



kōrero mai  
now we're  
talking...



# Annual Plan

## Mahere ā-tau

2023-24

SECURING **TODAY**. SHAPING **TOMORROW**. STRONG **FUTURE**.

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## Introduction | He Kupu Whakataki

### From the Mayor and Chief Executive | He kupu naa te Koromatua me te Tumu Whakarae

We know that adopting an average rates revenue increase of 18.5% will be painful for many in our community. It gave us no joy to propose the increase, nor to adopt it.

During our conversations with the community, many people told us it would cause hardship. We understand that. While we know that this increase will cause hardship, we must remain steadfast in the knowledge that the longer we delay addressing the fundamental financial sustainability problem coupled with testing financial challenges and a constrained market, the more severe the correction will need to be when it comes. Should we have to go down that road, this might mean even greater increases in rates and significant reductions in services.

We didn't and don't want to do that.

The right thing for us to do now, for our future generations, is to start to address the issues, continue with our critical analysis of our service offering and improve efficiencies through technology.

By adopting an average rates revenue increase of 18.5%, we can bring our deficit to a manageable level at \$4 million (reduced from a projected \$7 million). We have already identified operating efficiencies and costs through the early part of 2023; and our team will continue to find more efficiencies as we work through the 2023-2024 year. Any additional savings that we find will simply chew away at the deficit, reducing it further.



By reducing our deficit, we give ourselves the necessary breathing space to focus our efforts on the upcoming 2024-2034 Long Term Plan (LTP), ensuring we critically analyse our service and activity offering, structural budget reform, external challenges, a review of the levels that we offer, funding models and facilities.

We were thrilled with the level of community engagement we received through recent consultations, and we hope that the many people who are making the time to speak with us will continue to do so as we work through our detailed LTP work programme. Together, we need to make some tough decisions and we can only do that with your feedback and support.

Together with the community, Council can refocus its spending to ensure it delivers projects and services that are necessary, in an affordable way.

This Annual Plan 2023-2024 is in keeping with Council's key focus of embracing and rising to the challenge of growth (*te tupunga ohanga*), building both Council and community resilience (*kia eke panuku*) and fostering relationships (*ngā hononga*) for the betterment of our people.

Please stay with us as we work through the future of our service delivery.

Gary Petley  
MAYOR

Susan Law  
CHIEF EXECUTIVE

## Your Council | Ko taa taatou Kaunihera



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## What is the Annual Plan? | He aha te mahere ā tau?

Every three years South Waikato District Council develops a Long Term Plan (LTP) detailing our vision, budgets and work programmes for a ten year period; in consultation with our community.

In June 2021, Council adopted the 2021-2031 LTP. In December 2022 an amendment to the 2021-2031 LTP was adopted by Council, to include additional three waters infrastructure.

For the two years between each LTP Council develops an Annual Plan which outlines how we will progress our LTP in the coming year. The Annual Plan process provides an opportunity to review our programme of work and identify any changes or additions to the projects, activities and financial information for the corresponding LTP year.

### Why prepare an Annual Plan

The purpose of the annual plan (year three of the LTP) is to:

- Describe Council's activities for 2023-2024 and the associated costs and funding.
- Identify any variation from the financial statements and funding impact statements included in the LTP in respect of the year.
- Demonstrate links between activities planned, the community outcomes and the government wellbeings.
- Provide integrated decision-making and coordination of Council's resources.
- Provide a basis for accountability of the Council to the community.

In addition, we produce an Annual Report to review our performance against the LTP and Annual Plans.

Together, these three documents:

- identify Council's priorities and outcomes,
- outline our programme of work; and
- measure our performance.

### Our fees and charges

The full fees and charges schedule for 2023-2024 was adopted on 30 May 2023 and will be made available as a separate document on our website, or from any Council service centre as of 1 July 2023.

*The diagram below shows how the planning cycle comes together.*

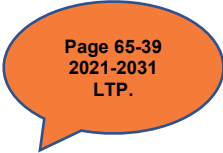


*We have included a handy 2021-2031 LTP page number balloon for each activity for your reference.*

To view our amended 2021-2031 Long Term Plan click here <https://www.southwaikato.govt.nz/our-council/strategies-plans-policies-bylaws/plans/long-term-plan>

## The year ahead | Te tau kei mua

**Council's priorities** for 2023-2024 are reflective of the world around us. In this rapidly and constantly changing environment our service provision and delivery of year three of the 2021-2031 LTP will be challenging. But everything we do is aimed at improving the wellbeing of our communities and reflecting our vision of healthy people thriving in a safe vibrant and sustainable community.



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2021-2031  
LTP.

The big issues we have kept in mind for 2023-2024 are higher-than-expected inflationary costs, increased construction, plant and equipment costs, labour shortages, supply chain constraints and climate challenges.

All lead to changes in our approach, delivery and priorities for 2023-2024.

**Government reforms** - Three Waters, Resource Management Act (RMA) and the Future for Local Government, are underway and these reforms are high on Council's radar. These will change the face of local government as we know it. Council will gauge the impacts of the reforms and keep them under close review as they may mean changes in approach and priority for future direction. We will position ourselves to gain the best advantage we can for our communities.

**Climate change** will also be forefront as we adapt and integrate solutions into our planning to mitigate risk for future generations.

**Economic Development** growth continues to increase in our district and while this is exciting, detailed growth planning is essential to provide for the development of infrastructure, placemaking, wellbeing, environmental sustainability and connectivity. Council is now in the middle stages of planning for growth modelling, and it will continue to be a focus for the year ahead. Advocacy to central Government for housing to meet the high demand for quality affordable homes in our District is ongoing.

Amidst all this Council will continue to deliver our everyday business as usual activities.

### How did we engage with the community?

Council consulted and engaged with the community on proposed changes to the Annual Plan 2023-2024 and rates from Friday 12 May 2023 to Friday 9 June 2023.

You told us there will be pain in the community if an 18.5% rate increase occurred in the 2023-2024 year, but generally understood the economic reasoning driving the increase.

You also told us that Council needs to critically examine our priorities, focus on core services and avoid nice to have projects.

### What did we do after engaging with the community?

Council reassessed the financial information and budgets for 2023-2024 against year three of the 2021-2031 LTP.

The capital programme has been reviewed in depth with a heavy focus on deliverability. We identified and continue to identify risks, challenges and rising costs facing our levels of service and delivery programs for the coming year. Weather events elsewhere in the country will impact upon our ability to deliver, hence we will deliver a more modest and realistic program than in previous years. We also deferred the nice to have projects for further consideration in the 2024-2034 LTP process.

### What are the major variations from the financial statements from year three of the LTP?

Some capital projects have been deferred to later years which has reduced our capital budget from \$26.5m to \$16.9m for the 2023-2024 year. As a result of the change in the capital programme, the level of borrowing required for capital work has changed. Despite the reduced capital programme, the associated borrowing costs have not reduced for Council, they have risen for the 2023-2024 year due to the change in interest rates.

Required income from rates revenue has increased and income from fees and charges has reduced. This change is associated with the need to accommodate the increase in operating costs.

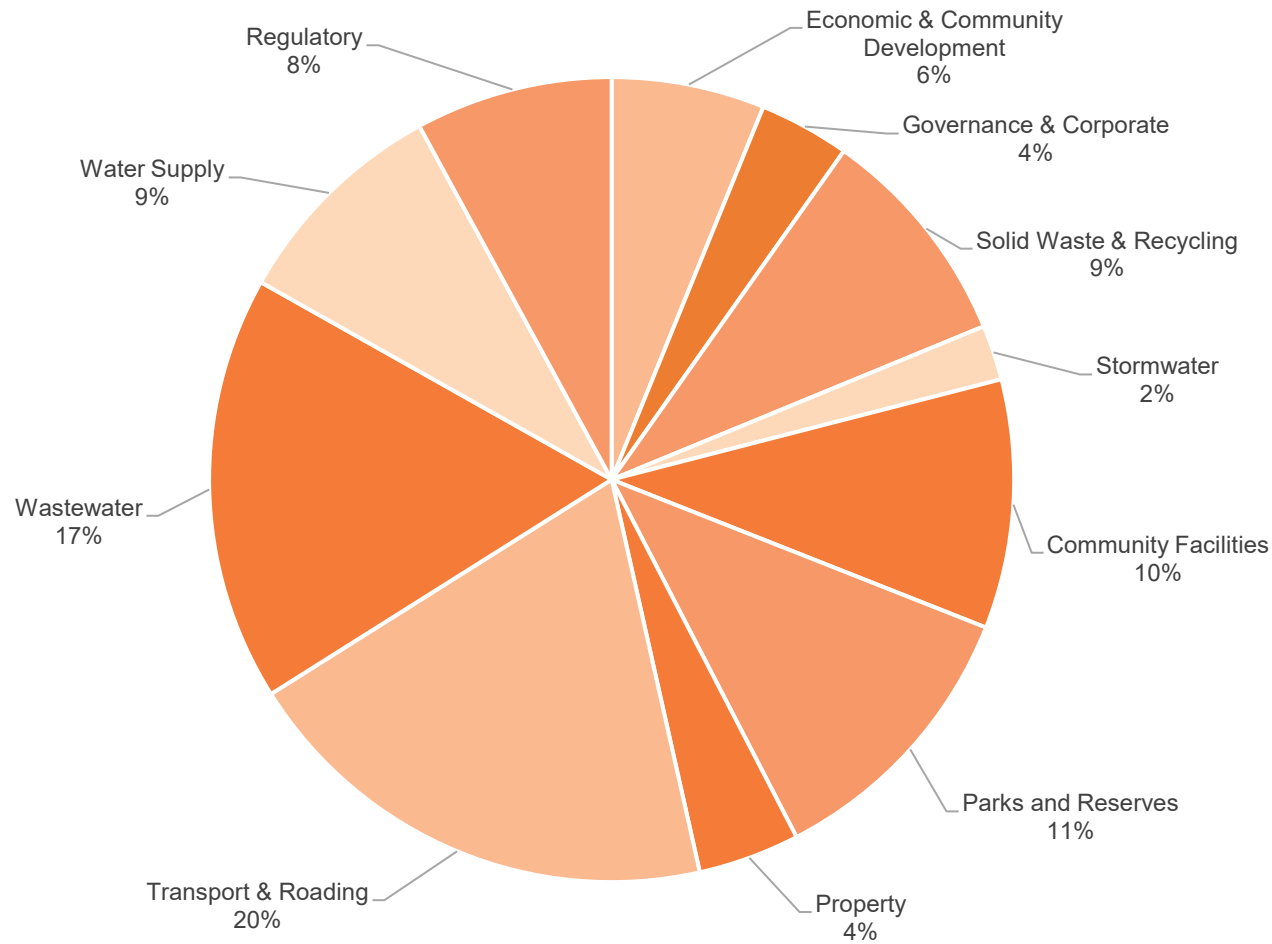
## Rates - what's changed?

Rates for the Annual Plan 2023-2024 year have been set at 18.5% average rate increase. This is a change from the forecasted average rate increase of 7.2% set in year three of the 2021-2031 LTP.

## How will your rates be spent in 2023-2024

The chart below outlines where your rates will be spent across the Council activities.

### Where will Council spend its rates money in 2023-24?



# An introduction to our services | He whakatakinga ki tā mātou ratonga

## Groups of activities

This section is an overview of the services Council provides, organised within groups of activities. Each group of activities includes the following information:

### What we do

In this section we summarise the service we deliver to the community.

### Why we do it

Here we outline why the Council provides the service.

### The wellbeing effect of each activity group

Council provides activities with the aim of maintaining or improving wellbeing for our communities. Each activity contributes to our community outcomes and one or more of the four Government community wellbeing's.



Social



Economic



Environmental



Cultural

### Capital works programme

This section details a list of our projects for the coming year.

