be higher than the national average. Six towns in our district (Ngāruawāhia, Pōkeno, Huntly, Tamahere, Tuakau and Te Kauwhata) all had a population increase of more than 1000 people in the past six years.

There are many benefits of the growth in the district, such as an increase in employment and business ventures. In 2021, the district saw 10,032 businesses recorded, which is an increase of 1.5% from the previous year and 1% higher than the national total. The many benefits of growth in the district also comes with increased costs. Waikato District Council is faced with the continued challenges of funding new infrastructure to provide for the growth, and upgrading the existing ageing infrastructure and assets. Part of Council's role includes working alongside developers across the district to support the funding of these upgrades.

With our vision of Liveable, Thriving and Connected Communities at the forefront of all planning and decision making, Council strives to find the balance between ensuring upgrades are made and new infrastructure is supplied to support the growth, whilst minimising the impact on our ratepayers.

This balance is carefully considered when developing our Long-Term Plan, the 10-year plan produced by Council and reviewed every three years. The Annual Plan is produced in the two years between each Long-Term Plan and outlines what we intend to achieve in each of those financial years. Each Annual Plan considers the costs of each new asset, upgrades to existing assets and projects, and how it will be funded (including the setting of rates).

The 2022/23 Annual Plan outlines our plans for the next financial year (1 July 2022 - 30 June 2023). Waikato District Council has strived to keep the annual rate increase to a minimum in this year's Annual Plan, with

the increase aligning to our Long-Term Plan projections from 2021. Council is required to consult with residents and ratepayers when there are significant changes to the work programmes agreed upon in our Long-Term Plan 2021-31. This year there were no significant changes identified from the Long-Term Plan, and therefore Council determined that consultation wasn't necessary. The 2022/23 Annual Plan will see a focus across a variety of projects and enhancements to assets including:

Sustainable environments and sustainable communities:

- The District Plan appeals process has funds allocated towards any mandatory changes or variations needed to support the District Plan through to resolution and adoption.
- A variety of community spaces will be upgraded including the Tuakau neighbourhood parks and the lighting system at Huntly Library. Stage two of the Whangarata Cemetery will be implemented, and restoration of native vegetation will take place along the riverbank.
- Walkways across the district will see upgrades including Te Otamanui Walkway in Te Kowhai and Wi Neera Street Walkway in Whaingaroa (Raglan).
- Funds have also been allocated to continue implementation of the valued Community Blueprint.

Roading:

- To continue to meet levels of service and the population growth, Council has allocated funds to continue the maintenance of unsealed roads and sealed roads.
- A variety of upgrades to roads, intersections, bridges, and corridors will take place across the district including upgrades to Helenslee Road, Pōkeno Road Bridge and Munro Road. Safety upgrades will take place on Mangatangi Road including the widening of shoulders and improved line markings, as well as Great South Road/ Pōkeno intersection will have a transformation with traffic signals or a roundabout.
- As we continue to see the impacts of natural events amid an evolving climate change crisis, resilience and preparing for future emergency events is important for us, so funds have been reserved for emergency works across the district.

Water supply:

- Our three waters network is a huge asset and imperative for us to continue to maintain and upgrade to provide quality services across the district. In 2022/23, water supply reticulation extensions will take place in Raglan, Huntly, Tuakau and Ngāruawāhia to meet the required levels of service.
- Water supply pump station renewals are to be undertaken in Te Kauwhata, and water reservoirs across the district will undergo renewals work.

Stormwater:

- Our stormwater network will undergo extensions and upgrades across various parts of the district, including improvements to waterways, pumps, and pipes.

Wastewater:

- Council will work alongside our contracted three waters partner, Watercare, to upgrade the Raglan, Te Kauwhata and Mātangi Wastewater Treatment Plants to enhance them to modern treatment plant standards and improve the quality of treated wastewater.
- Our wastewater pump stations in Horotiu, Ngāruawāhia, Pōkeno and Tuakau will also undergo a variety of upgrades to modernise and improve transport of wastewater to treatment plants.

Organisational Support:

- We are making a range of upgrades to digital technologies and portals to provide a more seamless and effective service to our customers in 2022/23. Funds have been allocated towards our cyber security systems to enhance data protection, and the digitalisation of Council operational and consents records will enable workflow automation and efficiencies.
- Our customer portal will undergo a phased rollout of self-service functionality to ratepayers and customers of Council, and similarly for our building consent portal, which will allow improvements to consent lodging and tracking processes for customers and Council staff.
- Finally, we are dedicating funds towards maintaining our beautiful collection of library books across the district to ensure our customers and ratepayers can continue to have accessibility to these taonga.

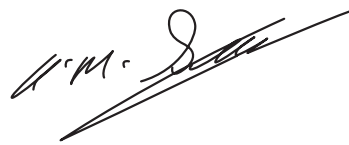
Covid-19 and the impacts of the pandemic continue to be felt across Aotearoa and globally. Waikato District Council has endeavoured to be transparent with ratepayers and businesses with all decision making and planning, particularly with the effects of Covid-19 impacting our services.

Council's future planning will continue to consider the fallout of Covid-19 and prioritise the balance for growth and the associated costs. We know that the medium to long term economic impacts will continue to negatively impact us and our financial forecasting will continue to reflect this. The ongoing legacy of Covid-19 will become clearer in time and will enable Council to make informed decisions in the 2024/34 Long-Term Plan process.

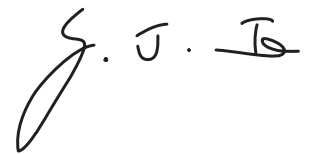
The Waikato District may be geographically widespread, but we are a community with a large heart and passion for where we live. Waikato District Council is proud of what the district has achieved during what has been a particularly challenging time for so many.

We look forward to planning for a bright and prosperous future for all the people who call our district home, now and for the years to come.

He waka eke noa - We are all in this together



His Worship, Allan Sanson
Mayor



Gavin Ion
Chief Executive



OUR VISION:

LIVEABLE, THRIVING,

CONNECTED

COMMUNITIES

He nōhanga āhuru, he iwi whai ora, he hāpori tūhono tahi

Our Vision and Community Outcomes set the goals we want to achieve in everything we do. We have refreshed our vision to embrace the growth and changes we face. Our vision is that we work together as a district to build liveable, thriving, connected communities as our townships grow.

Liveable communities are well-planned and people-friendly, providing for a range of quality residential options, social infrastructure, walkways and open spaces. They reflect what's important to people and support a shared sense of belonging both to the local community and the wider district.

Thriving communities participate in Council decision-making and community-led projects, provide input into the management of their local assets, and sustain the local business sector that provides local employment.

Connected communities have fit-for-purpose infrastructure to create liveable, thriving communities. Connectivity through roads, cycleways, walkways and digital capabilities enable rapid information sharing and engaging in activities together. By these means, people in connected communities access services and amenities that meet their social, health, education and employment needs.



OUR COMMUNITY OUTCOMES AND GOALS

Together with your Community Boards and Committees, we have developed the following community outcomes to guide our decision-making:

Supporting our communities: Kia tautoko ki a tātou Hāpori

We consider the well-being of all our people in all our planning and activities. We support and plan for the development of complete and connected communities.

Building our economy: Ka hanga a tātou ōhanga

We attract diverse enterprise/business, creating jobs and opportunities for our community. We continue to support our existing industry. We support others who leverage our location to ensure tourism brings benefits to a range of people in our communities.

Sustaining our environment: Kia toitū to tātou Taiao

We are a community that believes in environmental sustainability; we pursue and promote related ideas and manage regulatory processes to safeguard and improve our district.

Working together with you: Kia mahi tahi tātou

Our communities work with us, so we are collectively focused on the right things at the right time.

Providing value for money: Ka whai painga mo te pūtea

Residents and ratepayers get value for money because we find innovative ways to deliver strategic, timely and fit for purpose infrastructure and services at the most effective cost.

Our Approach

When considering the financial picture, the Council's overall approach continues to be:

- Support growth in targeted areas
- Maintain existing assets
- Modernise infrastructure where it is prudent to do so
- Do more within existing budgets
- Move the cost of providing a service to those who use them i.e., user pays

WHAT WE DO

As you've seen we have developed a strong strategic direction for the next 10 years, with our principles and priorities being a direct reflection of your feedback and the community outcomes developed as a result of that feedback.



A strategic direction is only as good as its implementation, and this is where our Groups of Activities (Governance, Sustainable Environment, Sustainable Communities, Roding, Stormwater, Wastewater, Water Supply, Organisational Support) come in. Details of these activities, our targets and how we'll measure them are contained within our Long-Term Plan. Key projects for 2022/2023 of the Long-Term Plan are on the following pages.

Our eight groups of activities contribute to keeping our district running, providing the services and facilities needed to meet our residents' needs. The Organisational Support group is internally focused and is not an official group of activity as required under the Local Government Act, however, it includes a significant amount of our activities and provides a complete picture of the activities we provide.

