Supplementary agenda for a meeting of the Waikato District Council to be held in the Council Chambers, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 5 APRIL 2023** commencing at **2.00pm**.

Information and recommendations are included in the reports to assist the Committee in the decision making process and may not constitute Council's decision or policy until considered by the Committee.

6. REPORTS

GJ Ion
CHIEF EXECUTIVE

TERMS OF REFERENCE

COUNCIL

Chairperson:	Her Worship the Mayor
Deputy Chairperson:	Deputy Mayor
Membership:	The Mayor and all Councillors
Meeting frequency:	Six weekly – or as required
Quorum:	Half of the members (including vacancies)

Purpose

1. To provide leadership to, and advocacy on behalf of, the people of the Waikato District.
2. To define and represent the total communities' interests, ensuring ongoing community and economic development, the effective stewardship of existing assets, sustainable management of the environment, and the prudent management of the communities' financial resources.

Terms of Reference

The Council's terms of reference include the following powers which cannot be delegated to committees, subcommittees, officers or any other subordinate decision-making body:

1. The power to make a rate.
2. The power to make a bylaw.
3. The power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-Term Plan.
4. The power to adopt a Long-Term Plan, Annual Plan, or Annual Report.
5. The power to appoint a Chief Executive.
6. The power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the Long-term Plan or developed for the purpose of the local governance statement, including the Council's Infrastructure Strategy.
7. The power to adopt a remuneration and employment policy.
8. The power to approve or amend the Council's Standing Orders.
9. The power to approve or amend the Code of Conduct for elected members, and consider any recommendations made in relation to a complaint lodged under the Code.
10. The power to appoint and discharge:
    a. members (including chairpersons) of Council committees and subordinate decision-making bodies, subject to the Mayor's powers under section 41A Local Government Act 2002; and
    b. elected member representatives on external organisations.
11. The power to establish a joint committee with another local authority or other public body and appoint elected members as representatives on such committees or bodies.
12. The power to make the final decision on a recommendation from the Ombudsman where it is proposed that Council not accept the Ombudsman's recommendation.
13. The power to approve or change the District Plan, or any part of that Plan, in accordance with the Resource Management Act 1991.

14. The power to amend or replace the delegations in Council's Delegations Register (except where expressly permitted in the Delegations Register).

To exercise the following powers and responsibilities of Council, which the Council chooses to retain:

1. To approve a proposed policy statement or plan under the Resource Management Act 1991.
2. To approve changes to boundaries of the District under the Resource Management Act 1991 or any other legislation.
3. In respect of District Plan decisions:
    a. To appoint independent commissioners to a panel for hearings of a Proposed District Plan;
    b. To approve the recommendation of hearings commissioners on a proposed plan, plan change or variation (including private plan change); and
    c. To approve a proposed plan or a change to a district plan under Clause 17, Schedule 1 of the Resource Management Act 1991.
4. To adopt governance level strategies, plans and policies which advance Council's vision and strategic goals (e.g. Hamilton to Auckland rail), other than where expressly delegated to a committee.
5. To approve Council's recommendation to the Remuneration Authority for the remuneration of elected members.
6. To approve the Triennial Agreement.
7. To approve resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of an electoral officer and reviewing representation arrangements.
8. To approve any changes to the nature and delegations of any Council committees or subordinate-decision making bodies.
9. To approve the Local Governance Statement.
10. To approve funding requests not allowed for within budgets, in accordance with Significance & Engagement Policy parameters.
11. To approve any additional funding decisions required for the Watercare Services contract.
12. To approve development agreements as recommended by the Development Agreements Subcommittee where infrastructure is not allowed for within the Long Term Plan.
13. To receive six-monthly reports from each Community Board on its activities and projects.

Waikato District Council
Te Kaunihera aa Takiwaa o Waikato

Open

To	**Waikato District Council**
Report title	**Approval of Draft Annual Plan 2023/24 financials and related targeted rate engagement content**
Date:	5 April 2023
Report Author:	Colin Bailey, Finance Manager Nicole Hubbard, Corporate Planning Team Leader
Authorised by:	Alison Diaz, Chief Financial Officer

1. Purpose of the report
Te Take moo te puurongo

To seek approval of the Draft Annual Plan 2023/24 financials and related targeted rate engagement content.

2. Executive summary
Whakaraapopototanga matua

Planning for the 2023/24 financial year is challenging territory not only for Council but for the New Zealand economy. The Draft Annual Plan 2023/24, following the guidance provided at the Council workshop on 27 March 2023, seeks to increase General Rates by 7.0% over the 2022/23 rates, compared to the 3.5% increase indicated in the LTP.

The major changes to the LTP are in respect of the Roading capital expenditure projects, the funding for which changed after adoption of the LTP thus necessitating changes to the work programme approved by Council in December 2021 (the impact of the former change was mainly in the 2021/22 and 2022/23 financial years), and the additional capital spend required for Cyclone Gabrielle recovery costs.

The Council workshop held on 27 March 2023 considered four options to balance the budget, including the preferred option outlined above. The other three options indicated General Rate increases of between 5.0% and 6.4% plus changes to a number of Council reserves.

Following adoption of the Draft Annual Plan, the proposed General and Targeted rates for each property will be available on the Rating Information Database (RID) alongside the current rates on the Council website.

Staff have undertaken an assessment of significance of the proposed General Rate increase of 7.0% and determined that this does not require consultation under the Significance and Engagement Policy. The community will be informed about the change in rate increase, and the reasons for this change.

The community will also be informed regarding changes to targeted rates as follows:

- Huntly Community Facilities – splitting the unchanged rate of $26 into $18 for the Council-run facilities and $8 to be paid over to the Huntly Memorial Hall Committee for operating costs. The latter rate will be reviewed as part of a wider Halls review through 2024-2034 Long Term Plan.

- Whatawhata Community Centre – a new targeted rate of $70 will be introduced. $38 of which will go towards repayment of the community loan to cover a share of construction costs of the centre (amounting to $385,000). The remaining $32 of the targeted rate will be earmarked for operational costs in line with other facilities of this quality until such time the Hall Committee can review actual running costs and amend accordingly. Also, to note, is that part of the catchment area for this hall had access to the Koromatua hall in Waipa District and were contributing to the running costs. This payment to Waipa District Council will cease from 2023/24 year onwards.

- Tamahere Mangaone Restoration Trust – a new targeted rate of $52 per property to funding for the Trust to undertake vegetation clearance and habitat restoration activities. This work has become unsustainable for the Trust to deliver without funding. Supporting the activities by way of a targeted rate will ensure the level of service currently received by the community remains unchanged.

Proposed engagement activities are outlined in section 6.2 on engagement, and draft text to be included in communication material is included in Appendix 3.

