

# FUNDING IMPACT STATEMENT

## DEFINITIONS

### Residential - General

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

### Residential - Wastewater

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

### Commercial

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

### Commercial – Wastewater

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

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

Commercial (assistance for the elderly) is defined as organisations that are supportive of the elderly, including retirement homes, rest homes and

Council-owned pensioner flats, as determined by the Council.

### Separately used or inhabited part of a rating unit (SUIP)

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

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

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

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

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

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

The Council proposes to set the following rates for the financial year commencing 1 July 2021 and ending 30 June 2022. All amounts (except where otherwise stated) are inclusive of GST.

capital value. This work programme covers Animal Control, Community and Safety, Corporate and Council Leadership, Environmental Health,

undertake the work programme outlined in the first year of the Long Term Plan 2021-31 is proposed to be \$0.0020692 in the dollar of

Community Liaison, Libraries, Parks and Reserves, Resource Management, Roading, Solid Waste management, Stormwater, Wastewater and Water Supply.

### Uniform Annual General Charge (UAGC)

The Council proposes to set a UAGC of \$417.63 per rating unit in the 2021/2022 year.

The Council considered and agreed on a range of services, which a UAGC

might fund. The appropriate services are viewed as people-related, rather than property-related, including libraries, parks and reserves, public cemeteries, public swimming pools, public toilets, community centres, community liaison, grants and donations, safer communities, animal control, civil defence and safety, building control, environmental health, resource management planning, environmental consents planning, area offices and democracy/local government.

At \$417.63 the UAGC along with other fixed charges will contribute approximately 18% of the total rates revenue expected to be collected by the Council. The legislative maximum for rates revenue collected from the UAGC and targeted rates set on a uniform basis is 30% as per the Local Government (Rating) Act (LGRA). The Council considered that the amount of the UAGC was fair and equitable and took into account the needs of our diverse community.

## TARGETED RATES

### Community facilities rates

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

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Hall or Community Centres

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

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Tamahere Recreation Reserve

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

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Huntly Pool (Rural)

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

[www.waikatodistrict.govt.nz/ltpmaps](http://www.waikatodistrict.govt.nz/ltpmaps)

## REFUSE & RECYCLING

### District wide refuse and recycling collection

The Council proposes to set a targeted rate for household refuse collection, recycling and disposal where the refuse collection service is provided. The rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Raglan Recycling Collection

The Council proposes to set a targeted rate for the purpose of covering the costs of recycling and waste minimisation where the service is provided in Raglan. This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Te Mata/Te Uku Recycling Collection Point

The Council proposes to set a targeted rate for the purpose of covering the costs of recycling

collection points for the Te Mata and Te Uku area. This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Tuakau Refuse And Recycling Collection

The Council proposes to set a targeted rate for refuse collection, recycling and disposal in the Tuakau area. The rate is a fixed amount per wheelie bin supplied to each rating unit within the serviced area.

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

### Glen Murray Recycling Collection Point

The Council proposes to set a targeted rate for the purpose of covering the costs of recycling collection points for the Glen Murray area. This rate is a fixed amount per separately used or inhabited part of a residential rating unit (SUIP) within the serviced area.

[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

## RATES

### General Rate

The Council proposes to set a General Rate on the capital value of rateable land within its district. The General Rate required to

WATER SUPPLY

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

Availability

The rate is a fixed amount of \$293.81 per rating unit for availability/ serviceability of a water supply service to a rating unit (available or serviceable means a rating unit situated within 100 metres of any part of the water network).

Metered – Connection charge

The rate is a fixed amount of \$293.81 per separately used or inhabited part of a rating unit (SUIP). The Council also proposes to set rates per cubic metre of water supplied to rating units (see below).

Water by meter

The Council proposes to set targeted rates to fund expenditure on water activities for metered water supply. The rates are an amount per unit of water (cubic metre) consumed or supplied as measured or controlled by a meter. The rate for 2021/2022 is \$2.10 per cubic metre.

Wastewater

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

The rates are differentiated by residential or commercial use.

Properties in the residential differential are further differentiated by connection or availability of the service. For the purposes of this rate:

- Residential is the base differential. The rate is set and assessed as an amount per separately used or inhabited part of a rating unit (SUIP) for connected rating units.
- Availability is defined as any rating unit situated within 30 metres of a public wastewater drain to which it is capable of being effectively connected - set

as 50% of the fixed amount for connected properties and set and assessed as an amount per rating unit for residential properties.

- Commercial (commercial) - The rates are set and assessed as:
  - An amount per separately used or inhabited part of a connected rating unit (SUIP) for the first two pans (equivalent to 100% of the residential connected differential); and
  - An amount per pan for the third and subsequent pans in any connected separately used or inhabited parts of a rating unit (SUIP; equivalent to 50% of the residential connected differential).
- Commercial (non rateable) - The rates are set and assessed as:
  - An amount per separately used or inhabited part of a connected rating unit for the first two pans (SUIP; equivalent to 100% of the residential connected differential); and
  - An amount per pan for the third and subsequent pans in any connected separately used or inhabited parts of a rating unit (SUIP; equivalent to 10% of the residential connected differential).
- Commercial (Assistance for the elderly) - The rates are set and assessed as
  - An amount per separately used or inhabited part of a connected rating unit for the first two pans (SUIP; equivalent to 100% of the residential connected differential) and
  - An amount per pan for the third and subsequent pans in any connected separately used or inhabited part of a rating unit (SUIP; equivalent to 20% of the residential connected differential).

Urban stormwater

The Council proposes to set a targeted rate to fund expenditure on stormwater activities for stormwater catchments in Horotiu, Huntly, Matangi, Meremere, Ngaruawahia, Pokeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau based on the availability of drainage to land as a fixed amount per rating unit.  
[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

Tamahere Rural Stormwater – Availability and Land drainage

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

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

Community board targeted rate

The Council proposes to set a targeted rate for the purpose of covering the direct costs of operating all the community boards within the district. This rate is a fixed amount per rating unit for all rating units within the Onewhero-Tuakau, Huntly, Taupiri, Ngaruawahia and Raglan areas.  
[www.waikatodistrict.govt.nz/maps](http://www.waikatodistrict.govt.nz/maps)

Capital works targeted rates

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

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

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

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

Pokeno wastewater scheme

A charge of \$13,619 per rating unit was made for the purpose of covering the capital cost of the wastewater system. For rating units that have not discharged their liability, the Council will set a targeted rate as:

- a fixed amount per connection of \$1,654.35 (inclusive of GST) (comprising \$1,361.90 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

LUMP SUM CONTRIBUTIONS

Wahaanga Coast wastewater scheme contributions

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

- a fixed amount per connection of \$1,689.22 (inclusive of GST) (comprising \$1,539.00 capital per year plus GST and interest on the outstanding portion of the lump sum at the start of each rating year).

Lump sum contributions generally

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

EARLY PAYMENT POLICY

Per resolution WDC05/105/1/2 Council will accept payment in advance of any applicable rate instalment both in the current or future years. No discount will be given or interest paid in relation to any payments on this basis.

Any such payments made in advance will be credited against the appropriate rate instalment as directed by the ratepayer.