While many of the activities relate to legislation, for example the Building Act 2004 and the Resource Management Act 1991, they contribute to the community's social, cultural, environmental and economic well-being and therefore also contribute to the community outcomes in some way, either directly or indirectly.

You'll see that we've shown which outcome each group of activities primarily contributes to, and the other groups of activities they might also contribute to in a more minor way. And because the Council's strategic direction is driven by five key principles - Supporting our communities, Building our economy, Sustaining our environment, Working together with you, and Providing value for money - we've also shown how our activities relate to these principles in the table below and therefore, contribute to the strategic direction.

Activity	Outcome				
	Supporting our communities	Building our economy	Sustaining our environment	Working together with you	Providing value for money
Governance	✓	✓	✓	✓	✓
Sustainable Communities	✓	✓	✓	✓	✓
Sustainable Environment	✓	✓	✓	✓	✓
Roding	✓	✓		✓	✓
Stormwater	✓		✓	✓	✓
Wastewater	✓		✓	✓	✓
Water Supply	✓		✓	✓	✓
Organisational Support				✓	✓

 Primary contribution
  Minor contribution

KEY PROJECTS FOR 2022/2023

Projects	Description	Cost for 2022/2023 (\$)
Sustainable Environment		
Ngāruawāhia Town Centre Plan	To deliver a Town Centre Development Plan that shapes the future CBD of Ngāruawāhia	102,000
Taupiri / Hopuhopu / Ngāruawāhia Structure Plan	To update the 2017 Structure Plan so that it reflects new strategies and legislation and provides for future growth and development	102,000
Proposed District Plan Appeals	To progress towards resolution of appeals	510,000
Mandatory District Plan changes or variations	To implement the Enabling Housing Supply Act and National Policy Statements	714,000
Sustainable Communities		
Whangarata Cemetery, Tuakau	Stage 2 of the cemetery development at Whangarata	988,950
Tuakau neighbourhood parks	To meet levels of service	395,580
Destination Park – The Point, Ngāruawāhia	Multiple medium sized projects including parking, freedom camping facilities, jetty structure, planting, signage (historical and cultural), BBQ facilities and landscaping	416,400
Wi Neera St Walkway, Raglan	To meet levels of service	750,000
Lighting system at Huntly Library	To meet levels of service	103,000
Tamahere Walkways	For development and construction of walkways in the Mangaharakeke and Mangaonua Gullies	199,739
Te Otamanui Walkway, Te Kowhai	Contribution to the Te Kowhai Walkway Trust to develop the Te Otamanui Walkway	20,820
Raglan walkways	Construction of walkways from Cliff Street Jetty to Raglan wharf, Whale Bay walkway, Aroaro Bay walkway, Lorenzen Bay walkway	156,150
Te Awa Cycleway extension, Ngāruawāhia	Extend Te Awa Cycleway/walkway along river to Waingaro Road bridge, restoration of native vegetation along riverbank and extend Te Awa Cycleway/walkway from The Point into the town centre via Kingitanga Reserve, close part of Durham Street	52,050
District wide walkways	To meet levels of service	545,494
Community blueprint	To meet levels of service	466,846
Roading		
Sealed pavement maintenance	To meet levels of service	4,124,000
Unsealed roads maintenance	To meet levels of service	2,798,804
Helenslee Road upgrade -Munro to SH1 Interchange. Urban corridor upgrade	Corridor widening to meet growth (likely constructed as part of the development on the northern side of the road - developer funded)	2,062,000
New road programme for development agreements	Festival Way and Horotiu Link Road	2,062,000

Projects	Description	Cost for 2022/2023 (\$)
Roading		
Great South Road/Pōkeno intersection. Intersection transformation	Traffic signals or roundabout	2,062,000
Pōkeno Road -Bridge to Munro Road. Corridor upgrade and bridge replacement	Pedestrian bridge facilities, 4 lane future proof, 2 lane and median interim	1,340,300
Flood prevention and resilience project	Upgrade to Pōkeno Road bridge to improve the level of service and increase capacity	1,031,000
Harrisville Road 3199 bridge replacement	Local road connections	973,264
Emergency works – future events	To meet emergency management requirements	824,800
Arterial safety upgrade to Mangatangi Road (high risk motorcycle route)	Wider shoulders; Improved line markings - bridge barrier installation	721,700
Flood prevention and resilience project	To meet levels of service	515,500
Water Supply		
District wide water supply treatment plant	Renewals project	873,600
Huntly water supply reticulation extensions	To meet levels of service	131,040
Raglan water supply reticulation extensions	To meet levels of service	218,400
New watermain in Rangiriri	To meet levels of service	960,960
Tuakau water supply reticulation extensions	To meet levels of service	546,000
District wide water supply reticulation	Renewals project	1,092,000
Ngāruawāhia water supply reticulation	Upgrades project	1,092,000
Southern Districts Eureka network zone boundaries modification	To meet levels of service	1,638,000
Pōkeno network improvement including NMIT Crossing	To meet levels of service	109,200
District wide water supply pump station	Renewals project	54,600
Te Kauwhata water supply pump station	Renewals project	109,200
Raglan Hills Reservoir No.2	To meet levels of service	1,092,000
Pōkeno water supply reservoir extensions	To meet levels of service	1,638,000
District wide water supply reservoir	Renewals project	163,800
District wide water supply connection	Renewals project	161,651
Stormwater		
Pōkeno -DHLPON-F1 construct stormwater pond	To meet levels of service	202,089
District wide stormwater extension	To meet levels of service	163,800
District wide stormwater network	Renewals project	218,400

Projects	Description	Cost for 2022/2023 (\$)
Stormwater		
Huntly stormwater reticulation	Upgrades project	791,700
Ngāruawāhia stormwater reticulation	Upgrades project	81,900
Horotiu water quality, waterway and capacity	Upgrades project	218,400
Hopuhopu various water quality, waterway and capacity	Upgrades project	27,300
Glen Massey various water quality, waterway and capacity	Upgrades project	27,300
Taupiri various water quality, waterway and capacity	Upgrades project	163,800
Raglan stormwater reticulation	Upgrades project	109,200
Eureka various water quality, waterway and capacity	Upgrades project	27,300
Mātangi various water quality, waterway and capacity	Upgrades project	27,300
Tamahere stormwater reticulation	Upgrades project	109,200
Te Kauwhata stormwater reticulation	Upgrades project	27,300
Meremere various water quality, waterway and capacity	Upgrades project	27,300
Whatawhata various water quality, waterway and capacity	Upgrades project	27,300
Te Kowhai various water quality, waterway and capacity	Upgrades project	109,200
Mercer various water quality, waterway and capacity	Upgrades project	27,300
Pōkeno stormwater reticulation	Upgrades project	163,800
Tuakau stormwater reticulation	Upgrades project	300,300
District wide pump station renewals	Renewals project	87,360
Wastewater		
Contingency for wastewater consent renewal	To meet levels of service	764,400
District wide wastewater treatment plant	Renewals project	873,600
District wide treatment plant	Upgrades project	327,600
Raglan wastewater treatment plant	Upgrades project	4,935,000
Mātangi wastewater treatment plant	Upgrades project	218,400
Te Kauwhata wastewater treatment plant	Upgrades project	21,840,000
District wide wastewater reticulation	Renewals project	2,730,000
Waingaro reticulation	Renewals project	327,600
Wastewater pump station - emergency storage	To meet levels of service	709,800
District wide wastewater pump station	Renewals project	327,600
Tauwhare Pā low pressure wastewater pump scheme	To meet levels of service	163,800

Projects	Description	Cost for 2022/2023 (\$)
Wastewater		
Ngāruawāhia wastewater pump station	Upgrades project	709,800
Horotiu wastewater pump station	Upgrades project	1,648,920
Pōkeno wastewater pump station	Upgrades project	5,241,600
Tuakau wastewater pump station	Upgrades project	3,931,200
Organisational Support		
Record digitisation	Digitisation of Council operational and consents records as an enabler for workflow automation and self-service capability	200,000
Records and Information Management	Leveraging integration and technology workflow enablers to improve operational efficiencies and greater self-service access to information. To be completed in alignment with Council's Public Records Act and LGOIMA (Local Government Official Information and Meetings Act) obligations	100,000
Cyber Security	Enhancement of Council's information system and data protection through the delivery of cyber security enhancement initiatives	103,000
TechnologyOne Cloud migration	Modernisation of the Council's Enterprise Resource Planning platform and migration to the TechnologyOne Cloud environment	210,000
Cloud migrations	Phased managed transition to cloud based offerings to leverage economies of scale and reduce on-premise infrastructure investment, aligning to the Government's Cloud first direction to government sector organisations	130,000
Customer portal	Phased rollout of self-service functionality to rate payers and customers of Council	250,000
Building consent portal	Deployment of self-service functionality to improve the consent lodgement and tracking process for customers and Council staff	100,000
Online democratic process	Digitisation of the democratic systems used by Council and Councillors to delivery efficiency and accessibility improvements	100,000
Business Intelligence and Data Warehouse	Extending the council's Business Intelligence and Data Warehouse capabilities to improve accessibility of information and enable greater informed decision making	100,000
Partner integration	Integration between council and key partner systems to enhance the efficiency and timeliness of delivery	100,000
Disaster Recovery Plan/Business Continuity Plan	Upgrade Council's Information and Communication Technologies (ICT), Disaster Recovery Plan (DRP) and Business Continuity Plan (BCP) solution to deliver to changing customer requirements for the resilience and availability of critical systems	107,000
Library books	To maintain Council's collection	460,000
Pōkeno Community Facility	To advance this project through its scoping phase	154,500
Governance		
Community and Iwi liaison projects	Supporting iwi projects in the Waikato district, inclusive of Matariki festival grant	17,460
Annual satisfaction survey	To meet levels of service	36,042

FUNDING IMPACT STATEMENT

DEFINITIONS

Residential - General

Properties for which the permitted activity in the District Plan is related to residential zone, village zone, country living zone, rural zone, pā, education, recreation and conservation use.