It should be noted the budget adjustments and related increase to General Rates is a solution for the 2023/24 financial year only, and breaches the overall rates increases limit set by Council in its Financial Strategy (9% rather than 8%) as well as the balanced budget prudence benchmark (98% rather than 100%). Future changes to costs caused by inflation and/or damage resulting from adverse weather events will need to be taken into account in the Long Term Plan 2024-2034.

3. Staff recommendations
Tuutohu-aa-kaimahi

That the Waikato District Council:

a. approves the draft Annual Plan 2023/24 financials and related annual plan disclosure statement.

b. **approves the engagement content for:**

   i. **reapportionment of the existing Huntly Community Facilities targeted rate to support operating costs of the Huntly Memorial Hall; and**

   ii. **confirming the targeted rate for the Whatawhata Community Centre; and**

   iii. **a proposed new targeted rate for Tamahere Mangaone Restoration works.**

c. **notes that the general rate increases for both the capital value-based charge and uniform annual general charge will be set at 7% (a 3.5% increase over that contained within year three of the 2021-2031 LTP); and**

d. **notes that with the exception of proposed targeted rate changes under (b) that all other targeted rates remain as per year three of the 2021-2031 LTP.**

4. Background
Koorero whaimaarama

As per section 95 of the Local Government Act 2002 (LGA), Council must prepare and adopt an annual plan for each financial year. Where there are no significant or material differences from the same year of the Long-term plan (LTP), as defined within the LGA and Council's Significance and Engagement Policy, formal consultation is not required.

The budget for year three of the 2021-2031 LTP has been updated to reflect changes in underlying assumptions (e.g., inflation, depreciation), the financial impacts of decisions Council has made since the LTP was adopted and adjustments to work programmes including those required to address infrastructure damage sustained during Cyclone Gabrielle.

The resulting Draft Annual Plan 2023/24 was discussed over two Council workshops held in February and March 2023. A workshop format was used so Councillors could fully participate in discussions prior to any formal decisions being made. The workshops enabled Councillors to discuss and examine the proposed budget and possible funding solutions.

A summary of the process from April onwards is as follows:

Date	Format	Content
5 April	Council meeting	To confirm the proposed budget and the consultation materials.
6 April – 7 May	Community Engagement	Informing the community of changes to general rates, Huntly Hall rate and Whatawhata Hall rate and engagement on the proposed Tamahere Mangaone Restoration Trust targeted rate.
23/24 May	Hearings and Deliberations	To hear submissions on engagement topics if required and make final decisions.
28 June 2023	Council meeting	Adoption of the 2023/24 Annual Plan, Rates Resolution and Fees and Charges.

In line with the workshop process, this report is focused on the items which differ from those contained in the third year of the LTP, and the options to fund the changes resulting from these differences.

Attached to this report are the following:

- Appendix 1 – Draft Financial Statements
- Appendix 2 – Annual Plan Disclosure Statement (Financial prudence benchmarks)
- Appendix 3 – Community Engagement documentation (to be circulated separately)

5. Discussion and analysis
Taataritanga me ngaa tohutohu

General Rates

The general rate increase proposed in the third year of the LTP (2023/24) was 3.5%. The changes to business and environmental assumptions have had both positive and negative impacts on the rating situation, resulting in the need to fund a General Rate deficit of $2.8 million. Council provided direction to staff on 27 March 2023 to increase General Rates by 7.0%, acknowledging that the level of planned expenditure is budgeted to be slightly higher than revenue, resulting in a small rating deficit for the 2023/24 financial year. This rating deficit will be funded by actual general rate surpluses which council confirms be transferred into a reserve each year.

General Rate income will increase by $5.6 million relative to that in Year Three of the LTP. This increase is due in equal proportions to the higher than planned (in the LTP) rates increase and higher than anticipated growth in property capital values.

Infrastructure asset depreciation is $5.0 million more than included in the LTP as a result of higher asset valuations. Costs associated with increases in headcount to meet demand, consultants, lower Waka Kotahi subsidies and smaller costs increases in other activities have been partially offset by Fees and Charges revenue increases and lower external interest costs.

In respect of the lower Waka Kotahi subsidy income, a workshop was held in December 2021 to provide direction to staff regarding the final Waka Kotahi funding for 2022, 2023 and 2024, finalised after the LTP was adopted. The changes to the work programme and associated subsidy flow through to the Annual Plan 2023/24 capital expenditure work programme.

The table below summarises the general rate related changes for 2023/24 since the LTP was adopted:

Description of change	Impact on General Rate
Additional general rating income growth from 1 July 2022 rates strike	$2,779,919
External interest savings (Impact of work programme delays)	$1,114,114
Additional general rate funded depreciation (noting a portion of roading replacement works is assumed to be funded by future Waka Kotahi subsidy so not charged)	-$3,356,996
Waka Kotahi subsidy impacts (noting the overall $6 million subsidy reduction mainly impacts capital works)	-$287,287
General rate funded salary movement changes (approx. 7% increase on LTP budget)	-$2,034,783
Allowance in Annual Plan for future resource (to maintain/meet stipulated LoS)	-$1,000,000
General rate revenue increase to meet the Annual Plan deficit	**$2,785,033**

Targeted Rates

Existing targeted rates are proposed to remain at LTP levels, including the continuation of the Temporary Water Usage Rate last charged in the 2022/23 year. The properties charged this targeted rate have water supplied without a meter and although the number of properties without a meter has reduced, this work not expected to be completed in full until next year.

Targeted rate income (excluding any new targeted rates) for the annual plan year is expected to be $0.9 million higher than Year Three of the LTP due to higher than expected growth. There are several other changes that impact targeted rate reserves however the net impacts on the reserves are small enough to be accommodated within the LTP targeted rate increases.

There are three targeted rates that will require engagement with specific properties within the district; reapportionment of the Huntly Community Facilities rate to provide operational funding for the Huntly Memorial Hall, confirmation of the Whatawhata Community Centre rate following on from consultation in prior years, and introduction of a new targeted rate within Tamahere for Mangaone restoration works.

Activity Variances

The operating budgets have been prepared based on costs and revenues which arise from normal Council operations, and assumes Council continues to provide the same levels of service as at present. This is a legislated requirement, noting that Council consults to amend levels of service through the LTP process. Budget changes relate to updating the assumptions (from 2022/23) and incorporating decisions Council has made after the adoption of the LTP in 2021.

Requests for further changes to operating budgets would need to consider the impact on levels of service. The approach taken in preparing this Draft Annual Plan is that the focus is on progressing the capital works programme and Council's other business as usual activities.

Salary Variances

Remuneration bands were realigned in 2022/23 to reflect general market levels. This change resulted in average salary increases of 2,8% in 2022/23 compared to the planned increase of 2.2%. This has a compounding effect for Annual Plan 2023/2024 because the planned increase is applied to a higher than anticipated base. Updated market salary data will be available in May 2023 when a review will be undertaken.