DUE DATES

The Waikato District Council due dates for rate payments for the 2021/22 year (excluding water by meter rates) shall be due in three equal instalments as follows:

**First Instalment**  
20 September 2021

**Second Instalment**  
20 January 2022

**Third Instalment**  
20 May 2022

A penalty of 10% on so much of any rates instalment that has been assessed after 01 July 2021 and which is unpaid after the due date for payment, will be applied on the penalty dates as follows:

**First instalment**  
21 September 2021

**Second instalment**  
21 January 2022

**Third instalment**  
23 May 2022

The Waikato District Council water by meter rates shall be invoiced separately and payable in two instalments each year. For the 2021/22 financial year, the meter reading dates and the payment due dates of instalments for each area are:

AREA	READING DATE 1	PAYMENT DUE DATE 1	READING DATE 2	PAYMENT DUE DATE 2
Ngaruawahia	July 2021	3 September 2021	January 2022	4 March 2022
Taupiri	July 2021	3 September 2021	January 2022	4 March 2022
Horotiu	July 2021	3 September 2021	January 2022	4 March 2022
Huntly	August 2021	1 October 2021	February 2022	1 April 2022
North Waikato	September 2021	5 November 2021	March 2022	6 May 2022
Pokeno	September 2021	5 November 2021	March 2022	6 May 2022
Port Waikato	October 2021	3 December 2021	April 2022	3 June 2022
Onewhero	October 2021	3 December 2021	April 2022	3 June 2022
Tuakau	October 2021	3 December 2021	April 2022	3 June 2022
Southern Districts	November 2021	7 January 2022	May 2022	1 July 2022
Western Districts	November 2021	7 January 2022	May 2022	1 July 2022
Raglan	December 2021	4 February 2022	June 2022	5 August 2022
Te Akau	December 2021	4 February 2022	June 2022	5 August 2022

A penalty of 10% on so much of any water by meter instalment that has been assessed after 1 July 2021 and which is unpaid after the due date for payment will be applied on the following dates:

AREA	PENALTY DATE 1	PENALTY DATE 2
Ngaruawahia	7 September 2021	7 March 2022
Taupiri	7 September 2021	7 March 2022
Horotiu	7 September 2021	7 March 2022
Huntly	4 October 2021	4 April 2022
North Waikato	8 November 2021	9 May 2022
Pokeno	8 November 2021	9 May 2022
Port Waikato	6 December 2021	7 June 2022
Onewhero	6 December 2021	7 June 2022
Tuakau	6 December 2021	7 June 2022
Southern Districts	10 January 2022	4 July 2022
Western Districts	10 January 2022	4 July 2022
Raglan	7 February 2022	8 August 2022
Te Akau	7 February 2022	8 August 2022

A penalty of 10% on so much of any rates or metered water rates assessed before 30 June 2021 which remain unpaid on 1 July 2021. The penalty date is 1 July 2021.

A further penalty of 10% on any rates or metered water rates to which a penalty has been added on 1 July 2021 if the rates remain unpaid. The penalty date is 1 January 2022.

# RATING BASE INFORMATION

Rates for the financial year commencing 1 July 2021 to 30 June 2022 (All figures are inclusive of GST):

SOURCE	CATEGORY	FUNDING	BASIS OF RATING	LTP 2021/22 (\$)	ESTIMATED REVENUE (\$000)
General Rate		Work program as highlighted in the long term plan including Animal Control, Community and Safety, Corporate and Council Leadership, Environmental Health, Community Liason, Libraries, Parks and Reserves, Resource Management, Roothing, Solid Waste management, Stormwater, Wasterwater and Water Supply	Uniform rate in the dollar of capital value	0.0020692	70,571
Uniform annual general charge (UAGC)	All rateable land in the district	People related activities including but not limited to libraries, parks and reserves, public cemeteries, public swimming pools, public toilets, community centres, community liaison, grants and donations, safer communities, animal control, civil defence and safety, building control, environmental health, resource management planning, environmental consents planning, area offices and democracy/ local government.	Fixed amount per rating unit	417.63	12,912
	Te Kohanga		Uniform rate in the dollar of land value	0.000026	3
	Aka Aka			55	11
	Eureka			35	9
	Glen Murray			50	6
	Gordonton			26	15
	Horsham Downs			35	16
	Karioitahi			55	3
	Mangatangi			34.5	6
	Mangatawhiri			58.5	16
	Maramarua			24	9
	Matangi			30	34
	Meremere			24	4
	Naike			40.89	4
	Ohinewai			24	3
	Opuatia			32	3
	Orini			26	5
	Otaua	Covers the cost of maintenance and operation of halls, other facilities and community centres.	Fixed amount per separately used or inhabited part of a rating unit	55	11
	Pokeno			23	37
	Port Waikato			125	57
	Pukekawa			40	19
	Puketaha			38	13
	Ruawaro			29	7
	Tamahere			70	113
	Taupiri			24	14
	Tauwhare			30	10
	Te Akau/Waingaro			32	7
	Te Hoe			30	4
	Te Kowhai			50	44
	Te Mata			24	6
	Tuakau			46.13	94
	Whangarata			46	4
	Waikaretu			50	2
	Whitikahu			53	9

SOURCE	CATEGORY	FUNDING	BASIS OF RATING	LTP 2021/21 (\$)	ESTIMATED REVENUE (\$000)
Targeted community facilities rates (apply to all rating units within each ward catchment area).	Huntly Community Facilities (urban catchment)	Covers the cost of maintenance and operation of community facilities.	Fixed amount per rating unit	42	129
	Ngaruawahia Community Facilities			25	69
	Raglan Community Facilities			25	53
Huntly pool rural	Based on location of rating unit in catchment area	Covers the cost of maintenance and operation of community facilities.	Fixed amount per rating unit	16	3
Tamahere Recreation Reserve	Based on location of rating unit within the Tamahere Ward	Covers the cost of loan interest and additional operational costs for the above average level of service of the Tamahere Recreation Reserve	Fixed amount per SUIP	38	84
Tuakau refuse and recycling collection	Rating units within serviced areas	Covers the cost of refuse and recycling collection where the service is provided.	Fixed amount per wheelie bin.	209.46	412
Glen Murray refuse and recycling collection	Rating units within serviced areas		Fixed amount per separately used or inhabited part of a rating unit	61.24	16
Raglan recycling collection	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	143.41	292
Raglan food waste collection	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	84.08	-
Te Mata/Te Uku recycling collection points	Residential rating units within serviced areas.		Fixed amount per separately used or inhabited part of a rating unit	57.01	42
District wide refuse and recycling collection	Residential rating units within serviced areas. ( Eureka, Glen Afton/ Pukemiro, Gordonton and surrounds, Horotiu, Horsham Downs, Huntly and surrounds, Meremere, Ngaruawahia and surrounds, Pukekawa, Rangiriri and surrounds, Rotokauri, Tamahere and surrounds, Taupiri and surrounds, Te Kauwhata and surrounds, Te Kowhai, Whatawhata)		Fixed amount per separately used or inhabited part of a rating unit	209.46	4,746
Water Supply - Non metered	Serviceable properties in the urban centres of Huntly, Ngaruawahia, Pokeno and Raglan.	District wide water activities as per the long term plan.	Fixed amount per rating unit	293.81	236
Water Supply - Metered	Metered rating units in serviced areas		Fixed amount per separately used or inhabited part of a rating unit	293.81	5,026
			Charge Per cubic metre of water consumed (as measured by meter).	2.10	7,570

SOURCE	CATEGORY	FUNDING	BASIS OF RATING	LTP 2021/22 (\$)	ESTIMATED REVENUE (\$000)
Wastewater	Residential - connected	Wastewater activities	Fixed amount per separately used or inhabited part of a rating unit	1157.11	13,544
	Residential - available (not connected but within 30 metres of a public wastewater drain - to which it is capable of effectively being connected)		Fixed amount per rating unit	578.56	743
	Non residential/ commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are non-profitable as determined by the Council) - connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	1157.11	-
	Non residential/ commercial - Non rateable (Organisations classified by the Act as fully non-rateable or organisations that are non-profitable as determined by the Council) - connected		Additional fixed amount per pan for the third and any subsequent pans.	115.71	107
	Non residential/ commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	1157.11	-
	Non residential/ commercial - Assistance for the elderly (Organisations supportive of the elderly as determined by the Council) - Connected		Additional fixed amount per pan for the third and any subsequent pans.	231.42	14
	Non residential/ commercial - Commercial - Connected		Fixed amount per separately used or inhabited part of a rating unit for the first two pans.	1157.11	-
	Non residential/ commercial - Commercial - Connected		Additional fixed amount per pan for the third and any subsequent pans.	578.56	281
Urban Stormwater	Rating units within the stormwater catchment areas for which the service is available (Horotiu, Huntly, Matangi, Meremere, Ngaruawahia, Pokeno, Port Waikato, Raglan, Taupiri, Te Kauwhata and Tuakau).	District wide stormwater activities as per the long term plan.	Fixed amount per rating unit	193.4	2,523
Tamahere rural stormwater	Rating units within the Tamahere stormwater catchment area.	Tamahere rural stormwater activities	Fixed amount per rating unit	29.11	27
Tamahere land drainage	Rating units within the Tamahere land drainage catchment area.	Land drainage activities.	Amount per hectare of land area	6.59	10