Residential - Wastewater

Residential is defined as any part of a rating unit that is used primarily for residential purposes.

Commercial

Properties for which the permitted activity in the District Plan is related to business, industrial, transportation use and other network utilities.

Commercial – wastewater

Commercial (commercial) is defined as any part of a rating unit that is not categorised as residential, commercial (nonrateable) or commercial (assistance for the elderly).

Commercial (non-rateable) is defined as organisations classified by the Act as fully non-rateable or organisations that are not for-profit as determined by the Council.

Commercial (assistance for the elderly) is defined as organisations that are supportive of the elderly, including retirement homes, rest homes and Council-owned pensioner flats, as determined by the Council.

Separately Used or Inhabited part of a rating unit (SUIP)

A separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner, or a person other than the owner and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long-term basis by someone other than the owner. For the purposes of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used'. This includes any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use.

For the purpose of this definition, where the use or inhabitation is an accessory one or is ancillary to another property or part thereof, it is not a separately used or inhabited part. For example:

- Not separately used or inhabited parts of a rating unit.
- A residential sleep-out or granny flat without independent kitchen facilities.
- A hotel room with or without kitchen facilities.
- Motel rooms with or without kitchen facilities.
- Individual storage garages/sheds/partitioned areas of a warehouse.
- Individual offices/premises of partners in a partnership.

The following are examples of where there may be application of multiple charges because a rating unit is comprised of more than one separately used or inhabited part:

- Houses/flats/apartments.
- Flats that share kitchen/bathroom.

As a minimum, the land or premises intended to form a separately used or inhabited part of the rating unit must be capable of actual habitation or actual separate use.

The Council proposes to set the following rates for the financial year commencing 01 July 2022 and ending 30 June 2023. All amounts (except where otherwise stated) are inclusive of GST.

Rates

General rate

The Council proposes to set a general rate on the capital value of rateable land within its district. The general rate required to undertake the work programme outlined in the Annual Plan 2022/2023 is proposed to be \$0.0021416 per dollar of the capital value. This is the same amount adopted in the Long-Term Plan 2021/2031. The work programme covers Animal Control, Community and Safety, Corporate and Council Leadership, Environmental Health, Community Liaison, Libraries, Parks and Reserves, Resource Management, Roading, Solid Waste Management, Stormwater, Wastewater and Water Supply.

Uniform Annual General Charge (UAGC)

The Council proposes to set a UAGC of \$432.25 per rating unit in the 2022/2023 rating year. This is the same amount adopted in the Long-Term Plan 2021/2031.

Targeted Rates

Community Facilities Rates

The Council proposes to set targeted rates for the purpose of covering the costs of maintenance and operation of community facilities in the respective defined rating areas of Huntly (urban), Ngāruawāhia and Raglan. This rate is a fixed amount per rating unit on all rating units within the catchment area.

Community board targeted rate

The Council proposes to set a targeted rate for the purpose of covering the direct costs of operating all the community boards within the district. This rate is a fixed amount per rating unit for all rating units within the Onewhero-Tuakau, Huntly, Taupiri, Ngāruawāhia and Raglan areas.

www.waikatodistrict.govt.nz/ltpmaps

Hall or Community Centres

The Council proposes to set targeted rates for the purpose of covering the costs of maintenance and operation of halls, other facilities and community centres in the respective rating areas. This rate is a fixed amount per separately used or inhabited part of a rating unit (SUIP) within the defined hall/community centre area (except for the Te Kōhanga rate which is an amount in dollar of land value). The targeted rates are specific to individual areas.

www.waikatodistrict.govt.nz/ltpmaps

Tamahere Recreation Reserve

The Council proposes to set a targeted rate for the purpose of covering the costs of loan interest and additional operational costs for the above average level of service of Tamahere Recreation Reserve. This rate is a fixed amount per separately used or inhabited part of a rating unit (SUIP) used for residential purposes within the defined catchment area of the Tamahere Ward.

Huntly Pool (Rural)

The Council proposes to set a targeted rate for the purpose of covering part of the costs of maintenance and operation of the Huntly Pool. This rate is a fixed amount per rating unit on all rating units within the catchment area.

www.waikatodistrict.govt.nz/ltpmaps

Rubbish and Recycling

District wide refuse and recycling collection

The rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

Raglan recycling and food waste collection

This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

Te Mata/Te Uku recycling collection point

This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

Tuakau rubbish and recycling collection

The rate is a fixed amount per wheelie bin supplied to each rating unit within the serviced area.

Glen Murray recycling collection point

This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

Water Supply

The Council proposes to set targeted rates to fund expenditure on water activities.

Availability

The rate is a fixed amount of \$344.35 per rating unit for availability/serviceability of a water supply service to a rating unit (available or serviceable means a rating unit situated within 100 metres of any part of the water network).

Metered and unmetered – connection charge

The rate is a fixed amount of \$344.35 per separately used or inhabited part of a rating unit (SUIP). The Council also proposes to set rates for water supplied to rating units (see below).

Water by Meter

The Council proposes to set targeted rates to fund expenditure on water activities for metered water supply. The rates are an amount per unit of water (cubic metre) consumed or supplied as measured or controlled by a meter. The rate for 2022/23 is \$2.18 per cubic metre.

Unmetered Water

The Council proposes to set targeted rates to fund expenditure on water activities for unmetered water supply. The rate for 2022/23 is a fixed amount of \$393.31 per separately used or inhabited part of a rating unit.

Wastewater

The Council proposes to set a District Wide targeted rate to fund expenditure on wastewater activities for those properties that receive the wastewater service.

The rates are differentiated by residential or commercial use. Properties in the residential differential are further differentiated by connection or availability of the service.

For the purposes of this rate:

- Residential is the base differential. The rate is set and assessed as an amount per separately used or inhabited part of a rating unit (SUIP) for connected rating units.
- Availability is defined as any rating unit situated within 30 metres of a public wastewater drain to which it is capable of being effectively connected - set as 50 per cent of the fixed amount for connected properties and set and assessed as an amount per rating unit for residential properties.
- Commercial (commercial) - The rates are set and assessed as:
 - An amount per separately used or inhabited part of a connected rating unit (SUIP) for the first two pans (equivalent to 100% of the residential connected differential); and
 - An amount per pan for the third and subsequent pans in any connected separately used or inhabited parts of a rating unit (SUIP; equivalent to 50% of the residential connected differential).

- Commercial (non-rateable) - The rates are set and assessed as:
 - An amount per separately used or inhabited part of a connected rating unit for the first two pans (SUIP; equivalent to 100% of the residential connected differential); and
 - An amount per pan for the third and subsequent pans in any connected separately used or inhabited parts of a rating unit (SUIP; equivalent to 10% of the residential connected differential).
- Commercial (assistance for the elderly) - The rates are set and assessed as:
 - An amount per separately used or inhabited part of a connected rating unit for the first two pans (SUIP; equivalent to 100% of the residential connected differential), and
 - An amount per pan for the third and subsequent pans in any connected separately used or inhabited part of a rating unit (SUIP; equivalent to 20% of the residential connected differential).

Pōkeno wastewater scheme

For rating units that have not discharged their liability, the Council will set a targeted rate as:

- a fixed amount per connection of \$1,629.13 (inclusive of GST) (comprising the capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Te Ohaki Road wastewater scheme

For rating units that have not discharged their liability, the Council will set a targeted rate as:

- a fixed amount per connection of \$340.86 (inclusive of GST) (comprising the capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Whaanga Coast wastewater scheme

A charge of \$15,390 per rating unit was made for the purpose of covering the capital cost of the wastewater system. For rating units that have not discharged their liability, the Council will set a targeted rate as:

- a fixed amount per connection of \$1,601.18 (inclusive of GST) (comprising the capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Capital works targeted rates

The Council proposes to set targeted rates for the purpose of funding the capital cost and interest charges of specific capital work. The rates are a fixed charge per connection for connected properties within the relevant scheme catchment area.