REGULATORY	Resource management 	Building control 	Animal control & compliance 	Health and alcohol 	Emergency management 	Business case management 	
ASSETS	Transport, roading & footpaths 	Water supply 	Wastewater 	Stormwater 	Solid waste & recycling 	Parks and reserves 	Property 
COMMUNITY FACILITIES	Pools 	Libraries 	Sport & Events Centre 				
ECONOMY & COMMUNITY	Economic development 	Community grants 	Community events 	District promotion 	Advocacy 	Community cohesion 	
GOVERNANCE & CORPORATE	Infrastructure strategy 	Strategic planning 	Financial services 	Iwi liaison 	Risk, legal, health & safety 	Policy development 	Elections 





## Governance and Corporate

### What we do

The Governance and Corporate group of activities support all the other activities carried out by Council to ensure they run smoothly by providing the necessary information systems, financial support and democratic guidance.

The key functions include:

- Managing the corporate component of Council’s business including information services, legal services, human resources, health and safety, revenue, finance, communications, executive support, risk management, elections and business improvement.
- Providing governance advice, training and democratic services to Elected Members, the public and staff.
- Reviewing our policies and processes.
- Collaborating authentically with Māori and Pacifica communities to participate in decision-making.
- Delivering Civic functions such as citizenship ceremonies.

### Why we do it

As a statutory body, Council exists to meet the purpose of local government, as set out in *Section 10 of the Local Government Act 2002*. Council is committed to decision-making processes that supports our vision **healthy people thriving in a safe vibrant and sustainable community**.

These activities contribute to the following community outcomes:  Relationships and Resilience	And contribute to the  Social Economic and Cultural Wellbeings
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## Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Governance and Corporate</b>		
Information Systems	Council online web services development programme	40,000
Information Systems	Desktop PC hardware	85,000
Information Systems	IS core infrastructure - firewall replacement	27,000
Information Systems	IS core infrastructure - network equipment replacement	13,000
Information Systems	Magiq ERP development	60,000
Information Systems	CCTV server replacement	20,000
Vehicles	Vehicle replacement	300,000
Property Administration	Furniture renewals	10,000
		<b>\$555,000</b>

For the year ahead Council has brought the Governance and Corporate activities back to core capital projects to ensure we deliver on our requirements to be visible, transparent and accountable to the community which we serve.



## Economy and Community Development

### What we do

The Economy and Community Development group of activities works to foster growth and build our economic resilience for the future while supporting and maintaining quality relationships with our communities and partners.

The key functions include:

- Facilitating economic development.
- Supporting youth initiatives and skills training.
- Promoting our central business districts.
- Organising community events.
- Promoting the District to those who live and work outside the South Waikato.
- Undertaking joint ventures with Government agencies.
- Undertaking joint ventures with our key stakeholders.
- Advocating for (and with) South Waikato District communities to central Government.

### Why we do it

Economy and Community Development supports and delivers Council's planned vision outcomes and strategies. The activity drives employment opportunities, business growth, education, investment and housing solutions for long term sustainability of our District; and provides an

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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avenue for community and cultural visions to be forefront in decision making for now and the future.

### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Economy and Community Development</b>		
Economic Development	Stanley Park development	200,000
Economic Development	Development - land purchase and infrastructure	213,395
		<b>\$413,395</b>

For the year ahead Council have brought the Economy and Community Development activity back to core capital projects to ensure what we deliver is required and deferring non-essential projects to the 2024-2034 LTP.



## Community Facilities

### What we do

The Community Facilities activity operates and maintains facilities throughout the District enhancing the amenity value.

The key functions include providing:

- the South Waikato Sport and Events Centre,
- the South Waikato Heated Indoor Pools in Tokoroa,
- outdoor pools in Putāruru and Tīrau,
- Tokoroa and Putāruru Libraries,
- community halls,
- Tīrau i-SITE
- the South Waikato Performing Arts Centre (The Plaza),
- pensioner housing, and
- district toilets.

### Why we do it

We provide our communities with well-functioning services and locations that support education, active recreation, housing, culture and the arts to have a positive impact on the lives of our communities and visitors.

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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## Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Community Facilities</b>		
Events Centre	Plant replacement	5,000
Events Centre	Replacement of arena carpet tiles	80,000
Pools - Putaruru	Refurbishments	50,000
Pools - Putaruru	Relining	175,000
Pools - Tirau	Refurbishment	225,000
Libraries - District	Library collection and information resources	125,000
Libraries - Putaruru	Shelving and furniture	10,000
		<b>\$670,000</b>

For the year ahead Council has brought the Community Facilities activity back to core capital projects to ensure what we deliver is required and deferring non-essential projects to the 2024-2034 LTP.



## Parks and Reserves

### What we do

Our team oversees and maintains the operation, maintenance and development of approximately 285 hectares of parks, sportsgrounds, reserves, playgrounds cemeteries and gardens.

The key functions include:

- Administering contracts and undertake health and safety auditing.
- Issuing interment warrants.
- Planning development of and manage reserves and facilities.
- Providing a contact for users and administers the bookings for parks and sportsgrounds.
- Managing trees located within reserves, urban road reserves and street berms.
- Managing approximately 285ha of urban and rural reserves, playgrounds, sportsgrounds and cemeteries.
- Maintaining cycleways and walkways.
- Managing public toilets within reserves.

### Why we do it

The Parks and Reserves activity provide green spaces and recreational facilities to meet the community's sporting and recreational needs, supporting active connectivity, happiness, quality of life, health and cultural wellbeing.

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Parks and Reserves</b>		
Sportsgrounds - General	Glenshea Park Netball Courts resurfacing	430,000
Reserves - General	Walkways renewal	22,000
Reserves - General	General	32,000
Reserves - General	Playgrounds	110,000
Reserves - General	Signage, furniture, bins and fences	17,500
Reserves - General	Retaining walls renewals	175,000
Reserves - General	Play equipment renewals	100,000
Reserves - General	Internal roads	25,000
Cemeteries - Tokoroa	Additional berms	12,000
		<b>\$923,500</b>

For the year ahead Council has brought the Parks and Reserves activity back to core capital projects to ensure what we deliver is required and deferring non-essential projects to the 2024-2034 LTP.





## Property

### What we do

The Property team manage, maintain and oversee all buildings owned and operated by Council. This includes vacant land owned by Council that are not reserves or parks.

The key functions include:

- Managing the day-to-day operations of our buildings.
- Renewing major assets.
- Upkeeping Council's asset management system for properties.
- Maintaining Council depots.
- Maintaining vacant land.
- Maintaining the Tokoroa airfield.
- Upkeeping pensioner housing.

### Why we do it

The property team manage our properties to ensure the facilities can continue to provide the services our communities have come to enjoy. Some properties have passed from community into Council ownership and management over the years and property ensures they are well maintained for use now and for future generations.

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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## Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Property</b>		
Plaza Theatre	Seat replacement	10,000
Pensioner Housing	Property upgrades	80,000
Property Development	CCTV renewals	21,000
Property Development	Property upgrade works	30,000
Tokoroa Office	HVAC	115,000
Tokoroa Office	Front portaco replacement	135,000
Tokoroa Depot	Office building renewal	20,000
		<b>\$411,000</b>

For the year ahead Council has brought the Property activity back to core capital projects to ensure what we deliver is required and deferring non-essential projects to the 2024-2034 LTP.



## Regulatory Services

### What we do

The focus of the Regulatory Services group is to make sure that our communities and the environment is well planned for, regulated and safe.

The key functions include:

- Overseeing district planning, consenting, policy and compliance.
- Issuing building consents and providing guidance and compliance.
- Coordinating civil defence emergency management.
- Providing animal control.
- Managing the sale and supply of alcohol licensing.
- Auditing food premises.
- Administering noise control.
- Providing parking and bylaw enforcement.

### Why we do it

Our regulatory team ensure planning through the District Plan allows for the future of sustainable housing, business growth and well thought out town centres. Emergency management is provided to our communities for those unforeseen events. They ensure our food outlets are safe, our dogs are looked after and our communities run smoothly for now and into the future.

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Regulatory</b>		
Resource Management	District Plan - ePlan - planning and IS costs	50,000
Emergency Management	Replacement generator	38,000
		<b>\$88,000</b>

For the year ahead Council has brought the Regulatory activity back to core capital projects to ensure what we deliver is required and deferring non-essential projects to the 2024-2034 LTP.



## Solid Waste and Recycling

### What we do

The team manage and operates (under contract) our Solid Waste and recycling along with maintenance and care of our recycling centres, transfer stations and education of the communities.

The key functions include:

- Providing weekly kerbside household rubbish collection and disposal.
- Providing fortnightly kerbside household recycling collection and processing.
- Managing a greenwaste drop off and processing service.
- Managing rubbish transfer stations in Tokoroa and Putaruru.
- Operating three recycling drop off centres.
- Maintaining and care for three closed landfills.
- Educating the community in behaviour change, and engagement to reduce waste.
- Developing policy and plans to achieve waste minimisation.

### Why we do it

As part of the Waste Minimisation Act 2008, Council prepares and regularly reviews a Waste Management and Minimisation Plan (WMMP) The current plan was adopted by our Council in 2022 and outlines what we are going to do for the next ten years to make our District a cleaner greener space. Education for now and future generations to reduce climate effects is part of the future plans.

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Solid Waste and Recycling</b>		
Waste Disposal - Tokoroa	Refuse transfer station upgrade programme	200,000
		<b>\$200,000</b>

For the year ahead Council has brought the Solid Waste and Recycling activity back to core capital projects to ensure what we deliver is required and deferring non-essential projects to the 2024-2034 LTP.



## Transport Roding and Footpaths

### What we do

The South Waikato District Council owns, operates and maintains the Land Transport Network (excluding state highways) in our District and managing assets and levels of service for our roading and footpaths.

The key functions include:

- Resealing roads and cycleways.
- Rehabilitating road pavement.
- Widening and extension of road seals.
- Marking roads.
- Maintaining signs and streetlighting designated to Council.
- Maintaining footpaths.
- Inspecting road maintenance carried out by contractors.

### Why we do it

Council provides the roading network and associated roading services to ensure easy, safe and secure access to and around our District continues. It is an integral part of emergency management, business growth and community access.

<p>These activities contribute to the following community outcomes of:</p> <p>Relationships Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic And Environmental Wellbeings</p>
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### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Transport and Roding</b>		
Sealed maintenance	Road formation widening	389,000
Sealed Road Resurfacing	Sealed road resurfacing	1,823,000
Drainage Renewals	Drainage renewals	590,000
Pavement Rehabilitation	Pavement rehabilitation programme	1,077,000
Traffic Services Renewals	Streetlighting capitals	200,000
Traffic Services Renewals	Signs renewals	76,000
Minor Improvements	Pavement improvements	562,000
		<b>\$4,717,000</b>

There are no changes to the capital projects programme for the Transport and Roding activity for the Annual Plan 2023-2024 year.





## Water Supply

### What we do

The Water Supply team manage our town and rural water supplies throughout our District. This includes ten reservoirs, ten bore water pumps and 228km of reticulation.

The key functions include:

- Treating water to meet legislative requirements for drinking.
- Providing a stable provision of water.
- Maintaining water assets for continuation of supply.
- Testing and reporting on water supplies.

### Why we do it

A reliable supply of clean drinking water is essential for the health of our communities and a stable supply of water is essential for supporting our current residents, and future residential and business growth. Council staff ensure our water supply is high quality and meets statutory and environmental standards.

<p>These activities contribute to the following community outcomes of:</p> <p>Growth Resilience</p>	<p>And contribute to the</p> <p>Social Economic Cultural And Environmental Wellbeings</p>
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## Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Water Supply</b>		
Water - District	Health and safety improvements	15,000
Water - District	Telemetry and SCADA	1,157,000
Water - Tokoroa	Watermain renewal programme	600,000
Water - Tokoroa	Plant and equipment replacement	15,000
Water - Tokoroa	Elizabeth Park water supply headworks improvements	150,000
Water - Tokoroa	Honowhenua water supply	200,000
Water - Tokoroa	Maraetai Road - Intermodal Business Park	489,000
Water - Putaruru	Watermain renewal programme	149,500
Water - Putaruru	Reticulation minor new works	10,000
Water - Tirau	Watermain renewal programme	42,000
Water - Tirau	Plant and equipment replacement	15,000
Water - Tirau	Reticulation minor new works	10,000
Water - Arapuni	Plant and equipment replacement	5,000
		<b>\$2,857,500</b>

For the year ahead Council has reduced the Water Supply activity to core capital and necessary growth related projects to ensure we deliver what is required for the District.