SOURCE	CATEGORY	FUNDING	BASIS OF RATING	LTP 2021/22 (\$)	ESTIMATED REVENUE (\$000)
Community Boards	Huntly ward	Direct costs of operating all the community boards within the district	Fixed amount per rating unit	23.12	70
	Ngaruawahia ward			23.12	66
	Onewhero-Tuakau ward			23.12	109
	Raglan ward			23.12	57
	Taupiri ward			23.12	6
Pokeno Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work	Loan instalments -Fixed amount per connection.	1,654.35	12.75
Whaanga Coast Capital Wastewater Scheme	Connected properties in scheme area	Covers the capital cost and interest charges of the work	Loan instalments – Fixed amount per connection.	1,689.22	16.708

Rates Breakdown Indicator Properties

These are the indicated rates, inclusive of GST:

	RESIDENTIAL - AWAROA KI TUAKAU		RESIDENTIAL - HUNTLY		RESIDENTIAL - NGARUAWAHIA		RESIDENTIAL - RAGLAN		RESIDENTIAL - TAMAHERE	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Rating Valuation	600,000	650,000	320,000	400,000	395,000	485,000	610,000	860,000	610,000	770,000
Capital Value Rates	1,341.84	1,344.97	715.65	827.67	883.38	1,003.55	1,364.20	1,779.50	1,364.20	1,593.27
UAGC	383.15	417.63	383.15	417.63	383.15	417.63	383.15	417.63	383.15	417.63
Fixed Targeted Rates	2,209.73	2,364.03	2,205.60	2,359.90	2,188.60	2,342.90	2,102.08	2,276.85	581.42	587.66
Total Rates	3,934.72	4,126.63	3,304.40	3,605.20	3,455.13	3,764.08	3,849.43	4,473.98	2,328.77	2,598.56
Total % increase (over 2020/21)		4.88%		9.10%		8.94%		16.22%		11.59%
Total \$ increase (over 2020/21)	191.91		300.81		308.96		624.55		269.79	

	LIFESTYLE		COMMERCIAL		INDUSTRIAL	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Rating Valuation	880,000	1,110,000	1,520,000	2,200,000	7,600,000	8,100,000
Capital Value Rates	1,968.03	2,296.80	3,399.33	4,552.21	16,996.64	16,760.40
UAGC	383.15	417.63	383.15	417.63	383.15	417.63
Fixed Targeted Rates	971.90	1,012.27	1,965.89	2,133.44	1,607.84	1,554.84
Total Rates	3,323.08	3,726.70	5,748.37	7,103.28	18,987.63	18,732.87
Total % increase (over 2020/21)		12.15%		23.57%		-1.34%
Total \$ increase (over 2020/21)		403.61		1,354.91		-254.76

	RURAL LOW		RURAL MID		RURAL HIGH	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Rating Valuation	680,000	1,030,000	1,480,000	1,550,000	2,580,000	2,920,000
Capital Value Rates	1,520.75	2,131.26	3,309.87	3,207.24	5,769.91	6,042.02
UAGC	383.15	417.63	383.15	417.63	383.15	417.63
Fixed Targeted Rates	903.90	944.72	245.83	232.58	245.83	248.95
Total Rates	2,807.80	3,493.61	3,938.85	3,857.45	6,398.89	6,708.60
Total % increase (over 2020/21)		24.43%		-2.07%		4.84%
Total \$ increase (over 2020/21)		685.81		-81.40		309.71

Note 1:

Individual rate increases will vary depending on the property type, value and location, and services available. You can see what the impact is for your own property if you go to our Rating Information Database at [www.waikatodistrict.govt.nz/rid](http://www.waikatodistrict.govt.nz/rid)

Note 2:

Average Capital Value for 2021/2022 is per the 2020 rating valuation.

Note 3:

Fixed Targeted Rates reflect the range of services available for each property example. These do not include water-by-meter charges.





# FINANCIAL PLANNING

## Waikato District Council: Prospective Funding Impact Statement: Whole of Council

A forecast for the 10 years ending 30 June 2031:

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	67,330	73,494	76,857	80,283	83,847	87,125	90,516	94,012	97,072	100,367	103,925
Targeted rates	30,709	32,119	35,636	39,484	43,820	48,718	54,140	60,401	67,425	75,360	84,336
Subsidies and grants for operating purposes	8,355	17,236	10,120	10,406	10,659	10,919	11,225	11,538	11,861	12,197	12,544
Fees and charges	10,415	14,887	14,817	14,829	15,518	16,232	16,967	18,079	18,860	20,498	21,315
Interest and dividends from investments	130	50	50	82	83	84	85	86	87	88	89
Local authorities fuel tax, fines, infringement fees, and other receipts	7,885	10,432	10,413	10,577	10,980	11,574	11,852	12,322	10,979	11,263	11,746
Total operating funding	124,824	148,218	147,893	155,661	164,907	174,652	184,785	196,438	206,284	219,773	233,955
Applications of operating funding											
Payments to staff and suppliers	92,818	118,516	118,295	119,742	121,355	124,170	127,536	131,978	135,689	139,663	142,971
Finance costs	5,497	4,506	5,463	7,064	8,468	10,046	11,490	12,866	14,164	14,564	14,688
Other operating funding applications	2,664	2,834	2,909	3,150	3,099	3,198	3,453	3,405	3,514	3,784	3,737
Total applications of operating funding	100,979	125,856	126,667	129,956	132,922	137,414	142,479	148,249	153,367	158,011	161,396
Surplus (deficit) of operating funding	23,845	22,362	21,226	25,705	31,985	37,238	42,306	48,189	52,917	61,762	72,559
Sources of capital funding											
Subsidies and grants for capital expenditure	13,315	15,875	17,650	20,938	20,419	25,465	24,474	22,465	21,256	15,595	19,547
Development and financial contributions	6,393	8,271	13,326	8,134	14,700	14,996	15,289	15,578	15,945	16,287	16,627
Increase (decrease) in debt	15,661	46,871	61,143	42,070	38,009	28,299	29,187	26,422	14,907	(11,429)	(18,530)
Gross proceeds from sale of assets	521	3,914	807	972	1,039	934	830	1,629	250	250	250
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	124	199	208	216	226	237	248	261	275	290	305
Total sources of capital funding	36,014	75,130	93,134	72,330	74,393	69,931	70,028	66,355	52,633	20,993	18,199
Applications of capital funding											
Capital expenditure											
- to meet additional demand	5,361	22,777	33,040	25,498	40,161	20,357	27,778	29,137	25,148	10,285	24,601
- to improve the level of service	14,607	32,912	34,882	23,524	20,665	26,817	28,473	33,284	26,560	24,251	15,838
- to replace existing assets	30,893	45,370	46,434	46,690	45,003	58,920	56,040	51,875	52,748	46,530	50,656
Increase (decrease) in reserves	(581)	(4,276)	(887)	1,590	(77)	625	(401)	(187)	844	1,812	(100)
Increase (decrease) of investments	9,579	709	891	733	626	450	444	435	250	(123)	(237)
Total applications of capital funding	59,859	97,492	114,360	98,035	106,378	107,169	112,334	114,544	105,550	82,755	90,758
Surplus (deficit) of capital funding	(23,845)	(22,362)	(21,226)	(25,705)	(31,985)	(37,238)	(42,306)	(48,189)	(52,917)	(61,762)	(72,559)
Funding balance	-	-	-	-	-	-	-	-	-	-	-



Waikato District Council: Prospective Statement of Comprehensive revenue and expense

A forecast for the 10 years ending 30 June 2031:

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Revenue											
Rates	98,039	105,613	112,494	119,766	127,668	135,843	144,656	154,413	164,497	175,728	188,261
Development and financial contributions	6,393	8,271	13,326	8,134	14,700	14,996	15,289	15,578	15,945	16,287	16,627
Subsidies and grants	21,670	33,111	27,770	31,344	31,079	36,385	35,699	34,002	33,118	27,792	32,092
Finance revenue	130	50	50	50	50	50	50	50	50	50	50
Other revenue	19,665	84,665	26,051	26,270	28,613	30,036	31,173	32,965	30,151	32,090	33,404
Total revenue	145,897	231,710	179,691	185,564	202,110	217,310	226,867	237,008	243,761	251,947	270,434
Expenses											
Depreciation and amortisation expense	26,702	33,311	35,578	38,393	40,827	43,354	45,735	47,808	50,139	53,313	55,417
Personnel expenses	36,041	37,975	38,589	38,788	39,887	40,677	41,568	42,517	43,739	44,872	46,081
Finance costs	5,497	4,506	5,463	7,064	8,468	10,046	11,490	12,866	14,164	14,564	14,688
Other expenses	59,441	82,459	82,611	84,144	84,735	86,826	89,507	93,072	96,017	98,931	100,766
Total operating expenses	127,681	158,251	162,241	168,389	173,917	180,903	188,300	196,263	204,059	211,680	216,952
Surplus (deficit)	18,216	73,459	17,450	17,175	28,193	36,407	38,567	40,745	39,702	40,267	53,482
Other comprehensive revenue and expense											
Gain (loss) on property revaluations	37,964	51,193	70,122	59,716	61,439	108,521	68,786	72,659	161,502	81,566	85,271
Total other comprehensive revenue & expense	37,964	51,193	70,122	59,716	61,439	108,521	68,786	72,659	161,502	81,566	85,271
Total comprehensive revenue and expense	56,180	124,652	87,572	76,891	89,632	144,928	107,353	113,404	201,204	121,833	138,753
Note 1: Reconciliation of total comprehensive revenue and expense with net operating funding per prospective whole of Council funding impact statement											
Total prospective revenue and expense wholly attributable to Waikato District Council	56,179	124,652	87,572	76,891	89,631	144,926	107,352	113,403	201,204	121,832	138,752
Surplus (deficit) of operating funding per prospective whole of Council funding impact statement	23,845	22,362	21,226	25,705	31,985	37,238	42,306	48,189	52,917	61,762	72,559
Difference	32,334	102,290	66,346	51,186	57,646	107,688	65,046	65,214	148,287	60,070	66,193
The difference is due to											
Capital income	19,832	24,345	31,184	29,288	35,345	40,699	40,011	38,304	37,477	32,173	36,479
Vested assets	1,240	59,147	613	616	1,856	1,959	2,071	2,267	-	-	-
Revaluation of assets	37,964	51,193	70,122	59,716	61,439	108,521	68,786	72,659	161,502	81,566	85,271
Gain (loss) on sale of assets	-	916	5	(41)	(167)	(137)	(87)	(208)	(553)	(356)	(140)
Depreciation and amortisation	(26,702)	(33,311)	(35,578)	(38,393)	(40,827)	(43,354)	(45,735)	(47,808)	(50,139)	(53,313)	(55,417)
Total explained difference	32,334	102,290	66,346	51,186	57,646	107,688	65,046	65,214	148,287	60,070	66,193

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Note 2: Exchange and non-exchange revenue											
Revenue from non-exchange transactions											
Revenue from rates	90,663	99,030	105,531	112,383	119,854	127,556	135,916	145,142	154,717	165,396	177,333
Vested & found assets	1,240	59,147	613	616	1,856	1,959	2,071	2,267	-	-	-
Regulatory revenue	1,690	1,835	1,862	1,893	1,958	2,027	2,102	2,177	2,257	2,341	2,428
Infringements and fines	241	176	176	176	194	214	236	261	288	318	350
Waka Kotahi NZTA government subsidies	21,597	25,659	27,624	31,195	30,926	36,228	35,539	33,838	32,950	27,620	31,916
Petrol tax	499	550	561	572	583	594	604	615	625	636	646
Other subsidies and grants	333	7,811	513	524	535	545	556	566	577	588	598
Other fees and charges - Council	419	555	719	573	586	770	609	620	831	652	664
Other non-exchange revenue	481	514	514	264	265	265	265	265	266	266	266
Total revenue from non-exchange transactions	117,163	195,277	138,113	148,196	156,757	170,158	177,898	185,751	192,511	197,817	214,201
Revenue from exchange transactions											
Water billing charges	7,376	6,583	6,963	7,383	7,814	8,287	8,740	9,271	9,780	10,332	10,928
Development & financial contributions	6,393	8,271	13,326	8,134	14,700	14,996	15,289	15,578	15,945	16,287	16,627
Other fees and charges - Council	10,722	14,209	14,646	15,144	15,995	16,873	17,772	17,950	16,869	17,790	18,723
Finance income	130	50	50	50	50	50	50	50	50	50	50
Dividends	-	-	-	32	33	34	35	36	37	38	39
Other exchange revenue	4,113	7,320	6,593	6,625	6,761	6,912	7,083	8,372	8,569	9,633	9,866
Total revenue from exchange transactions	28,734	36,433	41,578	37,368	45,353	47,152	48,969	51,257	51,250	54,130	56,233
Total revenue	145,897	231,710	179,691	185,564	202,110	217,310	226,867	237,008	243,761	251,947	270,434

Waikato District Council: Prospective Statement of Financial Position

A forecast for 10 ten years ending 30 June 2031:

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
ASSETS											
Current assets											
Cash and cash equivalents	9,940	9,955	9,948	9,933	9,923	9,932	9,963	9,926	9,988	10,046	10,086
Recoverables from non-exchange transactions	6,935	9,048	9,184	9,296	9,814	10,316	10,542	10,769	10,945	11,054	11,609
Receivables from exchange transactions	7,198	9,647	9,792	9,910	10,463	10,999	11,240	11,481	11,668	11,785	12,376
Non-current assets held for sale	-	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256
Biological assets - cattle	94	103	103	103	103	103	103	103	103	103	103
Other financial assets	45	46	-	-	-	-	-	-	-	-	-
Prepayments	870	1,372	1,412	1,339	1,389	1,401	1,442	1,464	1,435	1,357	1,415
Total current assets	25,082	31,427	31,695	31,837	32,948	34,007	34,546	34,999	35,395	35,601	36,845
Non-current assets											
Property, plant and equipment	2,060,125	1,991,570	2,139,023	2,254,829	2,382,287	2,555,011	2,691,885	2,831,446	3,046,657	3,155,208	3,275,422
Intangible assets	6,129	5,482	6,720	7,552	7,187	6,613	6,237	6,254	6,060	6,220	6,564
Investment property	560	560	560	560	560	560	560	560	560	560	560
Investments in CCO's and other similar organisations	16,095	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414	17,414
Other financial assets	3,307	3,446	4,383	5,116	5,742	6,191	6,636	7,071	7,321	7,198	6,961
Total non-current assets	2,086,216	2,018,472	2,168,100	2,285,471	2,413,190	2,585,789	2,722,732	2,862,745	3,078,012	3,186,600	3,306,921
Total assets	2,111,298	2,049,899	2,199,795	2,317,308	2,446,138	2,619,796	2,757,278	2,897,744	3,113,407	3,222,201	3,343,766