Council initially provided ratepayers with an option on whether to pay for the cost of the capital work by a single payment over 3 instalments in a year or via targeted rates over an expected period of 10 years.

Council annually provides ratepayers with an option to pay off the balance of the rating unit's anticipated liability for future years for these targeted rates.

The targeted rates only apply to those rating units for which liability has not been discharged.

Stormwater

Urban stormwater

The Council proposes to set a targeted rate to fund expenditure on stormwater activities for stormwater catchments in Horotiu, Huntly, Mātangi, Meremere, Ngāruawāhia, Pōkeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau based on the availability of drainage to land as a fixed amount per rating unit.

www.waikatodistrict.govt.nz/ltpmaps

Tamahere rural stormwater – availability and land drainage

The Council proposes to set a targeted rate to fund expenditure on rural stormwater activities for the Tamahere stormwater rating area based on the availability of drainage to land. This targeted rate is a fixed amount per rating unit across the scheme. www.waikatodistrict.govt.nz/ltpmaps

In addition to this targeted rate, ratepayers in the Tamahere stormwater rating area will also be liable for a Land Drainage targeted rate to fund expenditure on drainage activities received from the Tamahere drainage system. This charge is an amount per hectare of land. www.waikatodistrict.govt.nz/ltpmaps

Lump Sum contributions

Lump sum contributions generally

The Council will not accept lump sum contributions in respect of any targeted rate, except where stated explicitly in this Funding Impact Statement.

Early Payment Policy

Per resolution WDC05/105/1/2 Council will accept payment in advance of any applicable rate instalment both in the current or future years. No discount will be given, or interest paid in relation to any payments on this basis. Any such payments made in advance will be credited against the appropriate rate instalment as directed by the ratepayer.

Due Dates

The Waikato District Council due dates for rate payments for the 2022/23 year (excluding water by meter rates) shall be due in three equal instalments as follows:

First Instalment 20 September 2022

Second Instalment 20 January 2023

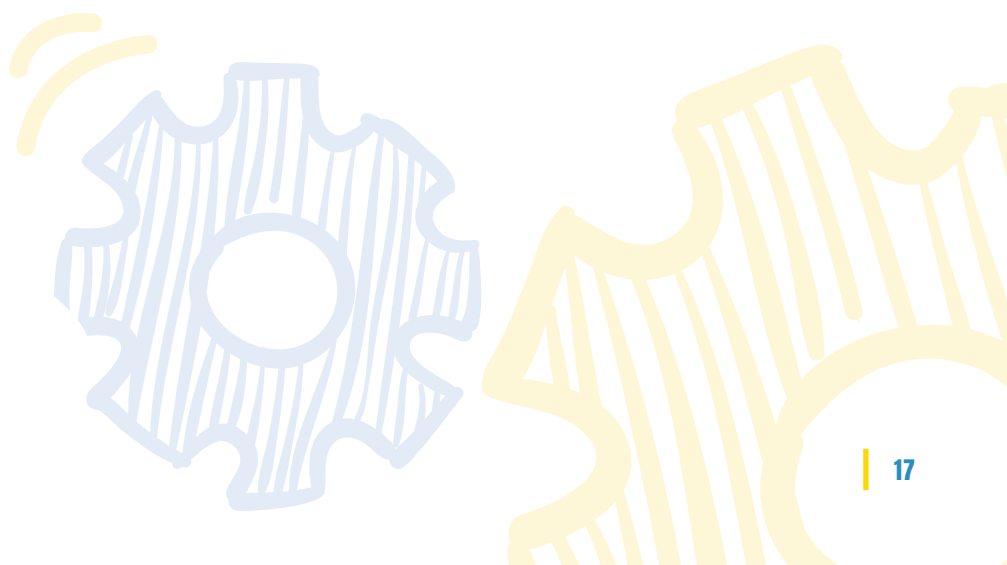
Third Instalment 22 May 2023

A penalty of 10% on so much of any rates instalment that has been assessed after 01 July 2022 and which is unpaid after the due date for payment, will be applied on the penalty dates as follows:

First instalment 21 September 2022

Second instalment 23 January 2023

Third instalment 23 May 2023



The Waikato District Council water by meter rates shall be invoiced separately and payable in two instalments each year. For the 2022/23 financial year, the meter reading dates and the payment due dates of instalments for each area are:

Area	Reading Date 1	Payment Due Date 1	Reading Date 2	Payment Due Date 2
Ngāruawāhia	July 2022	02 September 2022	January 2023	03 March 2023
Taupiri	July 2022	02 September 2022	January 2023	03 March 2023
Horotiu	July 2022	02 September 2022	January 2023	03 March 2023
Huntly	August 2022	07 October 2022	February 2023	06 April 2023
North Waikato	September 2022	04 November 2022	March 2023	05 May 2023
Pōkeno	September 2022	04 November 2022	March 2023	05 May 2023
Port Waikato	October 2022	02 December 2022	April 2023	02 June 2023
Onewhero	October 2022	02 December 2022	April 2023	02 June 2023
Tuakau	October 2022	02 December 2022	April 2023	02 June 2023
Southern Districts	November 2022	06 January 2023	May 2023	07 July 2023
Western Districts	November 2022	06 January 2023	May 2023	07 July 2023
Raglan	December 2022	03 February 2023	June 2023	04 August 2023
Te Akau	December 2022	03 February 2023	June 2023	04 August 2023

A penalty of 10% on so much of any water by meter instalment that has been assessed after 01 July 2022 and which is unpaid after the due date for payment will be applied on the following dates:

Area	Penalty Date 1	Penalty Date 2
Ngāruawāhia	05 September 2022	06 March 2023
Taupiri	05 September 2022	06 March 2023
Horotiu	05 September 2022	06 March 2023
Huntly	10 October 2022	11 April 2023
North Waikato	07 November 2022	08 May 2023
Pōkeno	07 November 2022	08 May 2023
Port Waikato	05 December 2022	06 June 2023
Onewhero	05 December 2022	06 June 2023
Tuakau	05 December 2022	06 June 2023
Southern Districts	09 January 2023	10 July 2023
Western Districts	09 January 2023	10 July 2023
Raglan	07 February 2023	07 August 2023
Te Akau	07 February 2023	07 August 2023

A penalty of 10% on so much of any rates or metered water rates assessed before 30 June 2022 which remain unpaid on 01 July 2022. The penalty date is 1 July 2022.

A further penalty of 10% on any rates or metered water rates to which a penalty has been added on 01 July 2022 if the rates remain unpaid. The penalty date is 01 January 2023.

Rating Base Information

Rates for the financial year commencing 1 July 2022 to 30 June 2023 (All figures are inclusive of GST)

Source	Category	Funding	Basis of Rating	Annual Plan 2022/23 (\$)	Estimated Revenue (\$'000)
General Rate	All rateable land in the district	Work program as highlighted in the Long-Term plan including Animal Control, Community and Safety, Corporate and Council Leadership, Environmental Health, Community Liaison, Libraries, Parks and Reserves, Resource Management, Roding, Solid Waste management, Stormwater, Wastewater and Water Supply	Uniform rate in the dollar of capital value	0.0021416	74,897
Uniform annual general charge (UAGC)		People related activities including but not limited to libraries, parks and reserves, public cemeteries, public swimming pools, public toilets, community centres, community liaison, grants and donations, safer communities, animal control, civil defence and safety, building control, environmental health, resource management planning, environmental consents planning, area offices and democracy/ local government	Fixed amount per rating unit	432.25	13,848
Targeted community facilities rates (apply to all rating units within each ward catchment area)	Huntly Community Facilities (urban catchment)	Covers the cost of maintenance and operation of community facilities	Fixed amount per rating unit	42.00	132
	Ngaruawahia Community Facilities			25.00	71
	Raglan Community Facilities			25.00	55
Huntly pool rural	Based on location of rating unit in catchment area	Covers the cost of maintenance and operation of community facilities	Fixed amount per rating unit	16.00	3
Tamahere Recreation Reserve	Based on location of rating unit within the Tamahere Ward	Covers the cost of loan interest and additional operational costs for the above average level of service of the Tamahere Recreation Reserve	Fixed amount per separately used or inhabited part of a rating unit	38.00	76