## Wastewater

### What we do

The Wastewater team operates and maintains the wastewater collection networks and disposal schemes for our District.

The key functions include:

- Collecting wastewater from homes and businesses.
- Treating wastewater for discharge to water or land.
- Maintaining the wastewater treatment plants.
- Managing pipes and assets.
- Replacing infrastructure.

### Why we do it

The provision of wastewater collection networks and treatment plants is vital to our communities. Safe, reliable and efficient disposal, 24 hours a day, 365 days a year ensures human and environmental health is sustained.

<p>These activities contribute to the following community outcomes of:</p> <p style="text-align: center;">Growth Resilience</p>	<p>And contribute to the</p> <p style="text-align: center;">Social Economic Cultural And Environmental Wellbeings</p>
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### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Wastewater</b>		
WW - District	Health and safety	15,000
WW - District	Wastewater development contributions	15,000
WW - District	Telemetry and SCADA	1,152,000
WW - Tokoroa	Plant and equipment replacement	315,000
WW - Tokoroa	Main renewal programme	115,000
WW - Tokoroa	Duplicate drum filter	210,000
WW - Tokoroa	Maraetai Road - Intermodal Business Park	294,000
WW - Putaruru	Plant and equipment replacement	52,500
WW - Putaruru	Consent upgrades	275,000
WW - Putaruru	Pipe upgrades	250,000
WW - Tirau	Depot Street Pumpstation - stage 1	925,000
WW - Tirau	Plant and equipment replacement	25,000
		<b>\$3,643,500</b>

For the year ahead Council has reduced the Wastewater activity to core capital and necessary growth related projects to ensure we deliver what is required for the District.



## Stormwater

### What we do

The Stormwater team operate and maintain 123km of stormwater collection networks and disposal schemes in our District.

The key functions include:

- Collecting stormwater from homes and businesses.
- Maintaining existing pipes and infrastructure.
- Maintaining secondary stormwater systems.
- Working with the planning and building teams for future stormwater infrastructure placements.
- Providing planning policy initiatives to minimise stormwater quality and quantity issues.
- Maintaining and providing gross pollutant traps to reduce debris and contaminants.

### Why we do it

Stormwater collection is vital to providing reliable and efficient disposal of excess runoff in storm events. Our team ensure stormwater is a 24 hour a day 365 days a year operation providing services for our communities, their property and our environment.

<p>These activities contribute to the following community outcomes of:</p> <p style="text-align: center;">Growth Resilience</p>	<p>And contribute to the</p> <p style="text-align: center;">Social Economic Cultural And Environmental Wellbeings</p>
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### Capital works programme for 2023-2024

Project Name	Project Description	Proposed 2023-24 Annual Plan
<b>Stormwater</b>		
Stormwater - District	Minor new works	30,000
Stormwater - District	Urban stormwater consent renewals	650,000
Stormwater - Tokoroa	Maraetai Road - Intermodal Business Park	1,175,000
Stormwater - Putaruru	Stormwater	600,000
		<b>\$2,455,000</b>

For the year ahead Council has reduced the Stormwater activity to core capital and necessary growth related projects to ensure we deliver what is required for the District.

## Our financial information | Ngā mōhiohio pūtea

### The Rating Funding Impact Statement

Please note that the Funding Impact Statement is presented for compliance with Local Government (Financial Reporting and Prudence) Regulations 2014. The information presented is not presented in compliance with New Zealand generally accepted accounting practice (GAAP) and does not include depreciation and other items of a non-cash nature.

### The Funding Impact Statement

This is a summary of where money will come from, for the year commencing 1 July 2023. The following rates have been set by the South Waikato District Council under the Local Government (Rating) Act 2002, on rating units in the District, for the financial year commencing 1 July 2023 and ending on 30 June 2024.

Note: All per unit rates are quoted inclusive of GST and rate revenue to be collected is GST exclusive. The rating system used for the general rate and some of the targeted rates is capital value, and property valuations produced by Opteon Technologies Ltd effective 1 July 2021 are used for the 2023-24 rating year.

#### Limitation on uniform rates

**Section 21 of the Local Government (Rating) Act 2002 puts a legislative limit on the amount of rates that can be collected from certain uniformly charged rating mechanisms. In relation to the requirements of that section, the forecast for the 2023-24 year is 16%. The maximum limit is 30%.**

It should be noted that a separately used or inhabited part of a rating unit includes any portion inhabited or used by the owner/ 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 actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or Long Term basis by someone other than the owner.

Examples of separately used or inhabited parts include:

- a property containing two or more separately occupiable units, flats, or houses.
- a residential, lifestyle or rural property containing separately occupiable areas with a separate business operating in that area or areas.
- a commercial or otherwise non-residential property containing separate residential accommodation.
- commercial premises or office blocks containing separate shops, office areas, workshops, warehouses, or other areas, each operated as a separate business in those premises.

For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

### General rate

A general rate of \$0.003057 per dollar of the rateable capital value of every separate rating unit in the District. The rate is expected to produce \$22,548,917 (excluding GST).

*(Pursuant to Section 13 of the Local Government (Rating) Act 2002)*

### Uniform annual general charge

A uniform annual general charge of \$429.30 on every separate rating unit in the District. The rate is expected to produce \$3,613,597 (excluding GST).

*(Pursuant to Section 15 of the Local Government (Rating) Act 2002.)*

### **Additional unit rate**

An Additional unit rate is charged to any rating unit that has more than one separately used or inhabited part as follows:

- For each residential part of a rating unit: A targeted rate on a uniform basis of \$429.30 on each separately used or inhabited part of a rating unit beyond the first dwelling or non-residential part. The rate is expected to produce \$503,589 (excluding GST).
- For each non-residential part of a rating unit: A targeted rate on a uniform basis of \$429.30 on each separately used or inhabited part of a rating unit beyond the first dwelling or non-residential part. The rate is expected to produce \$86,980 (excluding GST).
- For clarification, a residential part means a self-contained house, unit, flat or similar, designed for or used primarily for residential purposes. A non-residential part means a shop, offices, workshop, warehouse, separate yard or similar, designed for or used primarily for non-residential purposes.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### **Water supply charge**

#### **Water supply - metered**

For Rating units that are solely and exclusively supplied via a metered water supply:

- A targeted rate on a uniform basis of \$482.72 per metered supply.
- Plus, water used in excess of 320m<sup>3</sup> per annum on an individual metered supply shall be charged at \$1.25 m<sup>3</sup>, or where water is used in excess of 200m<sup>3</sup> per day this shall be charged at \$1.46 m<sup>3</sup>.
- Contiguous rating units with a single SUIP and multiple meters and total consumption less than 320m<sup>3</sup> per annum will be charged one targeted rate of \$482.72. If consumption exceeds 320m<sup>3</sup> in total excess consumption shall be charged at \$1.25 m<sup>3</sup>, or where water is used in excess of 200m<sup>3</sup> per day this shall be charged at \$1.46 m<sup>3</sup>.

#### **Water supply - partly metered or sharing a metered supply.**

For Rating units that have a mixture of metered and non-metered water supply, or that share a metered water supply with another rating unit:

- A targeted rate on a uniform basis of \$482.72 for each separately used or inhabited part of a rating unit connected to the Council water supply.
- Plus, for the metered supply, water used in excess of 320m<sup>3</sup> per annum per separately used or inhabited part of a rating unit per meter connected to the Council water supply shall be charged at \$1.25 m<sup>3</sup>, or where water is used in excess of 200m<sup>3</sup> per day this shall be charged at \$1.46 m<sup>3</sup>.

#### **Water supply - other**

For rating units located within any area shown on the rating maps 2592, 2595, 2589, 2591, 2587 or 2594 that have a non-metered water supply:

- A targeted rate on a uniform basis of \$482.72 for each separately used or inhabited part of a rating unit connected to the Council water supply.
- A targeted rate on a uniform basis of \$241.36 for each separately used or inhabited part of a rating unit that is not connected to Council's water supply being 50% of the standard charge.

For rating units located outside any area shown on the rating maps described above that are serviceable but not connected to a Council water supply:

- A targeted rate on a uniform basis of \$241.36 for each rating unit being 50% of the standard charge.

Rates expected to produce \$3,677,717 GST exclusive from uniform targeted rates, and \$354,750 GST exclusive from charges for water used in excess of allowances.

*(Pursuant to Section 16 and Section 19 of the Local Government (Rating) Act 2002)*

### **Wastewater disposal charge**

For all rating units located within any area shown on the rating maps 2593, 2588, 2590 or 2586.

#### **Residential use:**

- A targeted rate on a uniform basis of \$781.52 on each separately used or inhabited part of a rating unit with a residential use that has a water closet or urinal connected directly or through a private drain to a Council wastewater network.
- Not connected: A targeted rate on a uniform basis of \$390.76 on each separately used or inhabited part of a rating unit with a residential use that is not connected to a Council wastewater network. This is 50% of the standard charge.

#### **Schools:**

- For land used as a school: A targeted rate on a uniform basis of \$523.62 on each water closet or urinal connected either directly or through a private drain to a Council wastewater network. School has the same meaning as contained in Clause 6 of Schedule 1 of the Local Government (Rating) Act 2002 with the exception that residential accommodation used by a school employee is not included. This is 67% of the standard charge.

#### **All other non-residential use:**

A targeted rate on a uniform basis on each water closet or urinal connected either directly or through a private drain to a Council wastewater network, as shown below.

In respect of the first five pans and/or urinals within the rating unit, a targeted rate on a uniform basis of \$781.52 per pan. In respect of each pan and/or urinal within the rating unit in excess of five – a targeted rate on a uniform basis of \$625.21 per pan. This is 80% of the standard charge.

Not connected: A targeted rate on a uniform basis of \$390.76 on each separately used or inhabited part of a rating unit that is not connected to a Council wastewater network. This is 50% of the standard charge.

The rate is expected to produce \$6,850,989 GST exclusive.  
*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### **Stormwater charge**

For all rating units located within any area shown on the rating maps 321, 319, 320 or 318:

A targeted rate for stormwater disposal of \$0.0003039 per \$ of the Rateable Capital Value. The rate is expected to produce \$929,835 GST exclusive.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### **Waste collection charge**

A targeted rate for waste collection to be charged on a uniform basis at \$187.44 per separately used or inhabited part of a rating unit for rating units provided with a waste collection service. The rate is expected to produce \$1,357,444 (excluding GST).

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### **District recycling charge**

A targeted rate for district recycling to be charged on a uniform basis at \$54.99 on each separately used or inhabited part of a rating unit in the District.

Rating units with an Improvements Value of \$10,000 or less will have a targeted rate of \$0.00. Improvements value is calculated as the capital value of the rating unit minus the land value of the rating unit.

The rate is expected to produce \$519,931 (excluding GST).  
*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### **Putāruru Business Promotions charges**

Council rates for the Putāruru business promotions charge in two ways, on capital value and on a uniform charge. Each method collects half the funds required for this activity.