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
LIABILITIES											
Current liabilities											
Payables under exchange transactions	17,177	30,470	31,536	30,132	31,152	31,482	32,288	32,798	32,242	30,588	31,743
Taxes and transfers payable	1,050	1,436	1,486	1,420	1,468	1,483	1,521	1,545	1,519	1,441	1,496
Employee entitlements	3,845	4,391	4,455	4,475	4,588	4,670	4,762	4,861	4,987	5,105	5,230
Provisions	187	467	467	467	467	467	467	467	467	467	467
Borrowing	12,989	33,656	48,941	59,459	68,961	76,036	83,333	89,938	93,665	90,808	86,175
Total current liabilities	35,248	70,420	86,885	95,953	106,636	114,138	122,371	129,609	132,880	128,409	125,111
Non-current liabilities											
Provisions	1,261	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708	2,708
Employee entitlements	193	276	277	282	291	295	301	308	314	319	326
Derivative financial instruments	15,667	21,615	21,615	21,615	21,615	21,615	21,615	21,615	21,615	21,615	21,615
Borrowing	126,472	100,966	146,824	178,376	206,883	228,107	249,997	269,814	280,994	272,422	258,525
Total non-current liabilities	143,593	125,565	171,424	202,981	231,497	252,725	274,621	294,445	305,631	297,064	283,174
Total liabilities	178,841	195,985	258,309	298,934	338,133	366,863	396,992	424,054	438,511	425,473	408,285
Net assets/equity	1,932,457	1,853,914	1,941,486	2,018,374	2,108,005	2,252,933	2,360,286	2,473,690	2,674,896	2,796,728	2,935,481
NET ASSETS/EQUITY											
Accumulated comprehensive revenue and expense	1,211,908	1,203,176	1,244,781	1,280,049	1,326,696	1,363,930	1,404,207	1,445,722	1,482,922	1,495,288	1,520,604
Other reserves	720,549	650,738	696,705	738,325	781,309	889,003	956,079	1,027,968	1,191,974	1,301,440	1,414,877
Total net assets/equity	1,932,457	1,853,914	1,941,486	2,018,374	2,108,005	2,252,933	2,360,286	2,473,690	2,674,896	2,796,728	2,935,481



Waikato District Council: Prospective Statement of Changes in Net Assets/Equity

A forecast for 10 ten years ending 30 June 2031:

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Balance at beginning of year											
Accumulated comprehensive revenue & expense	1,191,632	1,112,313	1,203,176	1,244,778	1,280,048	1,326,696	1,363,930	1,404,207	1,445,724	1,482,921	1,495,288
Other reserves											
Revaluation	744,196	604,798	655,991	726,113	785,829	847,268	955,789	1,024,575	1,097,234	1,258,736	1,340,302
Restricted	194	200	200	198	195	192	189	185	181	177	170
Council created	22,989	23,487	27,069	27,789	30,647	35,643	41,780	48,326	57,829	65,838	74,331
Special rates and user pays	(14,281)	(12,284)	(18,694)	(23,792)	(26,656)	(27,203)	(25,795)	(21,660)	(15,700)	(8,164)	4,756
Capital replacement funds	8,805	24,324	24,006	23,042	23,601	27,930	28,043	29,167	30,709	31,222	36,697
Development contributions	(89,845)	(37,703)	(51,961)	(70,772)	(89,418)	(116,648)	(125,130)	(138,641)	(156,412)	(169,962)	(168,943)
Fair value through other comprehensive revenue and expense	12,587	14,127	14,127	14,127	14,127	14,127	14,127	14,127	14,127	14,127	14,127
Total net assets/equity at beginning of year	1,876,277	1,729,262	1,853,914	1,941,483	2,018,373	2,108,005	2,252,933	2,360,286	2,473,692	2,674,895	2,796,728
Comprehensive revenue and expense for the year											
Accumulated comprehensive revenue & expense	18,216	73,459	17,450	17,175	28,193	36,407	38,567	40,745	39,702	40,267	53,482
Other reserves											
Revaluation	37,964	51,193	70,122	59,716	61,439	108,521	68,786	72,659	161,502	81,566	85,271
Revaluation (landfill)	-	-	-	-	-	-	-	-	-	-	-
Fair value through other comprehensive revenue and expense	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive revenue and expense for the year	56,180	124,652	87,572	76,891	89,632	144,928	107,353	113,404	201,204	121,833	138,753

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Transfers to (from) accumulated comprehensive revenue & expense											
Accumulated comprehensive revenue & expense	2,060	17,404	24,155	18,096	18,455	827	1,710	770	(2,504)	(27,900)	(28,166)
Other reserves											
Revaluation	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	(2)	(3)	(3)	(3)	(4)	(4)	(4)	(7)	(7)
Council created	1,627	3,582	720	2,858	4,996	6,137	6,546	9,503	8,009	8,493	11,984
Special rates and user pays	93	(6,410)	(5,098)	(2,864)	(547)	1,408	4,135	5,960	7,536	12,920	18,676
Capital replacement fund	(560)	(318)	(964)	559	4,329	113	1,124	1,542	513	5,475	3,306
Development contributions	(3,220)	(14,258)	(18,811)	(18,646)	(27,230)	(8,482)	(13,511)	(17,771)	(13,550)	1,019	(5,793)
Total transfers to (from) accumulated comprehensive revenue & expense	-	-	-	-	-	-	-	-	-	-	-
Net assets/equity at end of year											
Accumulated surplus (deficit)	1,211,908	1,203,176	1,244,781	1,280,049	1,326,696	1,363,930	1,404,207	1,445,722	1,482,922	1,495,288	1,520,604
Other reserves											
Revaluation	782,160	655,991	726,113	785,829	847,268	955,789	1,024,575	1,097,234	1,258,736	1,340,302	1,425,573
Restricted	194	200	198	195	192	189	185	181	177	170	163
Council created	24,616	27,069	27,789	30,647	35,643	41,780	48,326	57,829	65,838	74,331	86,315
Special rates and user pays	(14,188)	(18,694)	(23,792)	(26,656)	(27,203)	(25,795)	(21,660)	(15,700)	(8,164)	4,756	23,432
Capital replacement funds	8,245	24,006	23,042	23,601	27,930	28,043	29,167	30,709	31,222	36,697	40,003
Development contributions	(93,065)	(51,961)	(70,772)	(89,418)	(116,648)	(125,130)	(138,641)	(156,412)	(169,962)	(168,943)	(174,736)
Fair value through other comprehensive revenue and expense	12,587	14,127	14,127	14,127	14,127	14,127	14,127	14,127	14,127	14,127	14,127
Total net assets/equity at end of year	1,932,457	1,853,914	1,941,486	2,018,374	2,108,005	2,252,933	2,360,286	2,473,690	2,674,896	2,796,728	2,935,481

Waikato District Council: Statement of Reserve Funds

A forecast for 10 ten years ending 30 June 2031:

RESERVE	PURPOSE	RELATED ACTIVITIES	FORECAST BALANCE	TRANSFERS INTO FUND	TRANSFERS OUT OF FUND	BALANCE
			1-JUL-21 (\$000)	2022-2031 (\$000)		30-JUN-31 (\$000)
Conservation fund	To fund expenditure items for conservation purposes.	Sustainable environment	599	234	-	833
Raglan Harbour reserve	Council took over assets from the Raglan Harbour Board. Any revenue or expense on these properties is kept separate from general funds.	Sustainable communities	(511)	500	(6,361)	(6,372)
Housing for the elderly	Income from housing for the elderly is put aside for use on the properties involved.	Sustainable communities	(296)	1,526	2,828	4,058
Plant reserve	Reserve used for control of expenditure and sale proceeds for vehicle and other plant running and maintenance costs.	Org Supp	402	20,192	(20,924)	(330)
Lake Hakanoa Caravan Park reserve	Revenue and expense for the Lake Hakanoa Caravan Park at Huntly is kept separate. The camp operation is self funding.	Sustainable communities	181	2,259	(2,563)	(123)
Raglan Kopua Holiday Park reserve	Revenue and expense for Kopua Camp at Raglan is kept separate. The camp operation is self funding.	Sustainable communities	1,762	12,772	(14,238)	296
Wainui Reserve farm	Revenue and expense for Wainui Reserve farm operations is kept separate. The farm operation is self funding and surpluses are used towards projects at Wainui Reserve.	Sustainable communities	334	1,912	(1,812)	434
Hillary Commission grants	These funds are committed to a club development programme for the future.	Sustainable communities	22	-	-	22
Creative NZ grant	The balance from Creative Communities New Zealand to be re-distributed as grants to suitable candidates.	Sustainable communities	53	-	-	53
Disaster recovery fund	Fund set aside for use in the event of a disaster.	Org Supp	1,593	4,417	-	6,010
Hillary Commission loans	Remaining funds and interest credits built up from Council's contribution to match Hillary Commission loans used in the past to assist sporting organisations. All loans have been repaid.	Sustainable communities	65	25	-	90
North Waikato development reserve	Remaining funds with interest credits from the Department of Corrections for use to assist the local community.	Sustainable communities	392	153	1	546
Hamilton East property proceeds	Proceeds from the sale of the Hamilton East property held separate for property related purposes.	Org Supp	2,308	-	-	2,308
Hakarimata Restoration Trust	A restricted reserve for Hakarimata Hills Reserve Trust to record all trust operations.	Sustainable environment	18	7	-	25