Source	Category	Funding	Basis of Rating	Annual Plan 2022/23 (\$)	Estimated Revenue (\$'000)
Targeted hall or community centre rates (apply to all rating units within each hall catchment area)	Te Kohanga	Covers the cost of maintenance and operation of halls, other facilities and community centres	Uniform rate in the dollar of land value	0.000026	3
	Aka Aka			55.00	13
	Eureka			35.00	10
	Glen Murray			50.00	6
	Gordonton			26.00	15
	Horsham Downs			35.00	16
	Karioitahi			55.00	3
	Mangatangi			34.50	7
	Mangatawhiri			58.50	17
	Maramarua			24.00	9
	Mātangi			30.00	36
	Meremere			24.00	5
	Naike			40.89	5
	Ōhinewai			24.00	3
	Opuatia			32.00	3
	Orini			26.00	5
	Otaua			55.00	14
	Pōkeno			23.00	45
	Port Waikato			125.00	60
	Pukekawa			40.00	20
	Puketaha			38.00	13
	Ruawaro			29.00	7
	Tamahere			70.00	117
	Taupiri			24.00	15
	Tauwhare			30.00	10
	Te Akau/Waingaro			32.00	8
	Te Hoe			30.00	5
Te Kowhai		50.00	46		
Te Mata		24.00	6		
Tuakau		46.13	99		
Whangarata		46.00	4		
Waikaretu		50.00	2		
Whitikahu		53.00	10		

Source	Category	Funding	Basis of Rating	Annual Plan 2022/23 (\$)	Estimated Revenue (\$'000)
Tuakau refuse and recycling collection	Rating units within serviced areas	Covers the cost of refuse and recycling collection where the service is provided	Fixed amount per wheelie bin	215.62	444
Glen Murray refuse and recycling collection	Rating units within serviced areas		Fixed amount per separately used or inhabited part of a rating unit	63.04	17
Raglan recycling collection	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	151.01	318
Raglan food waste collection	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	72.90	154
Te Mata/Te Uku recycling collection points	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	60.03	46
District wide refuse and recycling collection	Residential rating units within serviced areas. (Eureka, Glen Afton/Pukemiro, Gordonton and surrounds, Horotiu, Horsham Downs, Huntly and surrounds, Meremere, Ngāruawāhia and surrounds, Port Waikato and surrounds, Pukekawa, Rangiriri and surrounds, Rotokauri, Tamahere and surrounds, Taupiri and surrounds, Te Kauwhata and surrounds, Te Kowhai, Whatawhata)		Fixed amount per separately used or inhabited part of a rating unit	215.62	5,128
Water Supply - Available	Available (not connected but within 100 metres of the public water supply - to which it is capable of effectively being connected)	District wide water activities as per the annual plan	Fixed amount per separately used or inhabited part of a rating unit	344.35	554

Source	Category	Funding	Basis of Rating	Annual Plan 2022/23 (\$)	Estimated Revenue (\$'000)
Water Supply - Non-Metered	Non-Metered rating units in serviced areas	District wide water activities as per the annual plan	Fixed amount per separately used or inhabited part of a rating unit	344.35	276
			Fixed amount per separately used or inhabited part of a rating unit for water consumed (non metered)	393.31	54
Water Supply - Metered	Metered rating units in serviced areas	District wide water activities as per the annual plan	Fixed amount per separately used or inhabited part of a rating unit	344.35	5,830
			Charge Per cubic metre of water consumed (as measured by meter)	2.18	8,006
Wastewater	Residential - connected	District wide wastewater activities as per the annual plan	Fixed amount per separately used or inhabited part of a rating unit	1,260.09	15,107
	Residential - available (not connected but within 30 metres of a public wastewater drain - to which it is capable of effectively being connected)		Fixed amount per rating unit	630.05	845
	Non residential/commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are non-profitable as determined by the Council) - connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans	1,260.09	214.87
	Non residential/commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are non-profitable as determined by the Council) - connected		Additional fixed amount per pan for the third and any subsequent pans	126.01	117

Source	Category	Funding	Basis of Rating	Annual Plan 2022/23 (\$)	Estimated Revenue (\$'000)
Wastewater	Non residential/commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected	District wide wastewater activities as per the annual plan	Fixed amount per separately used or inhabited part of a rating unit for the first two pans	1,260.09	3
	Non residential/commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected		Additional fixed amount per pan for the third and any subsequent pans	252.02	15
	Non residential/commercial - Commercial - Connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans	1,260.09	577
	Non residential/commercial - Commercial - Connected		Additional fixed amount per pan for the third and any subsequent pans	630.05	318
Urban Stormwater	Rating units within the stormwater catchment areas for which the service is available (Horotiu, Huntly, Mātangi, Meremere, Ngāruawāhia, Pōkeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau)	District wide stormwater activity as per the annual plan	Fixed amount per rating unit	214.87	2,944
Tamahere rural stormwater	Rating units within the Tamahere stormwater catchment area	Tamahere rural stormwater activities	Fixed amount per rating unit	29.11	29

Source	Category	Funding	Basis of Rating	Annual Plan 2022/23 (\$)	Estimated Revenue (\$'000)
Tamahere land drainage	Rating units within the Tamahere land drainage catchment area	Land drainage activities	Amount per hectare of land area	6.59	10
Community Boards	Huntly ward	Direct costs of operating all the community boards within the district	Fixed amount per rating unit	23.12	72
	Ngaruawahia ward			23.12	67
	Onewhero-Tuakau ward			23.12	112
	Raglan ward			23.12	59
	Taupiri ward			23.12	7
Pōkeno Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work	Loan Instalments - Fixed amount per connection	1,601.18	67
Whaanga Coast Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work	Loan Instalments - Fixed amount per connection	1,629.13	15

RATES BREAKDOWN

INDICATOR PROPERTIES

These are the indicated rates, inclusive of GST.

RESIDENTIAL										
	Awaroa Ki Tuakau		Huntly		Ngāruawāhia		Raglan		Mātangi	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Average Capital Value	610,000	610,000	415,000	415,000	485,000	485,000	850,000	850,000	650,000	650,000
General Rates	1,262.21	1,306.38	858.72	888.76	1,003.56	1,038.68	1,758.82	1,820.36	1,344.98	1,392.04
UAGC	417.63	432.25	417.63	432.25	417.63	432.25	417.63	432.25	417.63	432.25
Fixed Targeted Rates	1,923.03	2,104.18	1,918.90	2,100.05	1,901.90	2,083.05	1,835.85	2,018.44	1,883.78	2,064.93
Total Rates	3,602.87	3,842.81	3,195.25	3,421.06	3,323.09	3,553.98	4,012.30	4,271.05	3,646.39	3,889.22
Total % increase (over 2020/21)	6.66%		7.07%		6.95%		6.45%		6.66%	
Total \$ increase (over 2020/21)	239.93		225.82		230.88		258.75		242.83	

RURAL						
	Low range		Mid-range		High-range	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Average Capital Value	1,215,000	1,215,000	1,890,000	1,890,000	5,200,000	5,200,000
General Rates	2,514.08	2,602.04	3,910.79	4,047.62	10,759.84	11,136.32
UAGC	417.63	432.25	417.63	432.25	417.63	432.25
Fixed Targeted Rates	238.46	244.62	1,006.54	1,119.94	535.72	548.04
Total Rates	3,170.17	3,278.91	5,334.96	5,599.81	11,713.19	12,116.61
Total % increase (over 2020/21)	3.43%		4.96%		3.44%	
Total \$ increase (over 2020/21)	108.75		264.86		403.42	



Note 1: Individual rate increases will vary depending on property type, value and location, and services available.

Note 2: Fixed Targeted Rates reflect the range of services available for each property example.

These do not include water-by-meter charges.

	LIFESTYLE		COMMERCIAL		INDUSTRIAL	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
Average Capital Value	2,290,000	2,290,000	2,200,000	2,200,000	2,310,000	2,310,000
General Rates	4,738.47	4,904.26	4,552.24	4,711.52	4,779.85	4,947.10
UAGC	417.63	432.25	417.63	432.25	417.63	432.25
Fixed Targeted Rates	239.46	245.62	1,692.44	1,867.43	2,271.00	2,497.48
Total Rates	5,395.56	5,582.13	6,662.31	7,011.20	7,468.48	7,876.83
Total % increase (over 2020/21)	3.46%		5.24%		5.47%	
Total \$ increase (over 2020/21)	186.58		348.89		408.34	

FINANCIAL PLANNING

Prospective funding impact statement - whole of Council

A forecast for the year ending 30 June 2023

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	73,494	76,857	78,102
Targeted rates	32,119	35,636	36,439
Subsidies and grants for operating purposes	17,236	10,120	10,082
Fees and charges	14,887	14,817	17,137
Interest and dividends from investments	50	50	50
Local authorities fuel tax, fines, infringement fees and other receipts	10,432	10,413	10,517
Total operating funding	148,218	147,893	152,327
Applications of operating funding			
Payments to staff and suppliers	118,516	118,295	123,255
Finance costs	4,506	5,463	5,769
Other operating funding applications	2,834	2,909	2,877
Total applications of operating funding	125,856	126,667	131,901
Surplus (deficit) of operating funding	22,362	21,226	20,426
Sources of capital funding			
Subsidies and grants for capital expenditure	15,875	17,650	13,356
Development and financial contributions	8,271	13,326	13,326
Increase (decrease) in debt	46,871	61,143	62,543
Gross proceeds from sale of assets	3,914	807	3,930
Lump sum contributions	-	-	-
Other dedicated capital funding	199	208	208
Total sources of capital funding	75,130	93,134	93,363
Applications of capital funding			
Capital expenditure			
- to meet additional demand	22,777	33,040	33,857
- to improve the level of service	32,912	34,882	32,914
- to replace existing assets	45,370	46,434	47,000
Increase (decrease) in reserves	(4,276)	(887)	1,345
Increase (decrease) of investments	709	891	(1,327)
Total applications of capital funding	97,492	114,360	113,789
Surplus (deficit) of capital funding	(22,362)	(21,226)	(20,426)
Funding balance	-	-	-