In addition to the 2022 remuneration system changes, there has been an overall headcount increase of 60 compared to Year Three of the LTP. 35 additional positions were approved and in place prior to the annual plan year, with the remaining 25 positions included in the 2023/24 annual plan. These roles are a mixture of fulltime, part-time, and fixed term. Included in payroll costs is a placeholder of $1 million to support the increased workload across the organisation, to ensure levels of service remain unchanged and that key projects are progressed. Funding for salary changes comes from the three waters transition package, fees and charges revenue, council reserves, capital project recoveries and rates.

Capital Projects

The Draft Annual Plan includes the capital works of $112 million, as per Year 3 updated for:

- Approved changes adopted by Council, both timing and budget amounts.
- The inclusion of $5 million for Cyclone Gabrielle recovery costs in Roading.

Carry forward budgets from the 2022/23 capital work programmes have not been determined. It is anticipated these projects will remain in the capital work programme and will be reviewed for the LTP.

Financial Prudence Benchmarks (Appendix 2, Annual Plan disclosure statement)

Council adopts a Financial Strategy as part of the LTP. This strategy sets out guidance from which Council will consider funding and expenditure proposals, and provides transparency over how proposals would affect services, rates, debts and investments. The strategy includes limits for rates increases and borrowing.

The resulting annual plan financials and changes to general rates will push the overall rates increase slightly above the Council's rates increases limit of 8%. In the current economic conditions, which were not reflected when the LTP was set, it is anticipated that many local authorities will breach their stipulated limits.

Compliance with financial strategy limits, along with other measures set by regulation (for ease of comparison across the sector), are shown in Appendix 2.

Fees and Charges

Council adopted a three-year schedule of fees and charges in June 2021 as part of the LTP. Council also adopted Water and Wastewater Authorisation and Service Connection charges (Pokeno and Tuakau) in December 2021 to recover Infrastructure Growth Charges levied by Watercare. Any proposed changes to fees and charges for 2023/24 will be presented to Council at the meeting to adopt the annual plan. It is unlikely any changes materially impact the Draft Annual Plan.

Key assumptions

The draft Annual Plan budgets have been put together based on the following key assumptions:

- Interest rates on internal and external loans of 4.47%.
- General Rates growth of $2.8 million in excess of Year Three of the LTP.
- Remuneration percentage increases for employees as included in the Year 3 of the LTP, plus new positions not included in the LTP, and the effects of the salary band changes implemented in 2022/2023 to reflect general market changes referred to above.

Wellbeings

The budget put forward reflects changes to circumstances since the LTP was adopted. All wellbeings are considered in developing the LTP. In the subsequent Annual Plan years, the main wellbeing impact is therefore related to changes in economic wellbeing.

Any decision to increase rates has economic impacts for our communities, ratepayers and residents. Inflation is well above the level assumed in the LTP, which increases the costs Council has to pay in order to deliver its activities. A tight labour market with low unemployment levels has also led to increased salary costs.

For this Annual Plan year, the assumptions relating to climate resilience (environmental wellbeing) have also had to be adjusted. Council has an annual emergency works budget for storm weather events and holds a disaster recovery reserve, but this has not been sufficient for the purpose of reinstatement works following Cyclone Gabrielle.

There will also be flow-on effects for social and cultural wellbeing within the district.

5.1 Options
Ngaa koowhiringa

The solutions for addressing increased costs in an Annual Plan budget, is to increase rates and/or other sources of revenue, re-prioritise work programmes or fund some costs from reserves (accumulated funds).

Council has several classes of reserves. Targeted reserves where income and costs are ring-fenced (e.g., targeted rates and development contributions), restricted reserves where council is the custodian of funds on behalf of the community, replacement funds to support asset renewals over time and Council created reserves for the purpose of risk management and/or strategic reasons.

Staff assessed and presented four options for Council to consider during the Annual Plan workshops. The options presented were appropriate to the level of significance (see paragraph 6.1) and sought to retain levels of service commitments made in the LTP.

The reserves considered as a possible funding source are all council created reserves for the management of risk. These reserves are built up over time through general rate contributions. Collecting contributions over multiple years ensures Council can address the unexpected without having to go out for the full recovery of costs in any one year (e.g., disaster recovery funds of $2.5 million collected in prior years will be used to offset Cyclone Gabrielle costs)

The options discussed during the workshops are outlined below:

- Option 1: Increase general rates by 7.0% over 2022/2023 (LTP 3.5%).
- Option 2: Increase general rates by 5.0% over 2022/2023 (LTP 3.5%) and defer funding of $1.6 million for the District Plan Costs Reserve.
- Option 3: Increase general rates by 6.0% over 2022/2023 (LTP 3.5%) and defer funding of $0.6 million for the Contingency Funding Reserve.
- Option 4: Increase general rates by 6.4% over 2022/2023 (LTP 3.5%) and defer funding of $0.5 million for the Disaster Recovery Reserve.

The options discussed result in higher general rate increases when compared with the increase indicated in the LTP. The following table shows the general rates for each option, the cost per $100,000 Capital Value and the increase per $100,000 Capital Value compared with the current year (2022/2023).

Cuurent year (2022/2023)	General Rate factor UAGC Cost per $100,000 Capital value	0.0021416 $432.25 $646.41	
LTP - 3.5% increase	General Rate factor UAGC Cost per $100,000 Capital value Increase over current year Increase over current year	0.0022166 $447.38 $669.04 $22.63 $0.44	 Annual Per week
Option 1 - 7.0% increase	General Rate factor UAGC Cost per $100,000 Capital value Increase over current year Increase over current year	0.0022918 $462.55 $691.73 $45.32 $0.87	 Annual Per week
Option 2 - 5.0% increase	General Rate factor UAGC Cost per $100,000 Capital value Increase over current year Increase over current year	0.0022494 $453.99 $678.93 $32.52 $0.63	 Annual Per week
Option 3 - 6.0% increase	General Rate factor UAGC Cost per $100,000 Capital value Increase over current year Increase over current year	0.0022691 $457.97 $684.88 $38.47 $0.74	 Annual Per week
Option 4 - 6.4% increase	General Rate factor UAGC Cost per $100,000 Capital value Increase over current year Increase over current year	0.0022780 $459.76 $687.56 $41.15 $0.79	 Annual Per week

Council's guidance is **option 1**. Two main concerns were raised in relation to options 2, 3 and 4. The first was that the solutions being proposed are short-term only, therefore, it would require a much higher general rate increase in the first year of the 2024-2034 LTP to 'catch up'. The second was that diverting funds from reserves built up over time to mitigate risk would leave Council ill prepared to deal with any unforeseen events such as further storm weather events.

5.2 Financial considerations
Whaiwhakaaro puutea

The financial considerations associated with the recommendations of this report are detailed throughout.

5.3 Legal considerations
Whaiwhakaaro-aa-ture

Staff confirm that the preferred option complies with the Council's legal and policy requirements.