RESERVE	PURPOSE	RELATED ACTIVITIES	FORECAST BALANCE	TRANSFERS INTO FUND	TRANSFERS OUT OF FUND	BALANCE
			1-JUL-21 (\$000)	2022-2031 (\$000)		30-JUN-31 (\$000)
Development fund (ex shares sold)	Reserve originally representing the share of the Auckland Airport Shares received by the former Franklin District Council and transferred to Waikato District Council on part amalgamation in 2010.	Org Supp	-	-	-	-
LTCCP contribution reserve	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with operational funding.	Org Supp	-	-	-	-
Landfill aftercare contribution	Reserve created on amalgamation of part of the Franklin District Council with Waikato District Council to assist with aftercare costs for closed landfills transferred.	Sustainable environment	82	-	(6,489)	(6,407)
Structure plan non-growth reserve	Reserve to provide funding for the non growth element of Structure Plan development.	Org Supp	1,743	4,743	-	6,486
Waste minimisation reserve	To manage waste minimisation grants and qualifying expenditure.	Sustainable environment	646	8,383	(8,161)	868
Huntly College jubilee award	A restricted reserve; the interest income from which is to be used for educational sponsorship.	Sustainable communities	14	5	1	20
Frances Paki Trust	A restricted reserve in memory of Francis Paki of Huntly. Interest income to be used as sponsorship for educational purposes.	Sustainable communities	1	1	-	2
Mungall Scholarship Trust	A restricted reserve in memory of Agnes Simpson Mungall. Interest income to be used for educational sponsorship.	Sustainable communities	1	-	-	1
Huntly Social Services	A restricted reserve created by the transfer of funds from the former Huntly Social Services Co-ordinating Committee Inc when it was wound up in 2015.	Sustainable communities	166	48	(97)	117
Sundry reserves	Sundry reserves for township development and other operational purposes.	Sustainable communities	22,240	85,066	(23,498)	83,808
Targeted rate reserves – operational	Reserves to monitor operational costs in relation to special rates and user pays.	Stormwater, Sustainable communities, Wastewater, Water supply	(12,284)	543,061	(507,345)	23,432
Replacement funds	Reserves where amounts equivalent to funded depreciation are held for use on capital renewals work.	ALL	24,325	326,063	(310,388)	40,000
Revaluation reserves	Non-cash reserves representing the increases or decreases in the value of infrastructural assets that are periodically revalued.	ALL	604,798	820,775	(2)	1,425,571
Capital rates and contributions	Reserves for structure plans, development contributions, financial contributions and capital targeted rates.	ALL	(31,705)	187,380	(322,546)	(166,871)
Total			616,949	2,019,522	(1,221,594)	1,414,877

Waikato District Council: Prospective cash flow statement

A forecast for 10 ten years ending 30 June 2031:

	ANNUAL PLAN 2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cash flows from operating activities											
Receipts											
Receipts from rates revenue	90,412	98,696	105,271	112,109	119,555	127,248	135,581	144,773	154,334	164,969	176,856
Subsidies received	22,398	25,944	28,105	31,556	31,619	36,472	36,293	34,689	33,747	28,799	32,309
Contributions received	6,384	8,115	12,906	8,565	14,155	14,972	15,265	15,554	15,915	16,259	16,598
Receipts from other revenue	25,570	37,757	32,500	32,465	33,910	35,674	37,167	39,233	39,364	41,636	43,587
Interest received	130	50	50	50	50	50	50	50	50	50	50
Dividends received	50	-	-	-	32	33	34	35	36	37	38
Payments											
Employee costs	(36,081)	(37,761)	(38,521)	(38,768)	(39,766)	(40,591)	(41,470)	(42,413)	(43,605)	(44,749)	(45,949)
Suppliers	(60,174)	(81,370)	(82,678)	(83,979)	(84,529)	(86,513)	(89,195)	(92,580)	(95,248)	(98,315)	(100,456)
Interest paid	(5,497)	(4,506)	(5,463)	(7,064)	(8,468)	(10,046)	(11,490)	(12,866)	(14,164)	(14,564)	(14,688)
Goods and services tax (net)	-	-	-	-	-	-	-	-	-	-	-
Net cash flows from operating activities	43,192	46,925	52,170	54,934	66,558	77,299	82,235	86,475	90,429	94,122	108,345
Cash flows from investing activities											
Purchase of property, plant and equipment	(56,918)	(95,381)	(111,376)	(95,338)	(103,730)	(104,801)	(110,399)	(112,493)	(103,923)	(81,359)	(90,123)
Proceeds from sale of property, plant and equipment	522	3,914	807	972	1,039	934	830	1,629	250	250	250
Community loans repayments received	-										
Purchase of intangible assets	(2,242)	(1,614)	(1,859)	(1,920)	(1,262)	(1,271)	(1,378)	(1,636)	(1,351)	(1,648)	(139)
Community loans granted	-										
Acquisition of investments	(598)	(789)	(1,211)	(893)	(946)	(530)	(662)	(1,144)	(1,141)	(770)	(709)
Proceeds from sale of investments	400	80	320	160	320	80	218	709	891	893	946
Net cash flows from investing activities	(58,836)	(93,790)	(113,319)	(97,019)	(104,579)	(105,588)	(111,391)	(112,935)	(105,274)	(82,634)	(89,775)
Cash flows from financing activities											
Proceeds from borrowings	40,661	51,871	81,143	52,070	58,009	33,299	42,787	70,722	70,607	44,370	40,570
Repayment of borrowings	(25,000)	(5,000)	(20,000)	(10,000)	(20,000)	(5,000)	(13,600)	(44,300)	(55,700)	(55,799)	(59,100)
Net cash flows from financing activities	15,661	46,871	61,143	42,070	38,009	28,299	29,187	26,422	14,907	(11,429)	(18,530)
Net increase(decrease) in cash and cash equivalents	17	6	(6)	(15)	(12)	10	31	(38)	62	59	40
Cash and cash equivalents at the beginning of the year	9,923	9,949	9,954	9,948	9,935	9,922	9,932	9,964	9,926	9,987	10,046
Cash and cash equivalents at 30 June	9,940	9,955	9,948	9,933	9,923	9,932	9,963	9,926	9,988	10,046	10,086

LONG TERM PLAN  
DISCLOSURE STATEMENT

For the 10 years commencing 1 July 2021:

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 Long Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definition of some of the terms used in this statement.