Prospective statement of comprehensive revenue and expense

A forecast for the year ending 30 June 2023

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Revenue			
Rates	105,613	112,494	114,540
Development and financial contributions	8,271	13,326	13,326
Subsidies and grants	33,111	27,770	23,439
Finance revenue	50	50	50
Other revenue	84,665	26,051	28,475
Total revenue	231,710	179,691	179,830
Expenses			
Depreciation and amortisation expense	33,311	35,578	36,271
Personnel expenses	37,975	38,589	41,189
Finance costs	4,506	5,463	5,769
Other expenses	82,459	82,611	83,804
Total operating expenses	158,251	162,241	167,033
Surplus (deficit) before tax	73,459	17,450	12,798
Other comprehensive revenue and expense			
Gain (loss) on property revaluations	51,193	70,122	64,403
Total other comprehensive revenue and expense	51,193	70,122	64,403
Total comprehensive revenue and expense	124,652	87,572	77,201

Note 1: Reconciliation of total comprehensive revenue and expense with net operating funding per prospective whole of Council funding impact statement.

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Total prospective revenue and expense wholly attributable to Waikato District Council	124,652	87,572	77,201
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	22,362	21,226	20,426
Difference	102,290	66,346	56,775
The difference is due to:			
Capital income	24,345	31,184	26,890
Vested assets	59,147	613	613
Revaluation of assets	51,193	70,122	64,403
Gain (loss) on sale of assets	916	5	1,140
Depreciation and amortisation	(33,311)	(35,578)	(36,271)
Total explained difference	102,290	66,346	56,775

Note 2: Exchange and non-exchange revenue.

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Revenue from non-exchange transactions			
Revenue from rates	99,030	105,531	107,580
Vested and found assets	59,147	613	613
Regulatory revenue	1,835	1,862	1,879
Infringements and fines	176	176	176
NZTA government subsidies	25,659	27,624	23,293
Petrol tax	550	561	561
Other subsidies and grants	7,811	513	513
Other fees and charges - Council	555	719	1,775
Other non-exchange revenue	514	514	514
Total revenue from non-exchange transactions	195,277	138,113	136,904
Revenue from exchange transactions			
Water billing charges	6,583	6,963	6,962
Development and financial contributions	8,271	13,326	13,326
Other fees and charges - Council	14,209	14,646	15,432
Finance income	50	50	50
Dividends	-	-	-
Other exchange revenue	7,320	6,593	7,156
Total revenue from exchange transactions	36,433	41,578	42,926
Total revenue	231,710	179,691	179,830



Prospective statement of financial position

A forecast for the year ending 30 June 2023

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Assets			
Current assets			
Cash and cash equivalents	9,955	9,948	9,928
Recoverables from non-exchange transactions	9,048	9,184	6,149
Receivables from exchange transactions	9,647	9,792	8,144
Non-current assets held for sale	1,256	1,256	-
Biological assets - cattle	103	103	107
Other financial assets	46	-	32
Prepayments	1,372	1,412	1,822
Total current assets	31,427	31,695	26,182
Non-current assets			
Property, plant and equipment	1,991,570	2,139,023	2,132,801
Intangible assets	5,482	6,720	9,723
Investment property	560	560	600
Investments in CCO's and other similar organisations	17,414	17,414	23,984
Other financial assets	3,446	4,383	4,758
Total non-current assets	2,018,472	2,168,100	2,171,866
Total assets	2,049,899	2,199,795	2,198,048
Liabilities			
Current liabilities			
Payables under exchange transactions	30,470	31,536	34,484
Taxes and transfers payable	1,436	1,486	2,593
Employee entitlements	4,391	4,455	4,997
Derivative financial instruments	467	467	274
Borrowing	33,656	48,941	21,398
Total current liabilities	70,420	86,885	63,745
Non-current liabilities			
Provisions	2,708	2,708	2,187
Employee entitlements	276	277	254
Derivative financial instruments	21,615	21,615	12,568
Borrowing	100,966	146,824	145,448
Total non-current liabilities	125,565	171,424	160,457
Total liabilities	195,985	258,309	224,202
Net assets/equity	1,853,914	1,941,486	1,973,846
Net assets/equity			
Accumulated comprehensive revenue and expense	1,203,176	1,244,781	1,276,210
Other reserves	650,738	696,705	697,636
Total net assets/equity	1,853,914	1,941,486	1,973,846

Prospective statement of changes in net assets/equity

A forecast for the year ending 30 June 2023

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Balance at beginning of year			
Accumulated comprehensive revenue and expense	1,112,313	1,203,176	1,237,142
Other reserves			
Revaluation	604,798	655,991	647,214
Restricted	200	200	208
Council created	23,487	27,069	28,239
Special rates and user pays	(12,284)	(18,694)	(17,712)
Capital replacement funds	24,324	24,006	24,254
Development contributions	(37,703)	(51,961)	(43,150)
Fair value through other comprehensive revenue and expense	14,127	14,127	20,450
Total net assets/equity at beginning of year	1,729,262	1,853,914	1,896,645
Comprehensive revenue and expense for the year			
Accumulated comprehensive revenue and expense			
Surplus (deficit) after tax	73,459	17,450	12,798
Other reserves			
Revaluation	51,193	70,122	64,403
Revaluation (landfill)	-	-	-
Fair value through other comprehensive revenue and expense	-	-	-
Total comprehensive revenue and expense for the year	124,652	87,572	77,201
Transfers to (from) accumulated comprehensive revenue and expense			
Accumulated comprehensive revenue and expense	17,404	24,155	26,270
Other reserves			
Revaluation	-	-	-
Restricted	-	(2)	(2)
Council created	3,582	720	1,492
Special rates and user pays	(6,410)	(5,098)	(4,708)
Capital replacement fund	(318)	(964)	(2,930)
Development contributions	(14,258)	(18,811)	(20,122)
Total transfers to (from) accumulated comprehensive revenue and expense	-	-	-
Net assets/equity at end of year			
Accumulated comprehensive revenue and expense	1,203,176	1,244,781	1,276,210
Other reserves			
Revaluation	655,991	726,113	711,617
Restricted	200	198	206
Council created	27,069	27,789	29,731
Special rates and user pays	(18,694)	(23,792)	(22,420)
Capital replacement funds	24,006	23,042	21,324
Development contributions	(51,961)	(70,772)	(63,272)
Fair value through other comprehensive revenue and expense	14,127	14,127	20,450
Total net assets/equity at end of year	1,853,914	1,941,486	1,973,846

Prospective statement of reserve funds

A forecast for the year ending 30 June 2023

Reserve	Purpose	Related activities	Forecast Balance 1-Jul-22 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-23 \$'000
Conservation fund	To fund expenditure items for conservation purposes	Sustainable environment	564	17	-	581
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any revenue or expense on these properties is kept separate from general funds	Sustainable communities	611	77	(492)	196
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved	Sustainable communities	2,771	102	3,226	6,099
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant, running and maintenance costs	Organisational support	(545)	1,603	(2,082)	(1,024)
Lake Hakanoa Caravan Park reserve	Revenue and expense for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self-funding	Sustainable communities	213	209	(221)	201
Raglan Holiday Park Papahua	Revenue and expense for Raglan Holiday Park Papahua is kept separate. The camp operation is self-funding	Sustainable communities	1,617	1,731	(1,551)	1,797
Wainui Reserve farm	Revenue and expense for Wainui Reserve farm operations is kept separate. The farm operation is self-funding and surpluses are used towards projects at Wainui Reserve	Sustainable communities	361	173	(163)	371
Hillary Commission grants	These funds are committed to a club development programme for the future	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates	Sustainable communities	(15)	-	-	(15)
Disaster recovery fund	Fund set aside for use in the event of a disaster	Organisational support	1,827	422	-	2,249
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid	Sustainable communities	68	2	-	70
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community	Sustainable communities	409	13	-	422
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes	Organisational support	2,308	-	-	2,308

Reserve	Purpose	Related activities	Forecast Balance 1-Jul-22 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-23 \$'000
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	19	1	(1)	19
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred.	Sustainable environment	(424)	549	(5)	120
Structure plan non-growth reserve	Reserve to provide funding for the non-growth element of Structure Plan development.	Organisational support	2,106	190	(1)	2,295
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	690	3,440	(3,407)	723
Huntly College jubilee award	A restricted reserve: the interest income the interest income is to be used is to be used for educational sponsorship.	Sustainable communities	14	-	-	14
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest income to be used as sponsorship for educational purposes.	Sustainable communities	1	-	-	1
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest income to be used for educational sponsorship.	Sustainable communities	1	-	-	1
Huntly Social Services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-Ordinating Committee Inc when it was wound up in 2015.	Sustainable communities	173	5	(8)	170
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	29,952	3,857	(6,384)	27,425
Targeted rate reserves - operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(17,712)	36,369	(41,083)	(22,416)
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	24,255	26,289	(29,219)	21,325