### Targeted Rate on Capital Value:

- A targeted rate of \$0.000305 per dollar of the capital value of land on every separate rating unit located within the area shown in the Putāruru business rate area rating map.
- The targeted rate on capital value is expected to produce \$34,160 (excluding GST) for the promotion of the Putāruru business area.  
*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### Targeted Rate on a Uniform Basis:

- A targeted rate charged on a uniform basis of \$241.00 on every separate rating unit located within the area shown on the Putāruru business rate area rating map.
- Rating units with an improvements value of \$10,000 or less will have a uniform targeted rate of \$0.00. Improvements value is calculated as the capital value of the rating unit minus the land value of the rating unit.
- The targeted rate on a uniform basis is expected to produce \$34,160 (excluding GST) for the promotion of the Putāruru business area.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### Tīrau Ward charge

A targeted rate charged on a uniform basis at \$43.31 on every separate rating unit within the Tīrau ward as defined on SWDC plan 2021. The rate is expected to produce \$38,267 (excluding GST) for the activity of the Tīrau Community Board and the provision of CCTV cameras.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### Putāruru Ward charge

A targeted rate charged on a uniform basis at \$33.69 on every separate rating unit within the Putāruru ward as defined on SWDC plan 2021. The rate is expected to produce \$80,240 (excluding GST) for Putāruru promotion activities and the provision of CCTV cameras.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

### Tokoroa Ward charge

A targeted rate charged on a uniform basis at \$4.00 on every separate rating unit within the Tokoroa ward as defined on SWDC plan 2021. The rate is expected to produce \$20,640 (excluding GST) for Tokoroa promotion activities and the provision of CCTV cameras.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002).*

### Hall charges

A targeted rate on a uniform basis on every separate rating unit within the hall area as defined on the SWDC plan stated. The rates will be used for providing a hall in the respective area.

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

Hall Rating Area	Uniform Annual Charge GST Incl	Rate Expected to Produce GST Excl	SWDC Plan
Arapuni	\$ 111.41	\$ 16,178	2584
Lichfield	\$ 28.46	\$ 4,751	2584
Puketurua	\$ 89.77	\$ 9,445	2584
Piarere	\$ 13.83	\$ 950	2584
Tapapa-Okoroire	\$ 51.26	\$ 10,251	2584
Upper Atiamuri	\$ 258.40	\$ 7,415	2584
Waotu	\$ 66.11	\$ 7,186	2584

## Hall rating

Note that the Plaza in Putāruru and the Tīrau Hall are funded through General Rates and the Uniform Annual General Charge.

## Clean Heat

A targeted rate charged on a uniform basis as show in the table below, based on the extent of service provided. The rate is calculated as cents per dollar (a percentage) of the initial cost of providing the service to a property and is charged for nine years. Different rates apply to a property depending on the rating year in which the clean heat rate starts/started. The rate is expected to produce \$200,000 (excluding GST).

First year rated	Final rating year	Rate: cents per dollar
2023-24	2033-32	12.44248
2022-23	2030-31	12.44248
2021-22	2029-30	12.44248
2020-21	2028-29	12.58110
2019-20	2027-28	12.72321
2018-19	2026-27	12.86891
2017-18	2025-26	13.01825
2016-17	2024-25	13.17134
2015-16	2023-24	13.32829

*(Pursuant to Section 16 of the Local Government (Rating) Act 2002)*

The Clean Heat targeted rate applies to services that have been provided under Councils 'Heat Swap', 'Buy Now Pay Later' and 'Split the Bill' schemes.

## Due dates for payment of rates

Instalment No	Period	Invoice Date	Date for last day of payment (before penalties apply)
1	Jul – Sept 2023	1 August 2023	7 September 2023
2	Oct – Dec 2023	1 November 2023	7 December 2023
3	Jan – Mar 2024	1 February 2024	7 March 2024
4	Apr – June 2024	1 May 2024	7 June 2024

## Additional charges (penalties)

An additional charge of 10% is to be added to all rates levied in respect of the 2023-24 financial year and which, although due, remain unpaid on the following dates:

Instalment No 1	7 September 2023
Instalment No 2	7 December 2023
Instalment No 3	7 March 2024
Instalment No 4	7 June 2024

A further additional charge of 8% is to be added to all rates levied in any financial year prior to the 2023-2024 financial year and which remain unpaid on 7 December 2023.

A further additional charge of 8% is to be added to all rates levied in any financial year prior to the 2023-2024 financial year and which remain unpaid on 7 June 2024.

*(Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002)*

### **Due dates for payment of invoices for metered water rates**

Invoices for rates relating to water consumed in excess of allowances as detailed in section 1.5 Water Supply will be issued separately on 31 August 2023, 30 November 2023, 28 February 2024, and 31 May 2024, with due dates for payment of 20 September 2023, 20 December 2023, 20 March 2024 and 20 June 2024 respectively.

### **Payment of rates**

#### **Rates shall be payable at any of the following locations:**

Tokoroa Office, Torphin Crescent, Tokoroa.

Putāruru Office, Overdale Street, Putāruru.

Tīrau Information Centre (The Dog), Main Road, Tīrau

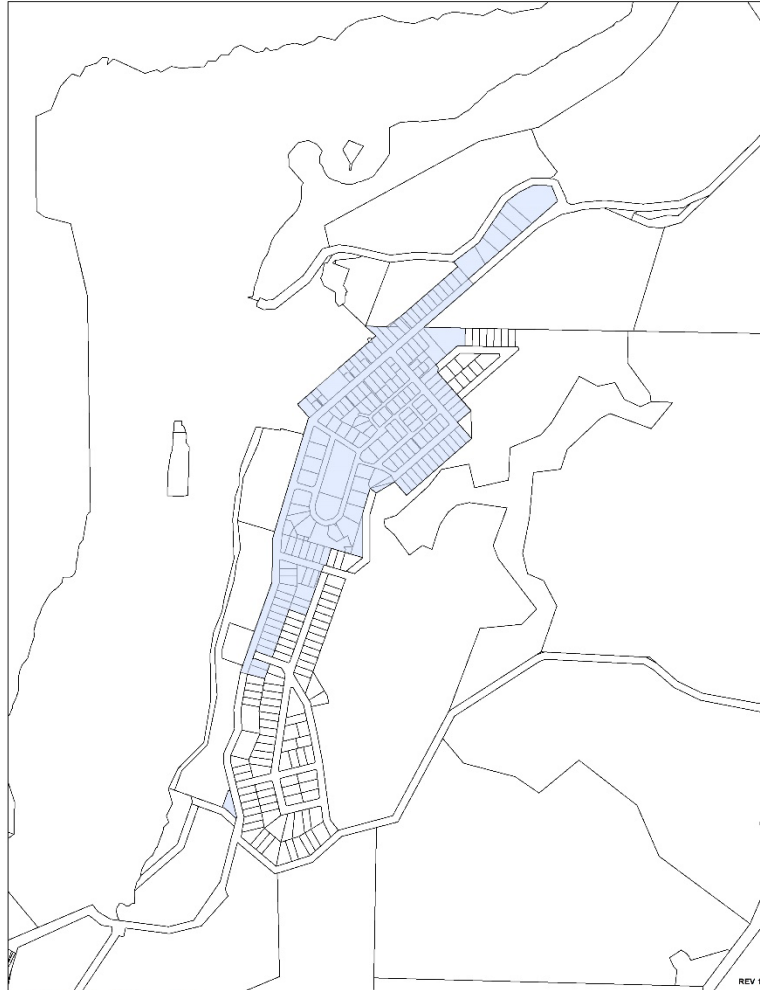
Payment may also be made electronically via the ratepayer's banks Bill Payments system (we are pre-registered with all major banks), or by direct credit to Council's bank: BNZ 02 0464 0103382 00 (ensuring property valuation number or water account number is referenced), or by credit card (Visa or Mastercard), POLi or Real Time Debit via Council's website ([www.southwaikato.govt.nz](http://www.southwaikato.govt.nz)).

## Rates examples:

Please note these are examples using an average property value. The residential examples assume a property with a single dwelling with all services such as water supply, wastewater and refuse collection. The farm and lifestyle examples assume a property with none of these services with the lifestyle property example assuming one dwelling only and the farm examples two dwellings.

Rates Examples (GST Inclusive)	Long Term Plan Y1 2021/22	Long Term Plan Y2 2022/23	Long Term Plan Y3 2023/24
<b>Tokoroa Urban Residential</b>			
Average Property Value	\$204,000	\$380,000	\$380,000
Total Annual Rates	\$2,321	\$2,682	\$3,217
Change per week			\$10.30
<b>Putāruru Urban Residential</b>			
Average Property Value	\$304,000	\$475,000	\$475,000
Total Annual Rates	\$2,639	\$2,979	\$3,566
Change per week			\$11.28
<b>Tirau Urban Residential</b>			
Average Property Value	\$381,000	\$555,000	\$555,000
Total Annual Rates	\$2,882	\$3,218	\$3,844
Change per week			\$12.05
<b>Arapuni Urban Residential</b>			
Average Property Value	\$314,000	\$485,000	\$485,000
Total Annual Rates	\$2,776	\$3,108	\$3,711
Change per week			\$11.59
<b>Tokoroa Ward Farm - two dwellings</b>			
Average Property Value	\$5,525,000	\$4,917,000	\$4,917,000
Total Annual Rates	\$16,471	\$13,776	\$16,002
Change per week			\$42.80
<b>Putāruru Ward Farm - two dwellings</b>			
Average Property Value	\$4,179,000	\$3,620,000	\$3,620,000
Total Annual Rates	\$12,722	\$10,373	\$12,067
Change per week			\$32.57
<b>Tirau Ward Farm - two dwellings</b>			
Average Property Value	\$4,094,000	\$3,889,000	\$3,889,000
Total Annual Rates	\$12,489	\$11,093	\$12,899
Change per week			\$34.72
<b>Tokoroa Lifestyle</b>			
Average Property Value	\$526,000	\$730,000	\$730,000
Total Annual Rates	\$2,009	\$2,323	\$2,720
Change per week			\$7.63
<b>Putāruru Lifestyle</b>			
Average Property Value	\$564,000	\$750,000	\$750,000
Total Annual Rates	\$2,123	\$2,401	\$2,810
Change per week			\$7.88
<b>Tirau Lifestyle</b>			
Average Property Value	\$636,000	\$810,000	\$810,000
Total Annual Rates	\$2,327	\$2,569	\$3,003
Change per week			\$8.36