A proposal to introduce a new targeted rate would normally fall within the LTP. The Whatawhata community has supported the establishment of a community centre, has provided feedback on a targeted rates proposal previously and the setting of a specific targeted rate has been allowed for in the LTP.

However, there is a risk, albeit it small, that the Tamahere Mangaone Restoration Targeted Rate does not comply with section 23(3)(a) of the Local Government (Rating) Act 2002 which allows for setting a rate that is not within an LTP. The rate must meet an 'unforeseen and urgent need for revenue'. Council's view is that the Trust will not be able to continue their activities in the 2023/24 financial year without the proposed funding. The consultation process will determine whether the rate is supported or not by the community.

5.4 Strategy and policy considerations
Whaiwhakaaro whakamaaherehere kaupapa here

The report and recommendations are consistent with the Council's policies, plans and prior decisions. It should be noted that the rates increase will breach the limit included in Council's Financial Strategy largely due to changes in broader economic conditions (need to recover increased inflationary costs). Council is able to deviate from its strategy limits but needs to explain why this has occurred.

5.5 Maaori and cultural considerations
Whaiwhakaaro Maaori me oona tikanga

Maaori and cultural considerations for the purpose of approving the draft Annual Plan 2023/24 financials are tied in with the assessment of overall community wellbeing; economic, social, cultural and environmental (refer section 5) and as a stakeholder of council activities. There are no significant decisions involving land or water in the Annual Plan that were not considered through the LTP.

5.6 Climate response and resilience considerations
Whaiwhakaaro-aa-taiao

The decisions sought by, and matters covered in, this report are consistent with the Council's Climate Response and Resilience Policy and Climate Action Plan.

5.7 Risks
Tuuraru

The two main strategic risks associated with deviating from the expectations set through the third year of the LTP are affordability and reputational. Clear communications on why rates are increasing will reduce reputational risk. Rates postponement and remission policies may help alleviate affordability of rates for some households.

6. Significance and engagement assessment Aromatawai paahekoheko

6.1 Significance Te Hiranga

The decisions and matters of this specific report are assessed as of low significance in accordance with the Council's Significance and Engagement Policy. However, this report is part of a broader project or process that is, or may in future be, assessed as of moderate significance.

6.2 Engagement Te Whakatuutakitaki

It has been established that the changes proposed in this report will not trigger the thresholds outlined in Council's significance and engagement policy.

The following engagement activities are planning to communicate the changes in general rates and targeted rates to the community.

General rate increase:

- Direct communication to Councillors, Community Boards and Committees and Mana Whenua.
- Social media posts.
- Media release.
- Information presented on our website.
- Information available at our libraries, service centres and outer offices.
- Information available at other engagement events occurring over April.

Targeted rate changes:

- All of the communication channels listed above.
- Direct mail to all households in those areas impacting by targeted rate changes, including Whatawhata, Huntly and Tamahere.
- The Tamahere Mangaone Restoration Trust will also be hosting a number of events in Tamahere about the proposed targeted rate for Tamahere, and staff will support these events where possible.

Planned	In Progress	Complete	
☐	✓	☐	Internal
✓	☐	☐	Community Boards/Community Committees
✓	☐	☐	Waikato-Tainui/Local iwi and hapuu
✓	☐	☐	Affected Communities
☐	☐	☐	Affected Businesses
✓	☐	☐	Other: All Waikato District communities.

7. Next steps
Ahu whakamua

Date	**Format**	**Content**
5 April	Council meeting	To confirm the proposed budget and the consultation materials.
6 April – 7 May	Community Engagement	Informing the community of changes to general rates, Huntly Hall rate and Whatawhata Hall rate and engagement on the proposed Tamahere targeted rate.
23/24 May	Hearings and Deliberations	To hear submissions on engagement topics if required and make final decisions.
28 June 2023	Council meeting	Adoption of the 2023/24 Annual Plan, Rates Resolution and Fees and Charges.

8. Confirmation of statutory compliance
Te Whakatuuturutanga aa-ture

As required by the Local Government Act 2002, staff confirm the following:

The report fits with Council's role and Terms of Reference and Delegations.	Confirmed
The report contains sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages (*Section 5.1*).	Confirmed

Staff assessment of the level of significance of the issues in the report after consideration of the Council's Significance and Engagement Policy (*Section 6.1)*.	Low
The report contains adequate consideration of the views and preferences of affected and interested persons taking account of any proposed or previous community engagement and assessed level of significance (*Section 6.2)*.	Confirmed
The report considers impact on Maaori (*Section 5.5*)	Confirmed
The report and recommendations are consistent with Council's plans and policies (*Section 5.4)*.	Confirmed
The report and recommendations comply with Council's legal duties and responsibilities (*Section 5.3)*.	Confirmed

9. Attachments
Ngaa taapirihanga

Appendix 1 – Draft Financial Statements

Appendix 2 – Annual Plan Disclosure Statement (Financial prudence benchmarks)

Appendix 3 – Key communications approach for Draft Annual Plan 2023/24

Waikato District Council

Draft Prospective Financial statements

for the year ending 30 June 2024

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Prospective Funding Impact Statement: Whole of Council

A forecast for the year ending 30 June 2024

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	78,102	80,283	86,383
Targeted rates	36,439	39,484	40,360
Subsidies and grants for operating purposes	10,082	10,406	10,566
Fees and charges	17,137	14,829	17,857
Interest and dividends from investments	50	82	180
Local authorities fuel tax, fines, infringement fees, and other receipts	10,517	10,577	10,978
Total operating funding	**152,327**	**155,661**	**166,324**
Applications of operating funding			
Payments to staff and suppliers	123,255	119,742	132,533
Finance costs	5,769	7,064	5,950
Other operating funding applications	2,877	3,150	3,409
Total applications of operating funding	**131,901**	**129,956**	**141,892**
Surplus (deficit) of operating funding	**20,426**	**25,705**	**24,432**
Sources of capital funding			
Subsidies and grants for capital expenditure	13,356	20,938	14,632
Development and financial contributions	13,326	8,134	8,134
Increase (decrease) in debt	62,543	42,070	68,649
Gross proceeds from sale of assets	3,930	972	564
Lump sum contributions	-	-	-
Other dedicated capital funding	208	216	216
Total sources of capital funding	**93,363**	**72,330**	**92,195**
Applications of capital funding			
Capital expenditure			
- to meet additional demand	33,857	25,498	36,632
- to improve the level of service	32,914	23,524	26,278
- to replace existing assets	47,000	46,690	45,710
Increase (decrease) in reserves	1,345	1,590	6,492
Increase (decrease) of investments	(1,327)	733	1,515
Total applications of capital funding	**113,789**	**98,035**	**116,627**
Surplus (deficit) of capital funding	**(20,426)**	**(25,705)**	**(24,432)**
Funding balance	-	-	-