Rates affordability benchmark

Council meets the rates affordability benchmark if:

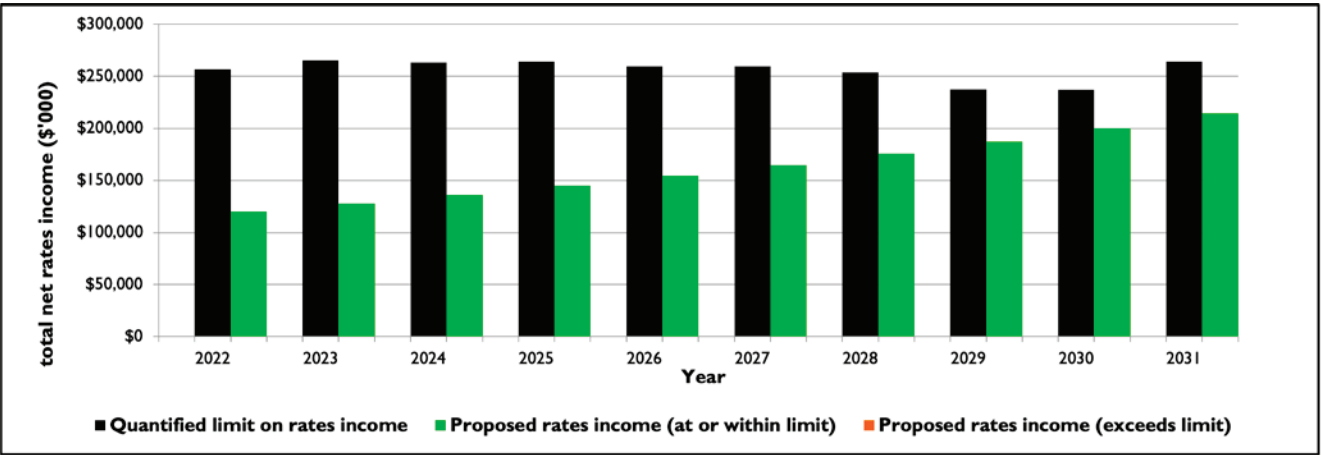
- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this Long Term Plan.

The quantified limits for total rates (\$000) are:

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
256,766	265,427	263,245	264,043	259,354	259,392	253,970	237,394	237,030	264,142

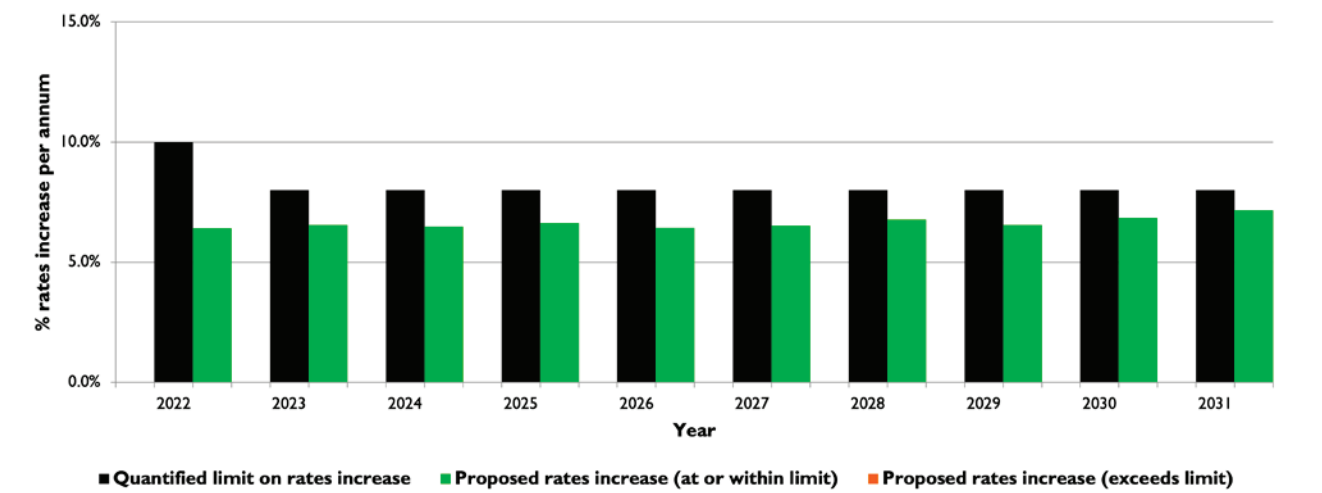




Rates (increases) affordability

The following graph compares Council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long Term Plan. The quantified limits for rates increases are:

YEAR	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Proposed rates increases (%)	6%	7%	6%	7%	6%	7%	7%	7%	7%	7%
Limit on rates increases (%)	10%	8%	8%	8%	8%	8%	8%	8%	8%	8%

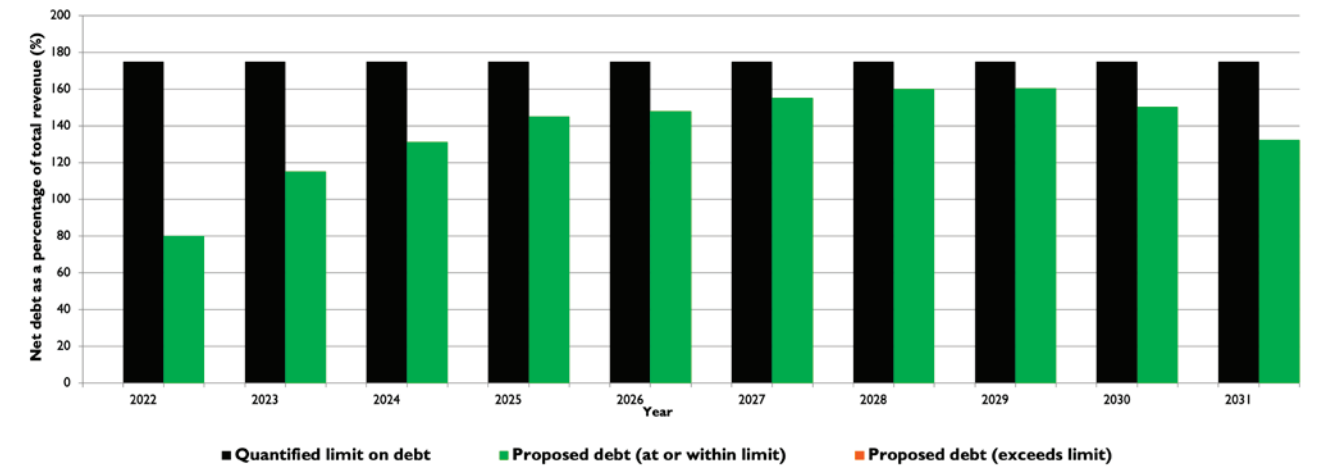


Debt affordability benchmarks

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

The following graph compares Council’s planned debt with the quantified limit on borrowing contained in the financial strategy included in this Long Term Plan. The quantified limit is: Net debt as a percentage of total revenue will not exceed 175%.

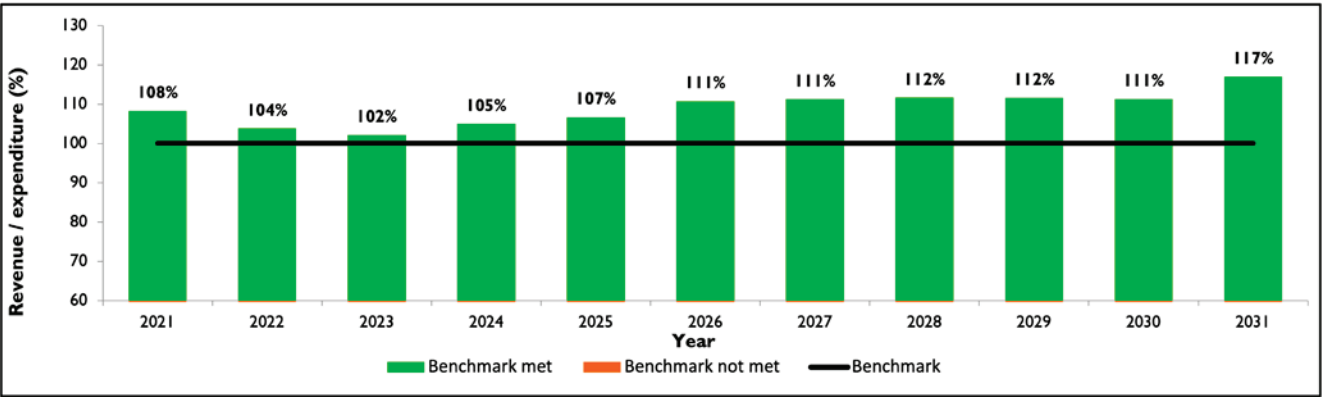
YEAR	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Proposed debt	80%	115%	131%	145%	148%	155%	160%	160%	150%	132%
Quantified limit on debt	175%	175%	175%	175%	175%	175%	175%	175%	175%	175%