ARAPUNI WATER  
RATING AREA 2592

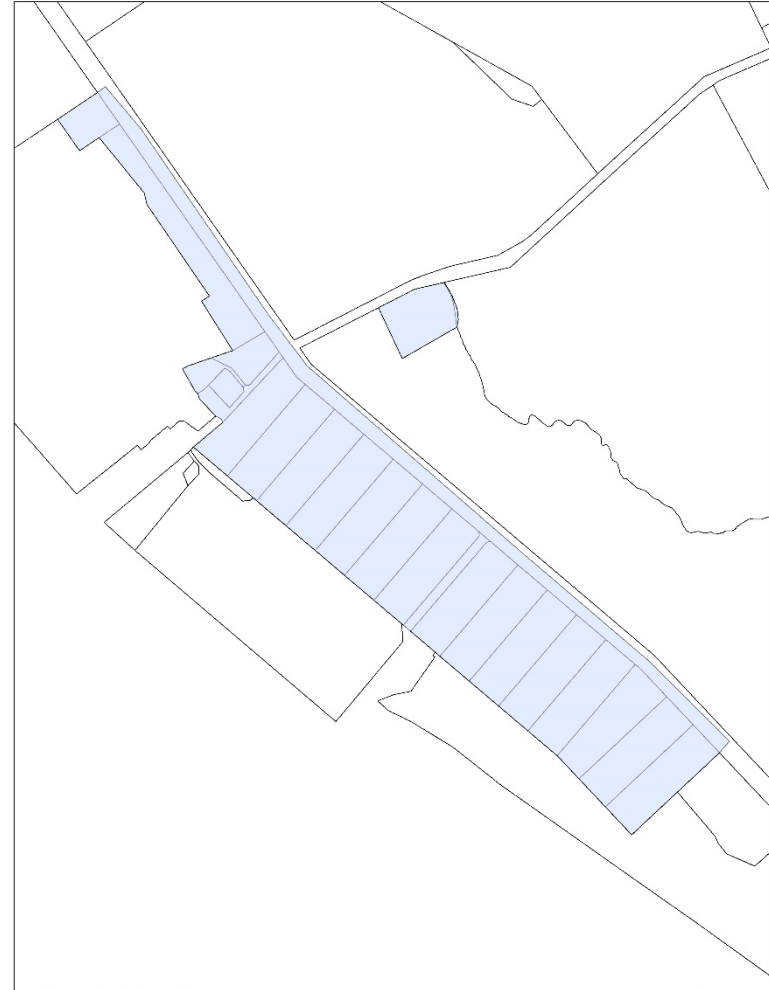


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REV 1

ATHOL WATER  
RATING AREA 2594



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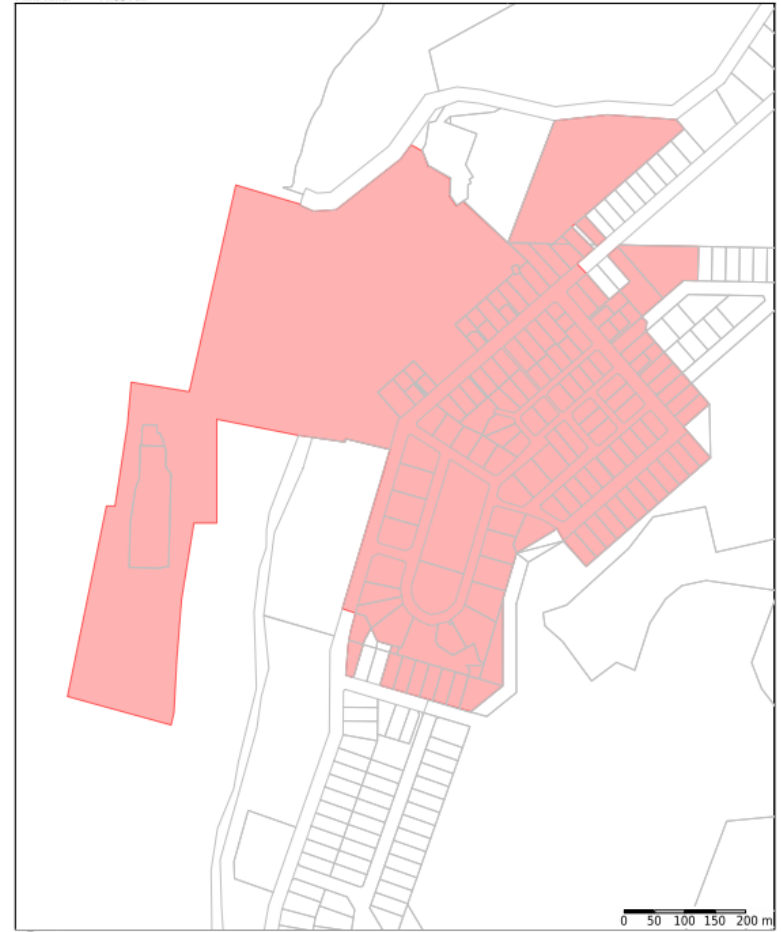
ARAPUNI STORMWATER  
RATING AREA 321



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ARAPUNI WASTEWATER  
RATING AREA 2593

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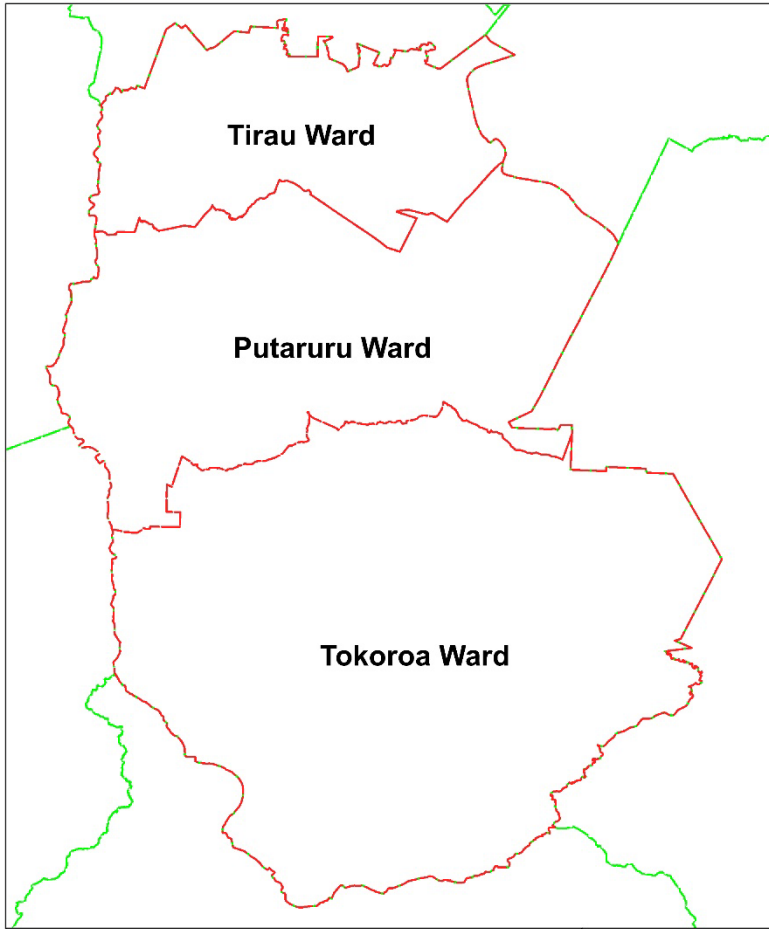


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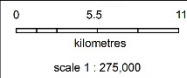
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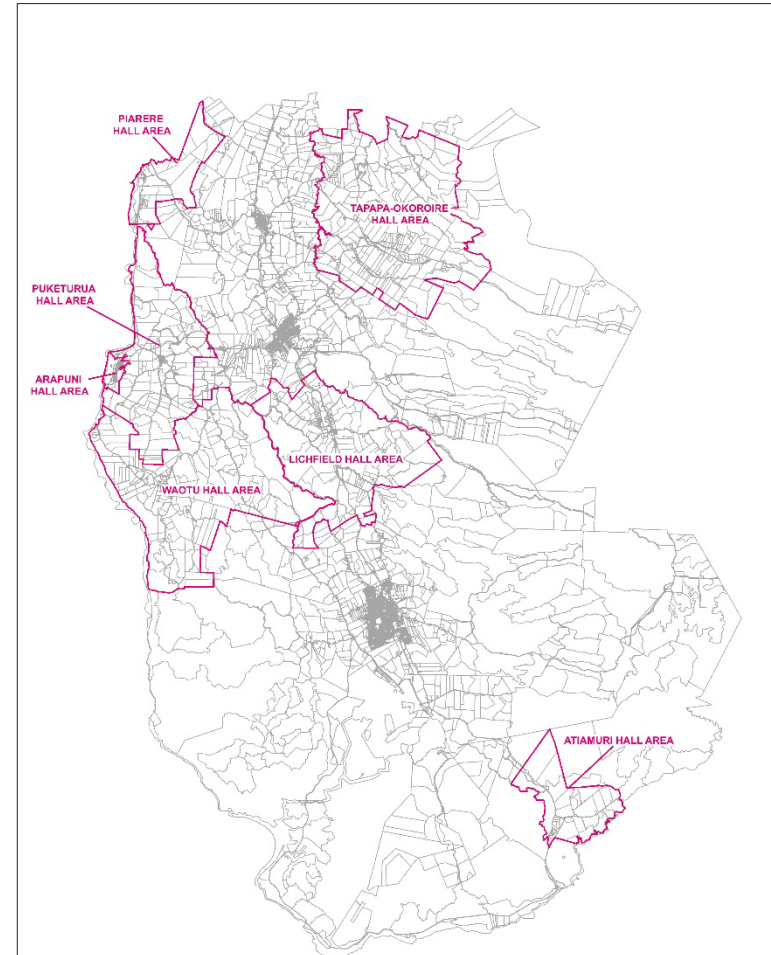
DISTRICT WARDS  
SWDC 2021 BOUNDARY



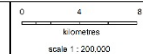
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HALL RATING AREAS 2584



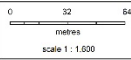
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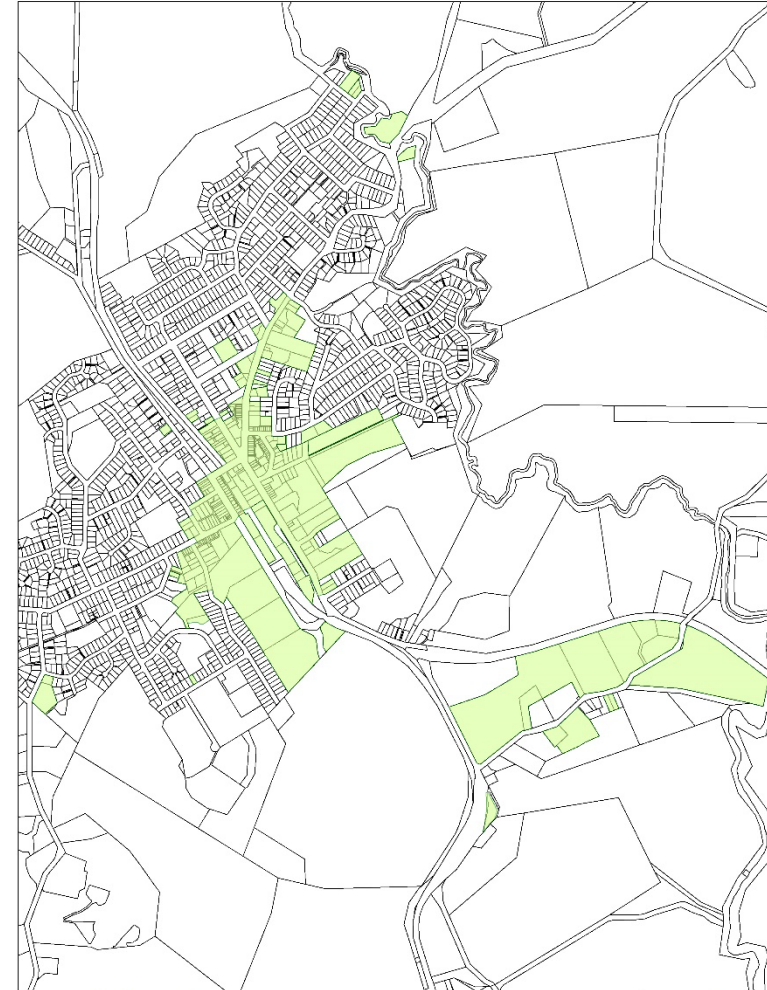
LICHFIELD WATER  
RATING AREA 2595



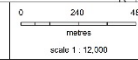
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PUTARURU BUSINESS RATE AREA



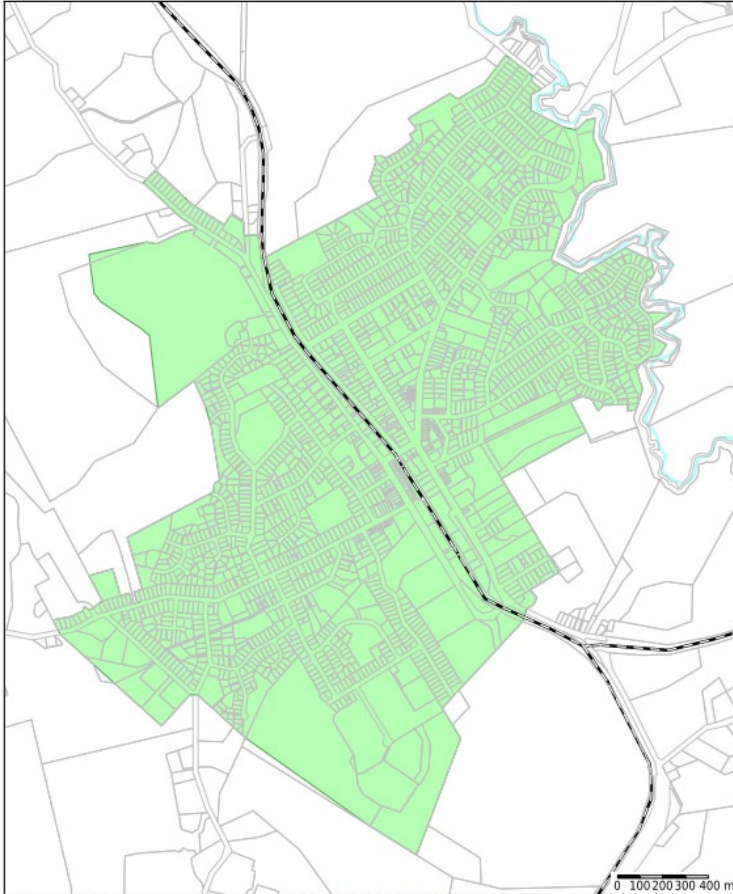
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**PUTARURU STORMWATER  
RATING AREA 319**