Prospective Statement of Comprehensive revenue and expense

A forecast for the year ending 30 June 2024

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
Revenue			
Rates	114,541	119,766	126,743
Development and financial contributions	13,326	8,134	8,134
Subsidies and grants	23,439	31,344	25,198
Finance revenue	50	50	340
Other revenue	28,475	26,270	29,507
Total revenue	**179,831**	**185,564**	**189,922**
Expenses			
Depreciation and amortisation expense	36,271	38,393	42,500
Employee costs	41,189	38,788	47,202
Finance costs	5,769	7,064	5,950
Other expenses and losses	83,804	84,144	88,739
Total operating expenses	**167,033**	**168,389**	**184,391**
Surplus (deficit) before tax	**12,798**	**17,175**	**5,531**
Other comprehensive revenue and expense			
Gain (loss) on property revaluations	64,403	59,716	65,500
Total other comprehensive revenue & expense	**64,403**	**59,716**	**65,500**
Total comprehensive revenue and expense	**77,201**	**76,891**	**71,031**

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

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
Total prospective revenue and expense wholly attributable to Waikato District Council	77,201	76,891	71,031
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	20,426	25,705	24,432
Difference	**56,775**	**51,186**	**46,599**
The difference is due to:			
Capital income	26,890	29,288	22,983
Vested assets	613	616	616
Revaluation of assets	64,403	59,716	65,500
Gain (loss) on sale of assets	1,140	(41)	-
Depreciation and amortisation	(36,271)	(38,393)	(42,500)
Total explained difference	**56,775**	**51,186**	**46,599**

Note 2: Exchange and non-exchange revenue

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
Revenue from non-exchange transactions			
Revenue from rates	107,579	112,383	119,360
Vested & found assets	613	616	616
Regulatory revenue	1,879	1,893	1,893
Infringements and fines	176	176	176
NZTA government subsidies	23,293	31,195	25,065
Petrol tax	561	572	572
Other subsidies and grants	513	524	508
Other fees and charges - Council	1,775	573	1,713
Other non-exchange revenue	514	264	594
Total revenue from non-exchange transactions	**136,903**	**148,196**	**150,497**
Revenue from exchange transactions			
Water billing charges	6,962	7,383	7,383
Development & financial contributions	13,326	8,134	8,134
Other fees and charges - Council	15,434	15,144	16,015
Finance income	50	50	340
Dividends	-	32	-
Other exchange revenue	7,156	6,625	7,553
Total revenue from exchange transactions	**42,928**	**37,368**	**39,425**
Total revenue	**179,831**	**185,564**	**189,922**

Prospective Statement of Financial Position

A forecast for the year ending 30 June 2024

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents	9,928	9,933	9,886
Recoverables from non-exchange transactions	6,149	9,296	7,827
Receivables from exchange transactions	8,144	9,910	11,599
Non-current assets held for sale	-	1,256	6,544
Biological assets - cattle	107	103	3
Other financial assets	32	-	48
Prepayments	1,822	1,339	2,581
Total current assets	**26,182**	**31,837**	**38,488**
Non-current assets			
Property, plant and equipment	2,132,801	2,254,829	2,467,059
Intangible assets	9,723	7,552	4,451
Investment property	600	560	625
Investments in CCO's and other similar organisations	23,984	17,414	33,863
Other financial assets	4,758	5,116	5,426
Total non-current assets	**2,171,866**	**2,285,471**	**2,511,424**
Total assets	**2,198,048**	**2,317,308**	**2,549,912**
LIABILITIES			
Current liabilities			
Payables under exchange transactions	34,484	30,132	32,907
Taxes and transfers payable	2,593	1,420	2,452
Employee entitlements	4,997	4,475	5,891
Provisions	274	467	223
Borrowing	21,398	59,459	23,134
Total current liabilities	**63,745**	**95,953**	**64,607**
Non-current liabilities			
Provisions	2,187	2,708	1,985
Employee entitlements	253	282	273
Derivative financial instruments	12,568	21,615	(1,551)
Borrowing	145,448	178,376	163,309
Total non-current liabilities	**160,457**	**202,981**	**164,016**
Total liabilities	**224,202**	**298,934**	**228,623**
Net assets/equity	**1,973,846**	**2,018,374**	**2,321,289**
NET ASSETS/EQUITY			
Accumulated comprehensive revenue and expense	1,276,210	1,280,049	1,380,082
Other reserves	697,636	738,325	941,207
Total net assets/equity	**1,973,846**	**2,018,374**	**2,321,289**

Prospective Statement of Changes in Net Assets/Equity
A forecast for the year ending 30 June 2024

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
Balance at beginning of year			
Accumulated comprehensive revenue & expense	1,237,142	1,244,778	1,351,403
Other reserves			
Revaluation	647,214	726,113	931,586
Restricted	208	198	151
Council created	28,239	27,789	17,412
Special rates and user pays	(17,712)	(23,792)	(23,735)
Capital replacement funds	24,254	23,042	6,133
Development contributions	(43,150)	(70,772)	(63,024)
Fair value through other comprehensive revenue and expense	20,450	14,127	30,332
Total net assets/equity at beginning of year	**1,896,645**	**1,941,483**	**2,250,258**
Comprehensive revenue and expense for the year			
Accumulated comprehensive revenue & expense	12,798	17,175	5,531
Other reserves			
Revaluation	64,403	59,716	65,500
Revaluation (landfill)	-	-	-
Fair value through other comprehensive revenue and expense	-	-	-
Total comprehensive revenue and expense for the year	**77,201**	**76,891**	**71,031**
Transfers to (from) accumulated comprehensive revenue & expense			
Accumulated comprehensive revenue & expense	26,270	18,096	23,148
Other reserves			
Revaluation	-	-	-
Restricted	(2)	(3)	(11)
Council created	1,492	2,858	(904)
Special rates and user pays	(4,708)	(2,864)	13,074
Capital replacement fund	(2,930)	559	3,835
Development contributions	(20,122)	(18,646)	(39,142)
Total transfers to (from) accumulated comprehensive revenue & expense	**-**	**-**	**-**
Net assets/equity at end of year			
Accumulated comprehensive revenue & expense	1,276,210	1,280,049	1,380,082
Other reserves			
Revaluation	711,617	785,829	997,086
Restricted	206	195	140
Council created	29,731	30,647	16,508
Special rates and user pays	(22,420)	(26,656)	(10,661)
Capital replacement funds	21,324	23,601	9,968
Development contributions	(63,272)	(89,418)	(102,166)
Fair value through other comprehensive revenue and expense	20,450	14,127	30,332
Total net assets/equity at end of year	**1,973,846**	**2,018,374**	**2,321,289**