Balanced budget benchmark

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

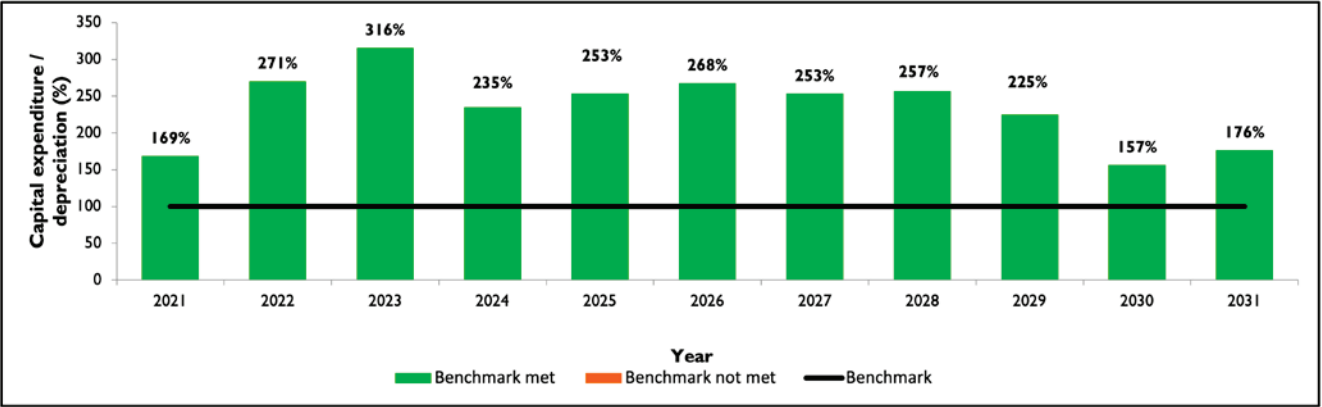
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

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

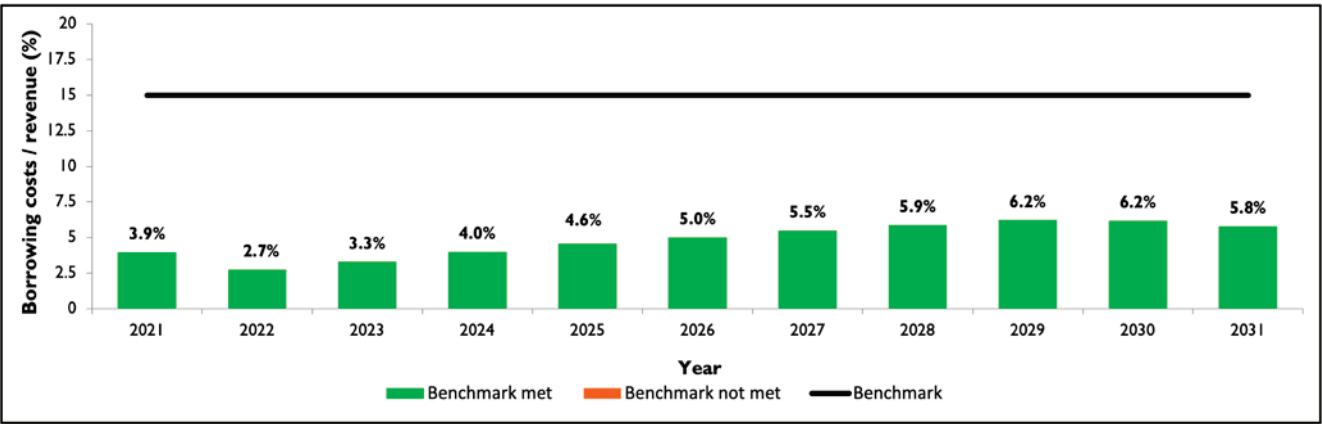
Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

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

As Statistics New Zealand projects that Council’s population will grow faster than the national population is expected to grow, Council meets the debt servicing benchmark if its planned borrowing costs are equal or less than 15% of its planned revenue.



# STATEMENT OF ACCOUNTING POLICIES

For the 10 years ending 30 June 2031:

## REPORTING ENTITY

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

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

Strada previously operated as a civil engineering and contracting services business until the Board of Directors resolved to cease trading, sell all of its operational assets and extinguish

all liabilities during the year ended 30 June 2017. As a result of this decision, Strada became a Council-Controlled Organisation rather than the Council-Controlled Trading organisation it had been previously (see Section 6 Local Government Act 2002). While Strada has remained open in order to receive the final settlement payments in relation to the disposal of its previous interest in the joint venture (Waikato Quarries Limited), it is no longer a going concern.

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

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

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

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

The prospective financial statements are for the 10 years ending 30 June 2031. They were authorised for issue by Council on 28 June 2021. 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 Long Term Plan 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 LG(FRP)R) and is required by the LGA.

The purpose of the Long Term Plan 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 2019/2020 financial year and the Annual Plan financial performance and cash flows for the 2020/2021 financial year, as modified by known changes, have been used to arrive at the opening balances for the plan as at 1 July 2021.

### 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.

### IMPLEMENTATION OF NEW AND AMENDED STANDARDS

Standards and amendments issued but not yet effective which have been early adopted are:

#### Financial instruments

The NZASB has issued PBE IPSAS 41 after the IPSASB issued its own financial instruments standard. PBE IPSAS 41 Financial Instruments will supersede PBE IFRS 9 and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 establishes requirements for the recognition and measurement of financial instruments for public benefit entities. PBE IPSAS 41 is effective from 1 January 2022, early adoption permitted. Council has elected to early adopt PBE IPSAS 41 Financial Instruments. Accounting policies have been updated to comply with PBE IPSAS 41. PBE IPSAS 41 provides users of financial statements with more useful information by:

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

It is noted that other than the above amendment to Council's accounting policy document, there have been no other changes to the group's financial statements as a result of the early adoption of PBE IPSAS 41. The adoption of these amendments

is expected to result in an immaterial impact on the financial statements.

#### Service performance reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. Council believes the application of PBE FRS 48 will not have any significant impact on its statement of performance as Council has well established service performance reporting processes. Council will adopt the standard for the reporting period of 2022/23.

**All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to Council or are not expected to have a material impact on the financial statements of the Council and therefore, have not been disclosed.**

# SIGNIFICANT ACCOUNTING POLICIES

## BASIS OF CONSOLIDATION

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

## REVENUE

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

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

Specific revenue items are recognised as follows:

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

- Council receives government grants from Waka Kotahi 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 nonexchange 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
Audiovisual materials and electronic games Libraries	5	20%
Buildings	15 – 100	1 – 6.7%
Vehicles / moveable plant	4 – 20	5 – 25%
Library books	8	12.5%
Computers	4 – 7	14 – 25%
Office equipment	3 – 15	6.67 – 33.3%
Furniture and fixtures	10	10%
Water supply	4 – 100	1 – 25%
Wastewater	3 – 100	1 – 33.3%
Urban stormwater	5 – 100	1 – 20%
Roading pavement sealed	2 – 100	1 – 50%
Pavement (basecourse)		
sealed	65 – 105	0.95 – 1.5%
unsealed metal	20	5%
Surface water channel	20 – 80	1.25 – 5%
Culverts	50 – 80	1.25 – 2%
Guardrails / barriers	40 – 80	1.25 – 2.5%
Drainage	50 – 80	1.25 – 2%
Retaining walls	50 – 100	1 – 2%
Footpaths	15 – 80	1.25 – 6.67%
Street lighting	20	5%
Bridges		
timber	50	2%
all other	100	1%
Parks & 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 straightline basis, has a finite useful life of three to seven years and the amortisation rates are between 14% and 33%.

Consents

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

Impairment of intangible assets

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

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

If an asset’s carrying amount exceeds its recoverable amount, the asset is 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 10 years ending 30 June 2031. 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 on pages 47-51.