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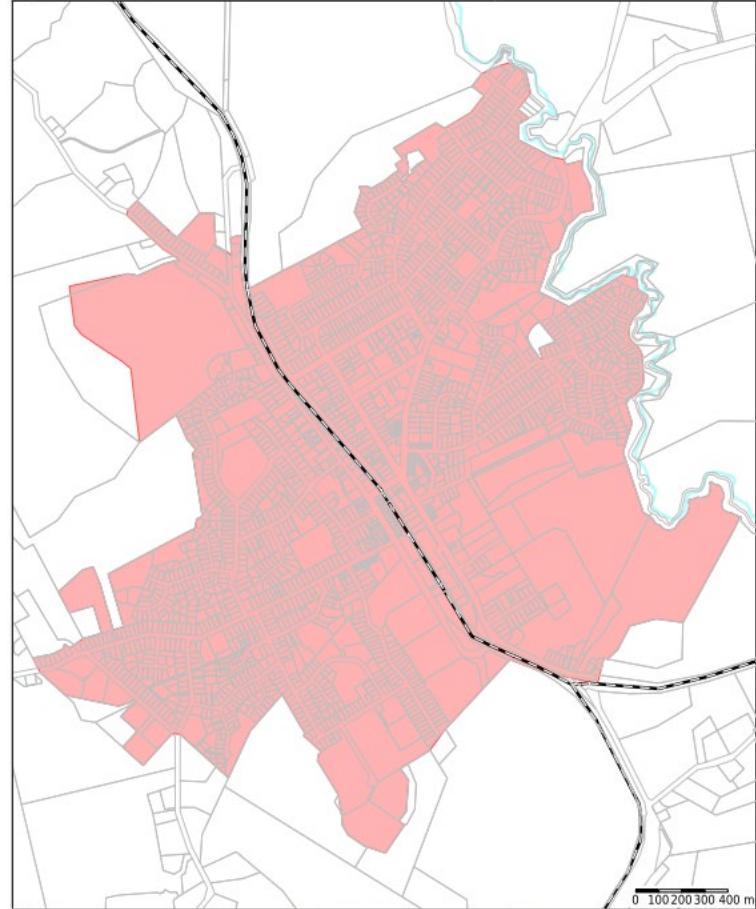
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**PUTARURU WASTEWATER  
RATING AREA 2588**



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# PUTARURU WATER Rating Area 2589

Print Date: 6/13/2022  
Print Time: 12:39 PM



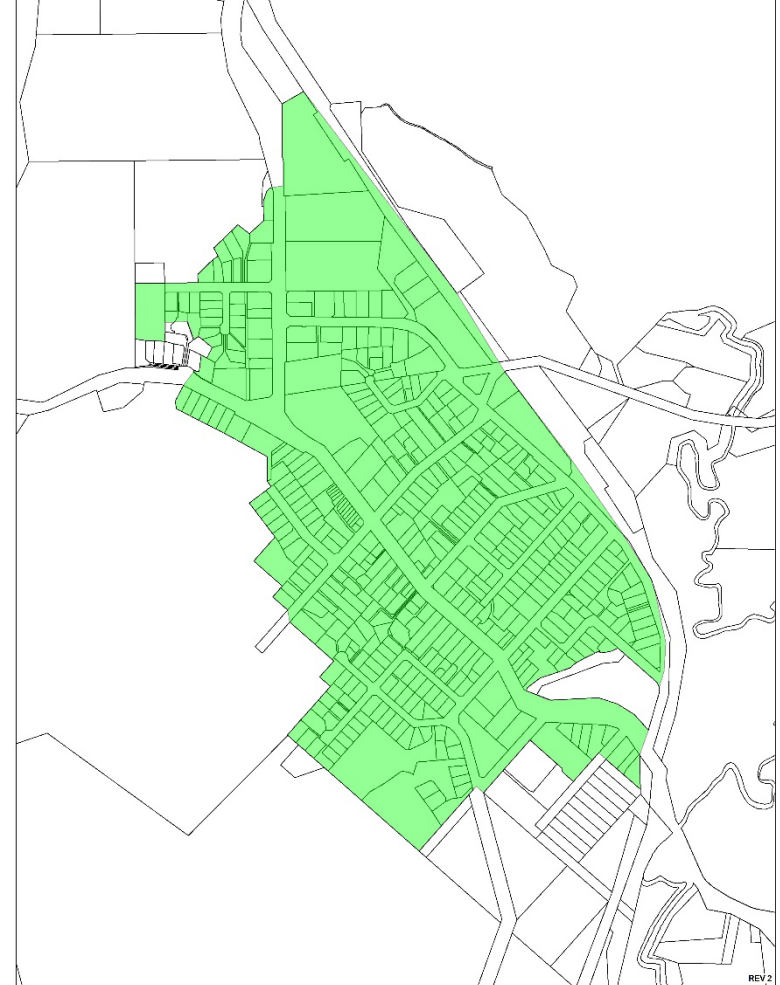
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Original Sheet Size A4

Projection: NZGD2000 / New Zealand Transverse Mercator 2000  
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# TIRAU STORMWATER RATING AREA 320

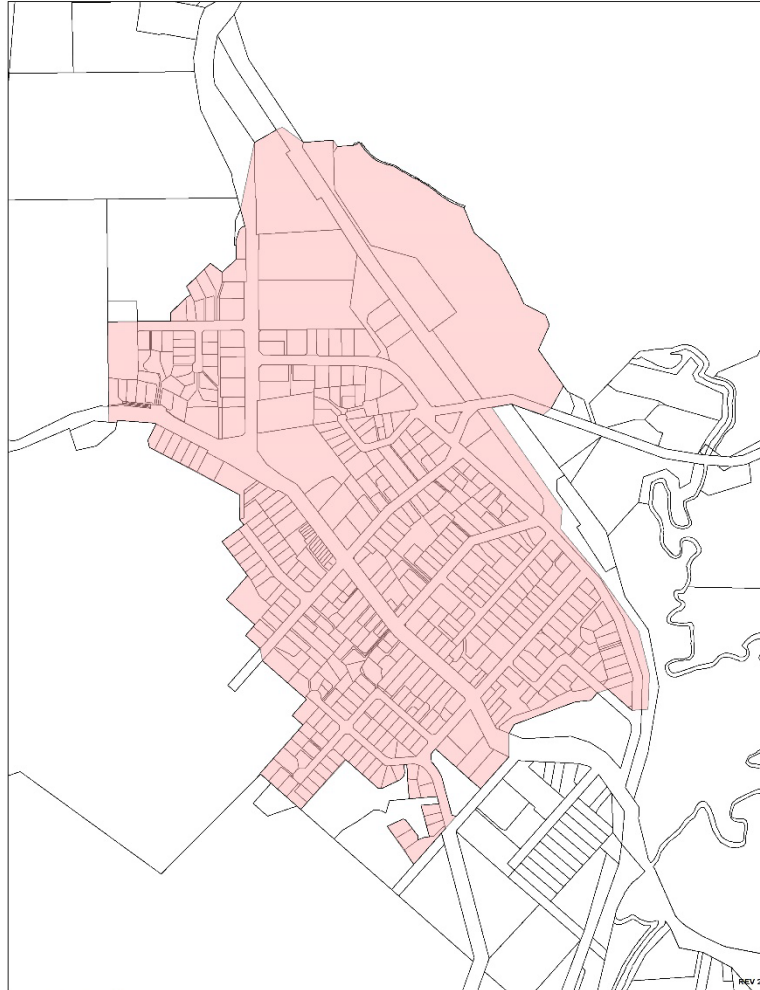


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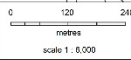
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Bounds: 1841346.48676242, 5781617.90699331, 1847024.20502278, 5788542.04365229

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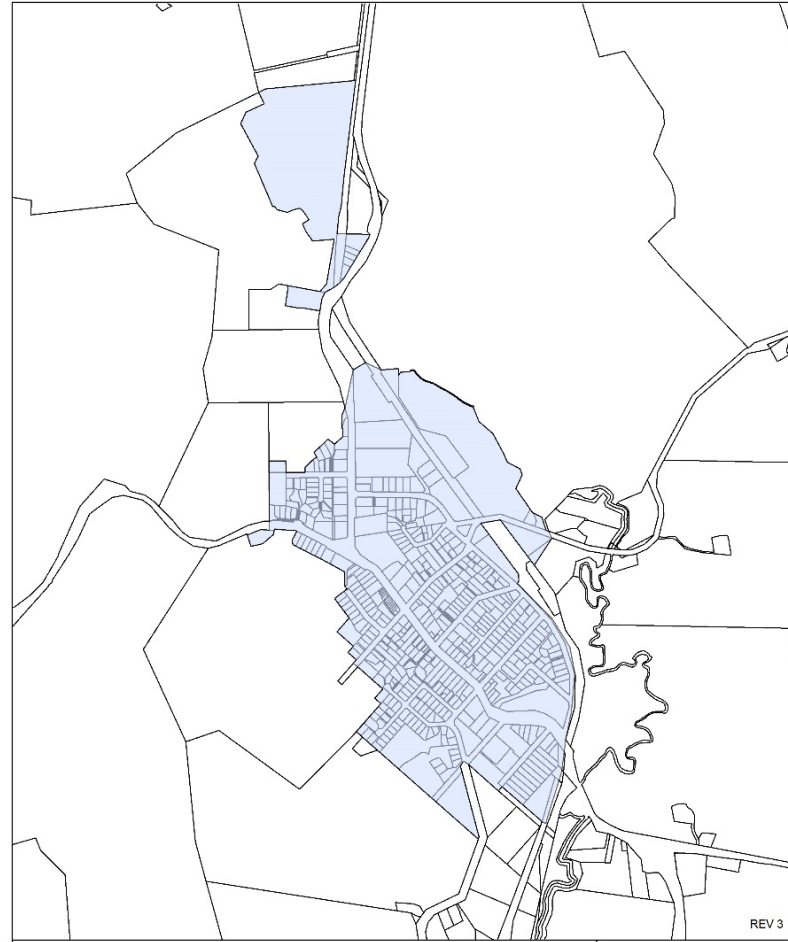
TIRAU WASTEWATER  
RATING AREA 2590



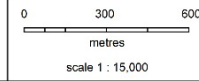
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TIRAU WATER  
RATING AREA 2591