Prospective Statement of Reserve Funds

A forecast for the year ending 30 June 2024

Reserve	Purpose	Forecast Balance 1-Jul-23 $'000	Transfers into fund $'000	Transfers out of fund $'000	Balance 30-Jun-24 $'000
Conservation fund	To fund expenditure items for conservation purposes.	405	12	1	418
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.	(841)	75	(726)	(1,492)
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved.	2,715	424	(185)	2,954
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	(977)	1,730	(2,046)	(1,293)
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.	209	213	(249)	173
Raglan Kopua Holiday Park reserve	Revenue and expense for Kopua Camp at Raglan is kept separate. The camp operation is self funding.	1,887	1,776	(1,528)	2,135
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.	441	180	(169)	452
Hillary Commission grants	These funds are committed to a club development programme for the future.	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates.	-	-	-	-
Disaster recovery fund	Fund set aside for use in the event of a disaster.	2,247	549	(1,330)	1,466
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.	70	2	-	72
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community.	123	4	-	127
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	2,308	-	-	2,308

Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	1	-	-	1
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.	632	18	(49)	601
Structure plan non-growth reserve	Reserve to provide funding for the non growth element of Structure Plan development.	2,083	420	1	2,504
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	583	941	(905)	619
Huntly College jubilee award	A restricted reserve; the interest income from which is to be used for educational sponsorship.	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.	2	-	-	2
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest income to be used for educational sponsorship.	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.	179	5	(17)	167
Sundry reserves	Sundry reserves for township development and other operational purposes.	29,834	4,341	(4,586)	29,589
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	(23,735)	40,550	(27,476)	(10,661)
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	6,133	53,554	(49,719)	9,968
Revaluation reserves	Non-cash reserves representing the increases or decreases in the value of infrastructural assets that are periodically revalued.	931,585	65,500	(1)	997,084
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	(57,066)	10,895	(49,853)	(96,024)
		898,855	**181,189**	**(138,837)**	**941,207**

Prospective Cash Flow Statement

A forecast for the year ending 30 June 2024

	Annual plan 2022/23	Long-Term Plan 2023/24	Annual plan 2023/24
	$'000	$'000	$'000
Cash flows from operating activities			
Receipts			
Receipts from rates revenue	107,237	112,109	118,889
Subsidies received	24,133	31,556	26,065
Contributions received	12,906	8,565	8,565
Receipts from other revenue	34,722	32,465	35,944
Interest received	50	50	180
Dividends received	-	-	-
Payments			
Employee costs	(40,835)	(38,768)	(46,564)
Suppliers	(84,814)	(83,979)	(89,623)
Interest paid	(5,769)	(7,064)	(5,950)
Goods and services tax (net)	-	-	-
Net cash flows from operating activities	**47,630**	**54,934**	**47,506**
Cash flows from investing activities			
Purchase of property, plant and equipment	(105,486)	(95,338)	(112,506)
Proceeds from sale of property, plant and equipment	3,930	972	564
Community loans repayments received	-		-
Purchase of intangible assets	(7,231)	(1,920)	(2,758)
Community loans granted	-		-
Acquisition of investments	(1,928)	(893)	(1,765)
Proceeds from sale of investments	500	160	250
Net cash flows from investing activities	**(110,215)**	**(97,019)**	**(116,215)**
Cash flows from financing activities			
Proceeds from borrowings	82,543	52,070	78,649
Repayment of borrowings	(20,000)	(10,000)	(10,000)
Net cash flows from financing activities	**62,543**	**42,070**	**68,649**
Net increase(decrease) in cash and cash equivalents	**(40)**	**(15)**	**(60)**
Cash and cash equivalents at the beginning of the year	9,968	9,948	9,946
Cash and cash equivalents at 30 June	**9,928**	**9,933**	**9,886**

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) and its 100% owned subsidiary; Strada Corporation Limited (Strada).

Strada is no longer trading and has been registered as non-active with Inland Revenue.

The Waikato Community Wellbeing Trust, which previously formed part of the Group, has cashed up its investment portfolio with Kiwi Wealth in September 2022 and the Waikato District Council gifted the assets of the Trust to Momentum Waikato to establish a named fund in accordance with the terms and conditions as stated in the Deed of Gift signed on 07 October 2022.

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 2024. They were authorised for issue by Council on 30 June 2023. 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 and the Local Government (Financial Reporting and Prudence Regulations 2014 (LG(FRP)R) which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (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 LG(FRP)R) and is required by the LGA.

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 2021/2022 financial year and the LTP financial performance and cash flows for the 2022/2023 financial year, as modified by known changes, have been used to arrive at the opening balances for the plan as at 1 July 2023.

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 newly effective and which have been adopted

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022. The Council has adopted the new standard in preparing it's 2022 financial statements. The adoption resulted in the disclosure of reconciliation of liabilities arising from financial activities in the notes to the financial statements of its 2022 Annual Report.

PBE FRS 48 service performance reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has adopted PBE FRS 48 in the prospective statement of service performance. The adoption resulted in the disclosure of judgements used in the selection, measurement and aggregation of service performance information.

Other changes in accounting policies

There have been no other changes in accounting policies since the publication of Council's 2022 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 as application that satisfies its rates remission policy.

- Council receives government grants from the New Zealand 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.

Leases
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. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities. The carrying amount of cash and cash equivalents approximates their fair value.

Recoverables from non-exchange transactions and other receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectability. The provision is calculated by applying an expected credit loss model.

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 Waikato Local Authority Shared Services Limited (LASS) and Strada are held at cost as the fair value cannot be reliably measured.

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 of 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 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 non-current assets held for sale 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.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held 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 can only be disposed of after following a rigorous legal and public consultation process.
- Infrastructure 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 Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at cost. Where an asset is acquired through a non-exchange transaction it is recognised at its 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 disposals 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	3 – 7	20 – 33%
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 & 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; and infrastructural assets (except land under roads) are revalued on a regular basis to ensure that their carrying amounts do not differ materially from fair value, and at least every three years. All other asset classes are stated at depreciated historical cost.

The carrying values of the revalued assets are assessed at each balance date 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 a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. 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 20% and 33%.

Consents

Consent costs for capital works are recognised at cost, and amortised over the life of the consents - between ten and thirty-five 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 regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the 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 its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

Investment property is measured initially 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.
- 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 fair value net of transaction costs. After initial recognition, all borrowing is measured at amortised cost using the effective interest method.

Borrowing is classified as a current liability unless Council or the Group has an unconditional right to defer settlement of the liability at least 12 months after the balance date.

Net assets/equity
Net assets/equity is 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 are those subject to specific conditions accepted as binding by Council and 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 reserves 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.

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*** pp 46-51.

Appendix 2: Annual Plan disclosure statement
For the year ending 30 June 2024

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	$263.2m	$143.1m	Yes
- Rates increases	8%	9%	No
Debt benchmark			
- Limit on total debt	175%	101%	Yes
Balanced budget benchmark	100%	98%	No
Essential services benchmark	100%	266%	Yes
Debt servicing benchmark	15%	3%	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.
(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, Councils 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 are equal to or are less than 15% of its planned revenue.