Prospective statement of reserve funds (continued)

A forecast for the year ending 30 June 2023

Reserve	Purpose	Related activities	Forecast Balance 1-Jul-22 \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance 30-Jun-23 \$'000
Revaluation reserves	Non-cash reserves representing the increases or decreases in the value of infrastructural assets that are periodically revalued.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply, Organisational support	647,214	64,403	(1)	711,617
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	Roading, Stormwater, Sustainable communities, Sustainable environment, Wastewater, Water supply	(36,996)	15,609	(35,544)	(56,931)
			659,503	155,061	(116,928)	697,636



Prospective cash flow statement

A forecast for the year ending 30 June 2023

	Long-Term Plan 2021/22 \$'000	Long-Term Plan 2022/23 \$'000	Annual Plan 2022/23 \$'000
Cash flows from operating activities			
Receipts			
Receipts from rates revenue	98,696	105,271	107,237
Subsidies received	25,944	28,105	24,133
Contributions received	8,115	12,906	12,906
Receipts from other revenue	37,757	32,500	34,722
Interest received	50	50	50
Dividends received	-	-	-
Payments			
Employee costs	(37,761)	(38,521)	(40,835)
Suppliers	(81,370)	(82,678)	(84,814)
Interest paid	(4,506)	(5,463)	(5,769)
Goods and services tax (net)	-	-	-
Net cash flows from operating activities	46,925	52,170	47,630
Cash flows from investing activities			
Purchase of property, plant and equipment	(95,381)	(111,376)	(105,486)
Proceeds from sale of property, plant and equipment	3,914	807	3,930
Community loans repayments received	-	-	-
Purchase of intangible assets	(1,614)	(1,859)	(7,231)
Community loans granted	-	-	-
Acquisition of investments	(789)	(1,211)	(1,928)
Proceeds from sale of investments	80	320	500
Net cash flows from investing activities	(93,790)	(113,319)	(110,215)
Cash flows from financing activities			
Proceeds from borrowings	51,871	81,143	82,543
Repayment of borrowings	(5,000)	(20,000)	(20,000)
Net cash flows from financing activities	46,871	61,143	62,543
Net increase(decrease) in cash and cash equivalents	6	(6)	(40)
Cash and cash equivalents at the beginning of the year	9,949	9,954	9,968
Cash and cash equivalents at 30 June	9,955	9,948	9,928

ANNUAL PLAN

DISCLOSURE STATEMENT

For the year ending 30 June 2023

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information, including definition of some of the terms used in this statement.

Benchmark	Planned	Met	
Rates affordability benchmarks			
- total rates	\$265.4m	\$114.4m	Yes
- rates increases	8%	8%	Yes
Debt benchmark			
Limit on total debt	175%	105%	Yes
Balanced budget benchmark	100%	99%	Yes
Essential services benchmark	100%	238%	Yes
Debt servicing benchmark	15%	3.4%	Yes

Notes

1 Rates affordability benchmark

(1) For this benchmark:

- (a) Council's planned rates income for the year is compared with a quantified limit on total rates contained in the financial strategy included in Council's long-term plan; and
- (b) Council's planned rates increases for the year are compared with a quantified limit on increases in total rates contained in the financial strategy included in Council's long-term plan.

(2) Council meets the rates affordability benchmark if:

- (a) its planned rates income for the year equals or is less than the quantified limit on rates; and
- (b) its planned rates increases for the year equal or are less than the quantified limit on rates increases.

2 Debt affordability benchmark

- (1) For this benchmark Council's planned borrowing is compared with a quantified limit on total debt contained in the financial strategy included in Council's long-term plan; and
- (2) Council meets the debt affordability benchmark if its planned borrowing is within the quantified limit on total debt.
- (3) The quantified limit is calculated as follows: Net debt as a percentage of total revenue will not exceed 175%.

3 Balanced budget benchmark

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

4 Essential services benchmark

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

5 Debt servicing benchmark

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



NOTES TO THE FINANCIAL STATEMENTS

Reporting entity

Waikato District Council (Council) is a territorial authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the local Government (Rating) Act 2002 (LG(R)A).

The Waikato District Council Group (the Group) consists of the ultimate parent Waikato District Council (Council), its 100% owned subsidiaries: Strada Corporation Limited (Strada) and the Waikato District Community Wellbeing Trust (WBT).

Strada previously operated as a civil engineering and contracting services business until the Board of Directors resolved to cease trading, sell all of its operational assets and extinguish all liabilities during the year ended 30 June 2017. As a result of this decision, Strada became a Council-Controlled Organisation rather than the Council-Controlled Trading organisation it had been previously (see s6 Local Government Act 2002). While Strada has remained open in order to receive the final settlement payments in relation to the disposal of its previous interest in the joint venture (Waikato Quarries Limited), it is no longer a going concern.

As Strada is no longer trading, management have elected to file a non-active declaration with Inland Revenue.

All the companies in which Council has an interest, either directly or through Strada, are incorporated and domiciled in New Zealand.

The principal activity of Council is the provision of local infrastructure, local public services and the performance of regulatory functions to the community. Council does not operate to make financial return.

Council has designated itself and the Group as public benefit entities (PBE's) for financial reporting purposes.

The prospective financial statements are for the year ending 30 June 2023. They were authorised for issue by Council on 30 June 2022. Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of preparation

Statement of compliance

Council's prospective financial statements have been prepared in accordance with the requirements of LGA 2002 and the Local Government (Financial Reporting and Prudence Regulations 2014 (LG(FRP)R) which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These prospective financial statements (with the exception of the Funding Impact Statement) have been prepared in accordance with and comply with Tier 1 PBE accounting standards, including PBE FRS 42 Prospective Financial Statements.

Included in this plan are three types of financial information –

1. the usual NZ GAAP regulated statements of financial position, comprehensive revenue and expense and the like;
2. funding impact statements (FIS); and,
3. a disclosure statement.

The key difference between these three types of information is that FISs and the disclosure statement are not required by NZ GAAP.

The FIS is intended to make the sources and applications of Council funds more transparent to its stakeholders than might be the case if only the usual NZ GAAP financial statements were provided. The FIS format is prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014 and is required by the LGA 2002.

The purpose of the disclosure statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Measurement base

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment properties, and certain financial instruments (including derivative instruments).

The actual results for the 2020/2021 financial year and the LTP financial performance and cash flows for the 2021/2022 financial year, as modified by known changes, have been used to arrive at the opening balances for the plan as of 1 July 2022.

Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's). The functional currency for Council is New Zealand dollars.

Standards issued and not yet effective which have been early adopted

Financial instruments

The NZASB has issued PBE IPSAS 41 after the IPSASB issued its own financial instruments standard. PBE IPSAS 41 Financial Instruments has superseded PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments for public benefit entities.

PBE IPSAS 41 is effective from 1 January 2022, early adoption permitted.

PBE IPSAS 41 provides users of financial statements with more useful information by:

- applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. There is no change to the measurement of Council's financial instruments, the only amendment being the reclassification from 'Loans and receivables' and 'Held to maturity investments' to 'Financial assets at amortised cost'; and
- applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing. Council has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Council has adopted the new standard in preparing the 2021 Annual Report financial statements; there have been no material effects in doing so.

Standards issued and not yet effective and not early adopted

Standards, interpretations, and amendments issued but not yet effective which have not been early adopted and which are relevant to Council are:

Statement of cash flows

An amendment to PBE-IPSAS 2 Statement of cash flows requires entities to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and from non-cash changes. The amendment is effective for the year ending 30 June 2022, with early application permitted. Council plans to apply this standard in preparing its 30 June 2022 financial statements. Since this amendment relates only to additional disclosures the impact of this change on the 2022/2023 Annual Plan is not material.

PBE IPSAS 40 PBE Combinations

PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. The revised standard clarifies the acquisition or amalgamation of PBE entities. This new standard is effective for the year ending 30 June 2022 and is applied prospectively. The Council is not currently considering any combination with another entity that would require compliance with PBE IPSAS 40.

Service performance reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022 following consultation that has been initiated by the External Reporting Board. Council plans to apply this standard in preparing its 30 June 2023 financial statements. Since this amendment relates only to additional disclosures the impact of this change on the 2022/2023 Annual Plan is not material.

Other changes in accounting policies

There have been no other changes in accounting policies since the publication of Council's 2021 Annual Report.