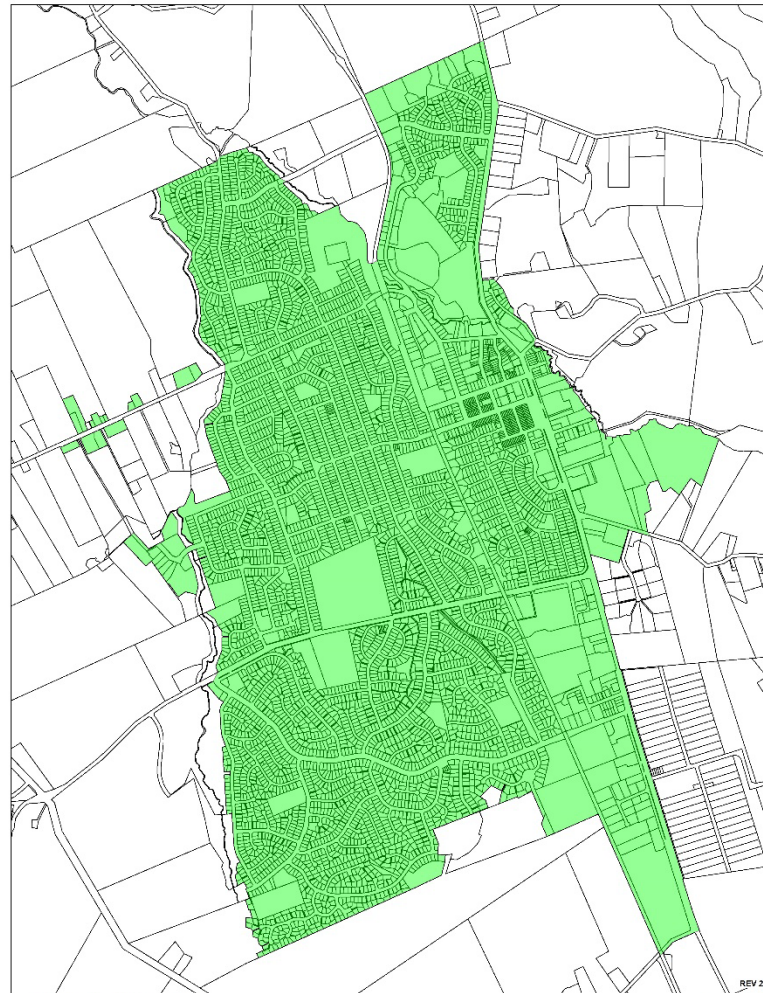


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TOKOROA STORMWATER  
RATING AREA 318

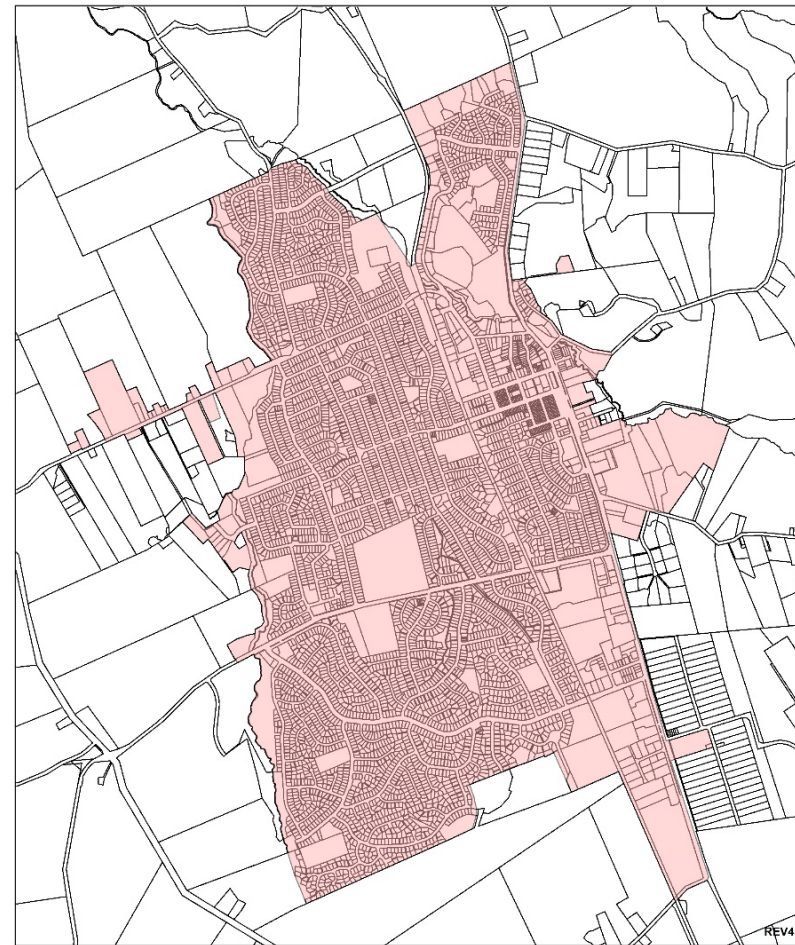


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REV 21

TOKOROA WASTEWATER  
RATING AREA 2586



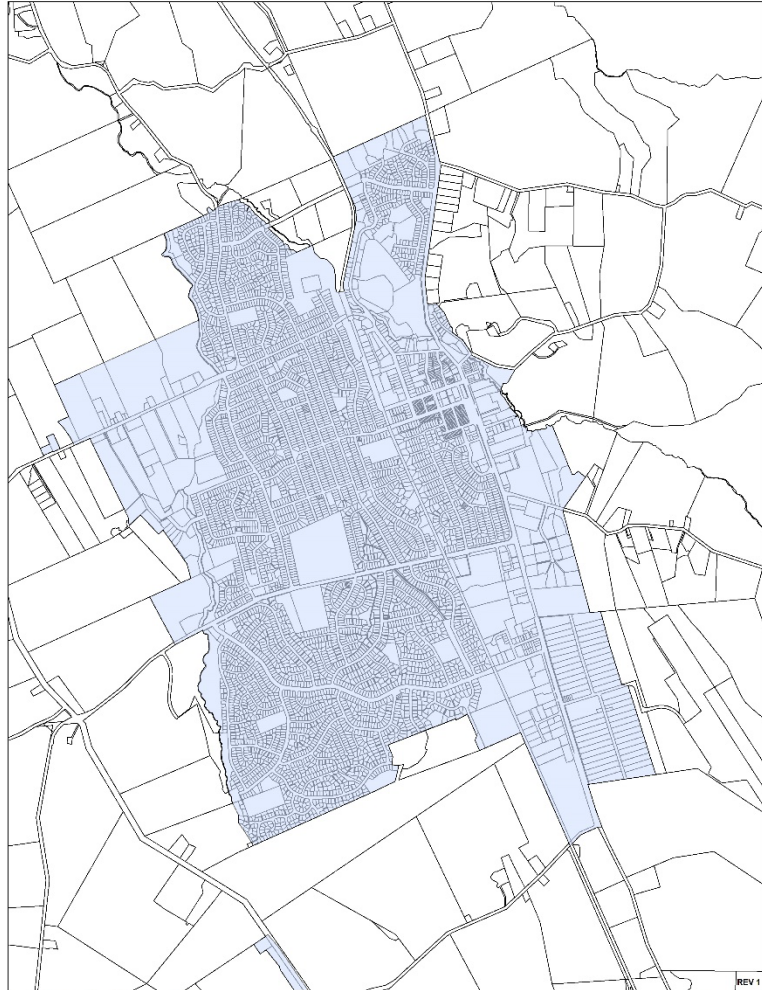
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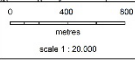
REV4



TOKOROA WATER  
RATING AREA 2587



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## Financial Prudence Benchmark Disclosure for the year ending June 2024

### What is the purpose of this statement?

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

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

Benchmark		Planned	Met
Rates affordability benchmark			
- income	no more than 6% average	7%	No
- increases	no more than 9%	18.5%	No
Debt affordability benchmark	175% debt to revenue ratio	68%	Yes
Balanced budget benchmark	100%	97%	No
Essential services benchmark	100%	192%	Yes
Debt servicing benchmark	10%	3%	Yes

### Rates affordability benchmark

- (1) For this benchmark:
- the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and
  - the Council's planned rates increases for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan.
- (2) The Council meets the rates affordability benchmark if:
- its planned rates income for the year equals or is less than each quantified limit on rates; and
  - its planned rates increases for the year equal or are less than each quantified limit on rates increases.

### Debt affordability benchmark

(1) For this benchmark, the Council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the Council's Long Term Plan.

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

### Balanced budget benchmark

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

(2) The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

### Essential services benchmark

(1) For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.

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

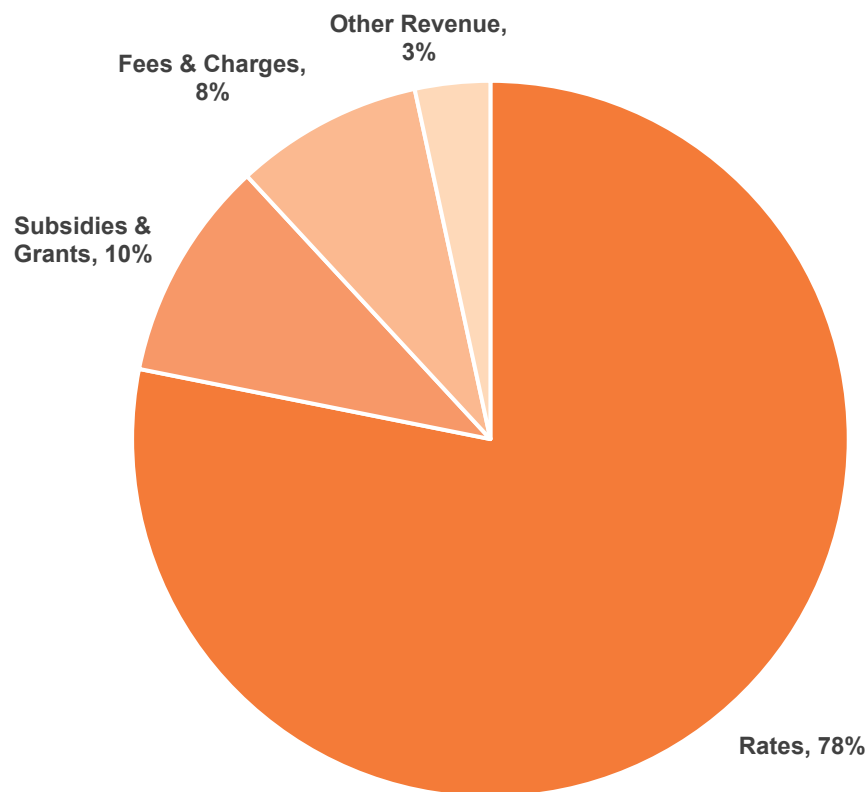
### Debt servicing benchmark

(1) For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

(2) Because Statistics New Zealand projects that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue

## Where will Council receive funding from in 2023-2024?

### Where will Council's funding come from in 2023-24?



Source	Examples
<b>Subsidies and Grants</b>	Council collects from government agencies like the New Zealand Transport Agency for roading projects and maintenance.
<b>Fees and Charges</b>	Council collects from things like pool entry, library charges, dog registrations, building consent fees etc.
<b>Development Contributions</b>	Council charges developers for growth related infrastructure required for new residential and business development.
<b>Other Income</b>	Council receives income from investments as well as a small amount of other income from a number of sources, such as rate penalties.
<b>Rates</b>	Council collects from you via your rates bill.