Key communications approach to support socialisation of Annual Plan 2023/24

KEY OBJECTIVE

Informing the public of agreed general rate increase across the district and proposed targeted community rates (consultation only in Tamahere)

KEY MESSAGES

- Every three years, Council sets about developing a long-term plan (LTP) in consultation with their communities. The LTP is a key strategic planning document that sets out the vision, financial and infrastructure strategies, key financial policies, community outcomes, levels of service, work plans and budgets for the next 10 years.
- While Council must have a long-term view to be able to make sound decisions and plan well for them, 10 years is a long time, and a lot of things can change. So, every three years the plan is refreshed for the next decade to make sure it is still fit for purpose.
- With several changes in the economic conditions within which Council is operating, there has been a need to consider how these factors impact the proposed budgets for 2023/24 and especially how we will continue to balance delivery for our communities with affordability. These include inflationary pressures that mean it is costing us more to deliver the same; wage inflation and a tight labour market meaning we don’t always have enough people to deliver on our work programmes; rising interest rates and delays on District Rating Valuations in 2020 (due to COVID) causing some uncertainty in our capital value assumptions; and costs associated with recovery following Cyclone Gabrielle and the Auckland Anniversary Weekend floods.
- The proposed rate increase of 3.5% as set out in the current long-term plan (LTP 2021-31) will no longer be sufficient given the increasing costs and uncertainties in the economy, and therefore to ensure we can continue to provide the same level of service for our communities, Council will be implementing a 7% rate increase from 1 July 2023.
- Council will also be changing the targeted rates in Huntly and Whatawhata to support the provision of community halls that offer significant value to the residents.
- Engagement activity with residents in Tamahere will be undertaken between 6 April – 7 May to propose a new targeted rate for the restoration and development of the Tamahere Gully Network - identified by the local community as a top priority through the development of Council Blueprints.
- Except for the targeted rate in Tamahere, this is not a public consultation as Council must take these steps to continue being able to deliver the services our communities need. There will however be opportunities for the public to ask questions about what this rate increase means for their community and how to access support should they need it.

KEY CHANNELS

We'll use the full channel mix to deliver communications and noting that much of the approach is to inform only, we will focus on our digital channels, especially the website and social media channels.

General rate increase messaging will be communicated as follows:

- Direct communication to householders through postal and email channels – approx. 25,300 contacts.
- Update with key messages to Councillors, Community Boards and Committees, and Mana Whenua for onward cascade.
- Social media posts using all key platforms including thought leadership piece on LinkedIn from Mayor Jacqui.
- Media release issued.
- Updated content on Annual Plan page on our website.
- Information available via posters and flyers at our libraries, service centres and outer offices.
- Information available at other engagement events occurring across April to support LTP community outcome socialisation.

Targeted rate changes will be communicated as follows:

- All the communication channels listed above except media release.
- Direct mail to all households in those areas impacted by targeted rate changes, including Whatawhata, Huntly, and Tamahere.
- The Tamahere Mangaone Restoration Trust will also be hosting several events in Tamahere about the proposed targeted rate for Tamahere, and staff will support these events where possible.

Examples of draft comms

General rate base messaging - direct to ratepayer (not in targeted rate communities)

Kia Ora/ greetings

Every three years, Council sets about developing a long-term plan (LTP) in consultation with you, our community. The LTP is a key strategic planning document that sets out the community vision, financial and infrastructure strategies, levels of service, work plans and budgets for the next 10 years.

While Council must have a long-term view to be able to make sound decisions and plan well for them, 10 years is a long time, and a lot of things can change. So, every three years this plan is refreshed for the next decade to make sure it is still fit for purpose.

It's that time when we need to check in on how things are going and where we might need to make some changes to keep delivering the services that our communities need and expect.

With the continuing uncertainties in our economy and the impacts of inflation, rising interest rates, and recovery costs for damage caused by recent weather events, Council have had to take the step to agree on a rate rise that is above our indicated rate of 3.5 per cent (as set out in the LTP 2021-31).

A seven per cent general rate increase will apply from 1 July 2023.

You can find out what this means for you using our handy online calculator here (insert web link). Should you need it there is also information on how to access support or you can contact us xxxx

How to find out more

Councils are only required to consult on Annual Plans where there are big changes to work programmes outlined in their 10-Year Plans. No major changes are planned this time and therefore no consultation on the draft Annual Plan is required. We will however be out and about in our communities across the next few weeks, and we'll be letting you know where we are and when through our Council website and social media. Stay tuned for that and drop by and see us with any questions or email us on engagement@waidc.govt.nz

General rate plus targeted rate base messaging - direct to ratepayer (Whatawhata)

Kia Ora/ greetings

Every three years, Council sets about developing a long-term plan (LTP) in consultation with you, our community. The LTP is a key strategic planning document that sets out the community vision, financial and infrastructure strategies, levels of service, work plans and budgets for the next 10 years.

While Council must have a long-term view to be able to make sound decisions and plan well for them, 10 years is a long time, and a lot of things can change. So, every three years this plan is refreshed for the next decade to make sure it is still fit for purpose.

It's that time when we need to check in on how things are going and where we might need to make some changes to keep delivering the services that our communities need and expect.

With the continuing uncertainties in our economy and the impacts of inflation, rising interest rates, and recovery costs for damage caused by recent weather events, Council have had to take the step to agree on a rate rise that is above our indicated rate of 3.5 per cent (as set out in the LTP 2021-31).

A seven per cent general rate increase will apply from 1 July 2023.

You can find out what this means for you using our handy online calculator here (insert web link). Should you need it there is also information on how to access support or you can contact us xxxx

Additional targeted rate for Whatawhata Community Hall

We're excited to shortly be opening the new Whatawhata Community Hall – the culmination of a joint venture between Waikato District Council and the community that the community worked hard to fundraise and campaign for ahead of project kick off. Funding was also provided through grants and contributions from Council. At this time, consultation was undertaken with the community, and it was agreed that a targeted rate would be established to cover ongoing operational and capital works costs of the community facility.

From July 1, 2023, a $70 targeted rate per property, per year for the Whatawhata Community Hall will be put in place. The rate is made up of a loan repayment amount of $38 and $32 towards operating costs (electricity, insurance, rates, water, certifications e.g., building WOF and fire extinguishers, stationery, security etc).

The establishment of this new targeted rate ensures that the hall is fully funded to provide a safe and well-maintained asset for the community for years to come.

How to find out more about general rate increases

All Councils are required to consult on Annual Plans where there are big changes to work programmes outlined in their 10-Year Plans. No major changes are planned this time and therefore no consultation on the draft Annual Plan is required. We will however be coming out to talk to our communities across the next few weeks and we'll be letting you know where we are and when through our [Council website] and social media. Stay tuned for that and drop by and see us with any questions or email us on engagement@waidc.govt.nz

General rate plus targeted rate base messaging - direct to ratepayer (Huntly)

Kia Ora/ greetings

Every three years, Council sets about developing a long-term plan (LTP) in consultation with you, our community. The LTP is a key strategic planning document that sets out the community vision, financial and infrastructure strategies, levels of service, work plans and budgets for the next 10 years.