Significant accounting policies

Basis of consolidation

Council has not consolidated the prospective financial statements to include its subsidiaries Strada and the Waikato District Community Wellbeing Trust as a group because Council believes that consolidation would not enhance an understanding of Council's core activities and services.

Revenue

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable.

Revenue from non-exchange transactions is measured at the amount of the increase in net assets recognised. An asset acquired through a non-exchange transaction is initially measured at its fair value at the date of acquisition.

Specific revenue items are recognised as follows:

- General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, because there are unread meters at year-end, is accrued on an average usage basis.

- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.
- Council receives government grants from the Waka Kotahi NZ Transport Agency (NZTA), 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.
- Revenue from the sale or provision of goods is recognised when a product is sold to the customer. Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Fees and charges revenue is recognised when the service is provided.
- Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.
- Traffic and parking infringement income is recognised when the infringement notice is issued.
- Found and vested assets are recognised at fair value at the time Council obtains control of the asset. The fair value is recognised as revenue and the amount is determined by reference to the costs of purchase and/or construction.
- Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged.
- Interest income is recognised using the effective interest method.
- Dividends receivable are recognised when the right to receive the payment has been established.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expense respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts and costs that are specifically chargeable to the customer under the terms of the contract.

An expected deficit on construction contracts is recognised immediately as an expense in surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised surpluses less recognised deficits and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus surpluses less deficits, the net amounts are presented as a liability.

Borrowing costs

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; they 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 are recognised as expenditure when a successful applicant has been notified of Council approval.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in surplus or deficit.

Operating leases

An operating lease is a lease which does not transfer substantially all the risks and rewards incidental to ownership. 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 include cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. The carrying value of cash and cash equivalents approximates its fair value.

Recoverables and receivables

Short term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Cattle

Cattle on Council's reserves are revalued annually at fair value less estimated costs to sell. Fair value is determined based on market price at balance date.

Gains and losses from a change in fair value less estimated costs to sell are recognised in the surplus or deficit. The costs incurred in relation to the cattle are included in the surplus or deficit.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

Classification

Council classifies its financial assets into the following categories:

- Amortised cost
- Fair value through surplus or deficit
- Fair value through other comprehensive revenue and expense for the following two subcategories:
 - Investments in Equity
 - Other financial assets that are not investments in equity.

The classification depends on Council's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets at amortised cost

Council classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following:

- Cash and cash equivalents
- Receivables from exchange and non-exchange transactions
- Term deposits
- Community Loans, and
- LGFA Borrower notes

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

Loans to community organisations made by Council at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans 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 surplus or deficit as a grant.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Council's derivatives are categorised as held for trading. Assets in this category are classified as current assets. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. Investments in Equity that are not held for trading and are held for long-term strategic purposes are subsequently measured at fair value through other comprehensive revenue and expense.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date. They comprise of the following:

- investments that it intends to hold long term, but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

Council's shareholding in Civic Financial Services Limited and Waikato Regional Airport Limited fall within this category.

Financial assets at cost

Investments in Equity that are held at cost are those that as per PBE IPSAS 41 para. AG140 states that investments in equity instruments and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value. That may be the case if insufficient more recent information is available to measure fair value, or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

Council's shareholding in Colab (formerly Waikato Local Authority Shared Services Limited) and Strada are held at cost as the fair value cannot be reliably measure.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in surplus or deficit.

Financial assets at amortised cost

Impairment is established when there is objective evidence that Council and the group will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired.

Cash and cash equivalents have not been impaired due to investments being held in high credit rated banks (BNZ, WPT, ASB and ANZ) and impairment is immaterial.

For receivables from exchange and non-exchange transactions, Council has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

For all other financial instruments, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

Impairment losses recognised in surplus or deficit on equity investments are not reversed through surplus or deficit.

Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The associated gains or losses on derivatives are recognised in surplus or deficit. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Non-current assets held for sale

Non-current assets held for sale (NCFS) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of NCFS are recognised in surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

NCFS (including those that are part of a disposal group) are not depreciated or amortised while they are classified for sale.

Property, plant and equipment

Property, plant and equipment consist of:

- **Operational assets:** These include land, buildings, improvements, landfill post closure, library books, plant and equipment, furniture, computers and motor vehicles.
- **Restricted assets:** These are parks and reserves owned by Council which provide a benefit or service to the community, and which can only be disposed of after following a rigorous legal and public consultation process.
- **Infrastructural assets:** These are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Council's pensioner housing and other non-commercial rental properties, which are held for service delivery objectives rather than for rental income or capital appreciation, are accounted for as property, plant and equipment.

Land (operational and restricted) is measured at fair value; buildings (operational and restricted) and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only 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.

Property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction it is recognised at fair value as at the date of acquisition.

Assets under construction (work in progress)

Assets under construction are recognised at cost less impairment and not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to accumulated funds.

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:

Description	Useful Life (Years)	Depreciation Rate
Audio-visual materials and electronic games – Libraries	5	20%
Buildings	15 – 100	1 – 6.7%
Vehicles / Moveable plant	4 – 20	5 - 25%
Library books	8	12.5%
Computers	4 – 7	14 - 25%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 - 25%
Wastewater	3 – 100	1 - 33.3%

Urban stormwater	5 – 100	1 - 20%
Roading pavement – sealed	2 – 100	1 - 50%
Pavement (basecourse)		
- sealed	65 – 105	0.95 - 1.5%
- unsealed metal	20	5%
Surface water channel	20 – 80	1.25% - 5%
Culverts	50 - 80	1.25 – 2%
Guardrails/Barriers	40 – 80	1.25% - 2.5%
Drainage	50 - 80	1.25 – 2%
Retaining walls	50 - 100	1 – 2%
Footpaths	15 – 80	1.25 - 6.67%
Street lighting	20	5%
Bridges		
- timber	50	2%
- all other	100	1%
Parks and reserves	1 - 100	1% -100%
Solid waste		
- refuse transfer stations	10 – 80	1.25 – 10%
- landfills	5 - 90	1.11 – 20%
Signs	20	5%

The residual value, depreciation method and useful life of an asset are reviewed, and adjusted if applicable, at each balance date.

Revaluation

Land and buildings (operational and restricted); parks and reserves (operational and restricted); and infrastructural assets (except land under roads) are revalued on a regular basis (at least every three years) to ensure that their carrying amounts do not differ materially from fair value. All other asset classes are stated at depreciated historical cost.

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

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in surplus or deficit will be recognised first in surplus or deficit up to the amount previously expensed, with any remainder recognised in other comprehensive revenue and expense.

Impairment of property, plant and equipment

Items of property, plant and equipment having a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as 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 entire loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was 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 revalued amount, the reversal of an impairment loss recognised in the surplus or deficit.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised as intangible assets valued on the basis of costs incurred to acquire the software and bring into use.

This asset class, which is amortised on a straight-line basis, has a finite useful life of three to seven years and the amortisation rates are between 14% and 33%.

Consents

Consent costs for capital works are recognised at cost and amortised over the life of the consent - between 10 and 35 years. The amortisation charge for each period is recognised in surplus or deficit.

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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. The total impairment loss is recognised in surplus or deficit. The reversal of an impairment loss is recognised in surplus or deficit.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Investment property

Properties leased to third parties under non-cancellable operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is initially measured at cost, including transaction costs. After initial recognition, all investment properties are measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Creditors and other payables

Short term creditors and other payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service 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, retiring and long service leave entitlements expected to be settled within 12 months, 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 will be used by staff to cover those future absences.

Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculation is based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- The present value of the estimated future cash flows; and
- The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are classified as current liabilities. All other employee entitlements are classified as non-current liabilities.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in surplus or deficit when incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

Provision has been made for future environmental obligations in respect of closed landfills and contract completion costs.

Borrowing

Borrowing is initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, all interest-bearing loans borrowing is measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

Net assets / equity

Net assets / equity represents the community's interest in Council and is measured as the difference between total assets and total liabilities. Net assets / equity is disaggregated and classified into the following components:

- Accumulated comprehensive revenue and expense
- Other reserves
 - asset revaluation
 - restricted
 - council-created
 - special rates and user pays
 - capital replacement funds
 - development contribution
 - fair value through other comprehensive revenue and expense.

Asset revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves represent funds subject to specific conditions accepted as binding by Council; funds which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves

Council-created reserves are established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Fair value through other comprehensive revenue and expense

This reserve comprises the cumulative net change in the fair value of financial instruments at fair value through other comprehensive revenue and expense.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST except for payables and receivables, which are presented on a GST-inclusive basis. When GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST recoverable.

Cost allocation policy

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using cost drivers such as actual usage, staff numbers and floor area.

Cautionary note for prospective financial statements

The purpose for the preparation of the prospective financial statements is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flows of Council for the year ending 30 June 2023. The information contained in these statements may not be appropriate for purposes other than that as previously described.

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates and the variations may be material.

Significant forecasting assumptions

The significant forecasting assumptions and risks underlying the financial estimates are identified in Council's Long-Term Plan 2021-2031 pp46-51.



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