While Council must have a long-term view to be able to make sound decisions and plan well for them, 10 years is a long time, and a lot of things can change. So, every three years this plan is refreshed for the next decade to make sure it is still fit for purpose.

It's that time when we need to check in on how things are going and where we might need to make some changes to keep delivering the services that our communities need and expect.

With the continuing uncertainties in our economy and the impacts of inflation, rising interest rates, and recovery costs for damage caused by recent weather events, Council have had to take the step to agree on a rate rise that is above our indicated rate of 3.5 per cent (as set out in the LTP 2021-31).

A seven per cent general rate increase will apply from 1 July 2023.

You can find out what this means for you using our handy online calculator here (insert web link). Should you need it there is also information on how to access support or you can contact us xxxx

Additional targeted rate for Huntly War Memorial Hall

The Huntly War Memorial Hall has had considerable work put into it over the last few years, coordinated and managed by the Hall Committee elected in 2019. The hall is now meeting seismic requirements, is functional and well-presented, and is a strong asset for the community for years to come.

In 2022/23, Waikato District Council granted the committee an operational grant of $38,000, however an ongoing need for funding has been identified to cover operational costs such as electricity, insurance, rates, water, certifications e.g., building WOF and fire extinguishers, stationery, security etc.

From July 1, 2023, $8 per rateable dwelling will be split from the current Huntly facility targeted rate to cover the operational costs of the Huntly War Memorial Hall and enable the committee to continue to offer a high standard of service and facility for the community.

A broader hall capital maintenance programme is being looked at in readiness for the 2024-2034 Long Term Plan, at which time the targeted rate may undergo further review.

How to find out more about general rate increases

Councils are only required to consult on Annual Plans where there are big changes to work programmes outlined in their 10-Year Plans. No major changes are planned this time and therefore no consultation on the draft Annual Plan is required. We will however be coming out to talk to our communities across the next few weeks and we'll be letting you know where we are and when through our Council website and social media. Stay tuned for that and drop by and see us with any questions or email us on engagement@waidc.govt.nz

General rate plus proposed targeted rate base messaging - direct to ratepayer (Tamahere)

Kia Ora/ greetings

Every three years, Council sets about developing a long-term plan (LTP) in consultation with you, our community. The LTP is a key strategic planning document that sets out the community vision, financial and infrastructure strategies, levels of service, work plans and budgets for the next 10 years.

While Council must have a long-term view to be able to make sound decisions and plan well for them, 10 years is a long time, and a lot of things can change. So, every three years this plan is refreshed for the next decade to make sure it is still fit for purpose.

It's that time when we need to check in on how things are going and where we might need to make some changes to keep delivering the services that our communities need and expect.

With the continuing uncertainties in our economy and the impacts of inflation, rising interest rates, and recovery costs for damage caused by recent weather events, Council have had to take the step to agree on a rate rise that is above our indicated rate of 3.5 per cent (as set out in the LTP 2021-31).

A seven per cent general rate increase will apply from 1 July 2023.

You can find out what this means for you using our handy online calculator here (insert web link). Should you need it there is also information on how to access support or you can contact us xxxx

Proposed additional targeted rate for Tamahere Gully Network

The restoration and development of the Tamahere Gully Network was identified by the local community as a top priority through the development of Council Blueprints.

To progress the development of walkways and restore the native ecology within the Mangaone, Mangaharakeke, and Mangaonui (Tamahere) gully network, Council is proposing a joint approach with the Tamahere Mangaone Restoration Trust (the Trust).

Over the past decade, the locally run trust has been restoring and rehabilitating reserves and gullies in Tamahere. This work has been done on a voluntary basis with grants and donations covering costs and supported by Waikato District Council since 2021 when a Memorandum of Understanding was signed and funding of $3,000 per annum for operational expenses agreed to.

In 2022, **The Tamahere Community Committee, on behalf of the Trust, requested a targeted rate of $1 per week per property be put in place for the local community over the next five years to fund restoration works in the Tamahere Gully area.**

The funding collected via the targeted rate would fund the trust's restoration works within Council land and reserves or on land with public accessibility. Works would include gully restoration and maintenance, and community education and awareness. The Tamahere walkway project, funded in the 2021-2023 Long Term Plan over multiple years, would also be able to be completed earlier than anticipated.

If Council decides to proceed with the targeted rates, a Terms of Reference between the Council and Trust will be developed, and appropriate accountability mechanisms put in place.

We want to know whether you support this proposal and encourage you to let us know your views, which will form an important part of the decision-making process.

You can go online and make a submission at www.shapewaikato.govt.nz/naturefortamahere or via email at consult@waidc.govt.nz. You can also find answers to some frequently asked questions here on our website.

Consultation closes at 5pm on 7 May 2023.

How to find out more about general rate increases

Councils are only required to consult on Annual Plans where there are big changes to work programmes outlined in their 10-Year Plans. No major changes are planned this time and therefore no consultation on the draft Annual Plan is required. We will however be coming out to talk to our communities across the next few weeks and we'll be letting you know where we are and when through our Council website and social media. Stay tuned for that and drop by and see us with any questions or email us on engagement@waidc.govt.nz

General rate media release – draft copy

Waikato District Council has today agreed to a seven per cent average rate increase to apply from 1 July 2023.

Based on the average seven per cent rise, a residential property in Pokeno valued at xxx would see a rate increase of xxx a week. A rural property in xxx valued at xxx would see a rate increase of xxx a week.

Waikato District Council's 2021-2031 Long Term Plan had only provided for a 3.5 per cent rise in the coming financial year. However, the impacts of inflation and interest rates as well as damage caused to infrastructure by the recent weather events in the district had made that figure unsustainable, without having to cut back on key services.

Waikato District Council Mayor, Jacqui Church, says that staff and Councillors have looked hard to see where savings could be made to keep the rates rise below inflation.

"Council is aware that this is a particularly challenging time for many of our communities who are doing it tough and feeling the impacts of a cost-of-living crisis. The simple truth is that if we do not keep up with rising costs then we will be increasing our debt and putting ourselves in a tricky situation for the future. This rate rise allows us to maintain our position and continue to deliver the important services that our residents need and expect."

"While Council must have a long-term view to be able to make sound decisions and plan well for them, 10 years is a long time, and a lot of things can change. So, every three years the plan is refreshed for the next decade to make sure it is still fit for purpose for the people who call our district home", says Mayor Jacqui.

Councils are only required to consult on Annual Plans where there are big changes to work programmes outlined in their 10-Year Plans. No major changes are planned for the 2023/24 period and therefore no consultation on the draft Annual Plan is required.

END