## Forecast Financial Statements and Reserves | Ngā matapae tauāki pūtea me ngā pūtea penapena

### Statement of Comprehensive Revenue and Expense as at 30 June

	2022-23	2023-24	2023-24
Prospective Statement of Comprehensive Revenue and Expenses	Annual Plan	Long Term Plan	Annual Plan
Forecast for the year ending 30 June 2024	\$000s	\$000s	\$000s
<b>Revenue</b>			
Rates revenue	33,473	35,804	40,468
Development and financial contributions	227	344	437
Subsidies and grants	4,879	5,212	5,168
Fees and charges	4,883	6,149	4,397
Finance revenue	370	362	431
Other revenue	2,155	2,146	889
<b>Total revenue</b>	<b>45,988</b>	<b>50,017</b>	<b>51,790</b>
<b>Expenditure</b>			
Personnel costs	12,476	12,265	12,944
Finance expenses	818	1,377	1,727
Depreciation and amortisation	9,640	10,592	10,422
Other expenses	25,507	25,774	27,871
<b>Total expenditure</b>	<b>48,441</b>	<b>50,008</b>	<b>52,964</b>
<b>Net surplus/(deficit)</b>	<b>(2,454)</b>	<b>9</b>	<b>(1,174)</b>
<b>Other comprehensive income</b>			
Increase in asset revaluation reserves	19,558	2,054	40,000
<b>Total other comprehensive revenue and expenses</b>	<b>19,558</b>	<b>2,054</b>	<b>40,000</b>
<b>Total comprehensive revenue and expense</b>	<b>17,105</b>	<b>2,063</b>	<b>38,826</b>

## Prospective Statement of Cashflows

Prospective Statement of Cash Flows Forecast for the year ending 30 June 2024	2022-23 Annual Plan \$000s	2023-24 Long Term Plan \$000s	2023-24 Annual Plan \$000s
<b>Cash flows from operating activities</b>			
Rates	33,473	35,804	40,468
Subsidies and grants	4,879	5,212	5,168
Development and financial contributions	227	344	437
Finance revenue	370	362	30
Fees, charges and other revenue	7,038	8,295	5,286
Finance expenses	(818)	(1,377)	(1,727)
Cash disbursed to suppliers and employees	(37,983)	(38,038)	(40,815)
<b>Cash flows from operating activities</b>	<b>7,186</b>	<b>10,602</b>	<b>8,847</b>
<b>Cash flows from investing activities</b>			
Proceeds from investments	681	665	401
Purchase/(withdrawal) of investments	-	1,002	(131)
Property, plant & equipment acquired	(16,355)	(38,868)	(27,617)
<b>Cash flows from investing activities</b>	<b>(15,674)</b>	<b>(37,201)</b>	<b>(27,347)</b>
<b>Cash flows from financing activities</b>			
Loans raised	7,697	30,056	24,500
Loans repaid	(2,393)	(2,858)	(6,000)
<b>Cash flows from financing activities</b>	<b>5,304</b>	<b>27,198</b>	<b>18,500</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,184)</b>	<b>599</b>	<b>-</b>
Cash and cash equivalents at start of year	5,986	836	1,435
<b>Cash and cash equivalents at end of year</b>	<b>2,802</b>	<b>1,435</b>	<b>1,435</b>

## Prospective Statement of Changes in Net Assets/Equity

	2022-23	2023-24	2023-24
	Annual Plan	Long Term Plan	Annual Plan
	\$000s	\$000s	\$000s
<b>Prospective Statement of Changes in Equity Forecast for the year ending 30 June 2024</b>			
<b>Equity at beginning of year</b>	<b>453,368</b>	<b>497,350</b>	<b>621,312</b>
Net surplus/(deficit)	17,105	2,063	38,826
<b>Total equity at end of year</b>	<b>470,473</b>	<b>499,413</b>	<b>660,138</b>
<b>Components of equity</b>			
<b>Accumulated surplus/(deficit) at beginning of year</b>	<b>162,560</b>	<b>168,447</b>	<b>163,532</b>
Net surplus/(deficit)	(2,454)	9	(1,174)
Net other movements	3,865	924	440
<b>Accumulated surplus/(deficits) at end of year</b>	<b>163,972</b>	<b>169,380</b>	<b>162,798</b>
<b>Council created reserves at beginning of year</b>	<b>1,077</b>	<b>(1,404)</b>	<b>(3,039)</b>
Transfers to/(from) reserves	1	(230)	(314)
<b>Council created reserves at end of year</b>	<b>1,078</b>	<b>(1,634)</b>	<b>(3,353)</b>
<b>Restricted reserves at beginning of year</b>	<b>27,294</b>	<b>23,300</b>	<b>15,096</b>
Movements	(3,866)	(694)	(125)
<b>Restricted reserves at end of year</b>	<b>23,428</b>	<b>22,606</b>	<b>14,970</b>
<b>Revaluation reserves at beginning of year</b>	<b>262,427</b>	<b>307,007</b>	<b>445,724</b>
Revaluation surplus/(deficit)	19,558	2,054	40,000
<b>Revaluation reserves at end of year</b>	<b>281,985</b>	<b>309,061</b>	<b>485,724</b>
<b>Total equity at end of year</b>	<b>470,463</b>	<b>499,413</b>	<b>660,138</b>



## Prospective Statement of Financial Position as at 30 June

Prospective Statement of Financial Position Forecast as at 30 June 2024	2022-23 Annual Plan \$000s	2023-24 Long Term Plan \$000s	2023-24 Annual Plan \$000s
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,803	1,435	1,435
Receivables	4,540	3,680	3,680
Inventory	171	171	171
<b>Total current assets</b>	<b>7,514</b>	<b>5,286</b>	<b>5,286</b>
<b>Non-current assets</b>			
Property, plant and equipment	493,303	555,080	699,827
Other financial assets	22,548	22,972	16,575
Intangible assets	328	328	328
<b>Total non-current assets</b>	<b>516,179</b>	<b>578,380</b>	<b>716,730</b>
<b>Total assets</b>	<b>523,693</b>	<b>583,666</b>	<b>722,016</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and deferred revenue	5,965	7,085	7,085
Employee entitlements - current	609	893	893
Borrowings - current	1,904	3,226	6,000
Provisions	748	968	50
<b>Total current liabilities</b>	<b>9,226</b>	<b>12,172</b>	<b>14,028</b>
<b>Non-current liabilities</b>			
Employee entitlements	248	250	250
Provisions	873	677	600
Borrowings	42,883	71,154	47,000
<b>Total non-current liabilities</b>	<b>44,004</b>	<b>72,081</b>	<b>47,850</b>
<b>Total liabilities</b>	<b>53,230</b>	<b>84,253</b>	<b>61,878</b>
<b>Net assets</b>	<b>470,463</b>	<b>499,413</b>	<b>660,138</b>
<b>EQUITY</b>			
Accumulated funds	163,972	169,380	162,798
Council created reserves	1,078	(1,634)	(3,353)
Restricted reserves	23,428	22,606	14,970
Asset revaluation reserves	278,569	305,645	482,308
Investment revaluation reserves	3,416	3,416	3,416
<b>Total equity</b>	<b>470,463</b>	<b>499,413</b>	<b>660,138</b>

## Whole of Council Funding Impact Statement

	2022-23 Annual Plan \$000s	2023-24 Long Term Plan \$000s	2023-24 Annual Plan \$000s
<b>Prospective Whole of Council Funding Impact Statement Forecast for the year ending 30 June 2024</b>			
<b>Sources of operating funding</b>			
General Rates, Uniform Annual General Charges, rates penalties	22,813	23,321	26,667
Targeted Rates	10,319	12,123	13,446
Subsidies & grants for operating purposes	2,558	2,980	3,053
Fees, charges & targeted rates for water supply	5,179	6,456	4,752
Interest & dividends from investments	711	695	431
Local authorities fuel tax, fines, infringement fees, and other receipts	494	707	889
<b>Total operating funding (A)</b>	<b>42,074</b>	<b>46,282</b>	<b>49,238</b>
<b>Application of operating funding</b>			
Payments of staff & suppliers	34,746	34,847	40,396
Finance Costs	818	1,376	1,727
Other operating funding applications	1,605	1,570	990
<b>Total application of operating funding (B)</b>	<b>37,169</b>	<b>37,793</b>	<b>43,113</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>4,905</b>	<b>8,489</b>	<b>6,125</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	2,052	1,761	2,115
Development & financial contributions	227	344	437
Increase (decrease) in debt	5,305	27,197	18,500
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>7,584</b>	<b>29,302</b>	<b>21,052</b>
<b>Application of capital funding</b>			
Capital expenditure:			
- to meet additional demand	2,931	2,516	6,936
- to improve the level of services	6,335	20,480	7,999
- to replace existing assets	7,089	15,871	12,683
Increase (decrease) in reserves	(3,866)	(1,076)	(440)
Increase (decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>12,489</b>	<b>37,791</b>	<b>27,177</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(4,905)</b>	<b>(8,489)</b>	<b>(6,125)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Prospective Statement of Reserves as at 30 June

Prospective Reserve Movements Forecast for the year ending 30 June 2024	Note	Opening Balance \$000s	Transfers in \$000s	Transfers out \$000s	Closing Balance \$000s
<b>Council created reserves</b>					
Pensioner housing	A	(807)	-	(91)	(898)
Roading - extra NZTA subsidy	B	(966)	-	-	(966)
Riverside access	C	428	-	-	428
National waste levy	D	242	450	(450)	242
Financial contributions - roading	E	436	-	-	436
Financial contributions - reserves	E	71	-	-	71
Financial contributions - stormwater	E	2	-	-	2
Financial contributions - water	E	1	-	-	1
Financial contributions - wastewater	E	16	-	-	16
Forestry / airport	F	629	-	-	629
Land purchase	G	(2,843)	-	(223)	(3,066)
Whakamaru forestry	H	47	-	-	47
Solid waste ringfencing	I	(295)	-	-	(295)
<b>Total Council created reserves</b>		<b>(3,039)</b>	<b>450</b>	<b>(764)</b>	<b>(3,353)</b>
<b>Asset replacement reserves</b>					
General	J	(60)	244	(309)	(125)
Water	J	2,657	670	(855)	2,472
Wastewater	J	3,652	1,131	(643)	4,140
Stormwater	J	5,991	235	(650)	5,577
Refuse disposal	J	(168)	168	(156)	(156)
The Plaza	J	37	16	-	53
Vehicles	J	(16)	137	(300)	(179)
Toilets	J	(124)	49	(92)	(167)
Sport and events centre	J	952	109	(85)	976
Sportsgrounds	J	35	97	(464)	(332)
Parks and reserves	J	(157)	551	(315)	78
Cemeteries	J	(18)	43	(42)	(17)

<b>Prospective Reserve Movements</b>	<b>Note</b>	<b>Opening Balance</b>	<b>Transfers in</b>	<b>Transfers out</b>	<b>Closing Balance</b>
<b>Forecast for the year ending 30 June 2024</b>		<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>	<b>\$000s</b>
Libraries	J	(42)	-	-	(42)
Pools	J	(52)	324	-	272
Bridges	J	709	-	-	709
General properties	J	37	309	(297)	50
Putaruru CCTV	J	46	-	-	46
Tokoroa CCTV	J	33	8	-	41
Information services	J	(2)	-	-	(2)
District recycling	J	163	15	(27)	151
<b>Total asset replacement reserves</b>		<b>13,674</b>	<b>4,106</b>	<b>(4,235)</b>	<b>13,544</b>
<b>Restricted reserves</b>					
Water	K	950	3,678	(3,678)	950
Wastewater	K	1,135	6,851	(6,851)	1,135
Stormwater	K	(349)	930	(930)	(349)
Refuse collection	K	(287)	1,357	(1,357)	(287)
Piarere Hall	K	-	1	(1)	-
Upper Atiamuri Hall	K	(14)	9	(7)	(12)
Puketurua Hall	K	13	10	(10)	13
Waotu Hall	K	1	7	(7)	1
Lichfield Hall	K	7	5	(5)	7
Arapuni Hall	K	25	16	(16)	24
Tapapa Hall	K	22	12	(10)	24
Tirau Community Board	K	7	21	(21)	7
Tirau CCTV	K	14	17	(17)	14
Tokoroa CBD	K	185	21	(21)	185
Putaruru Promotion (CCTV)	K	58	80	(80)	58
Putaruru CBD	K	18	68	(68)	18
District recycling	K	(363)	520	(520)	(363)
<b>Total restricted reserves</b>		<b>1,422</b>	<b>13,603</b>	<b>(13,599)</b>	<b>1,426</b>
<b>Total reserves</b>		<b>12,057</b>	<b>18,159</b>	<b>(18,599)</b>	<b>11,617</b>

## Purpose of reserves

- A. Pensioner housing - Manage the surpluses and deficits from the pensioner housing activity, when more or less rental is collected than is required to fund the annual expenditure of the pensioner houses.
- B. Roading - extra NZTA Subsidy - Created from additional subsidy provided from NZTA as a result of the change in the subsidy rates. The reserve will be used to fund part of the roading programme in future years.
- C. Riverside access - Manage sale of proceeds from certain stopped roads. This is to be used for opening up areas to public access in the South Waikato district.
- D. National waste levy - Manage the funds distributed by government from the national waste levy.
- E. Financial contributions - Manage financial contributions levied from the development of subdivisions to provide infrastructure.
- F. Forestry/Airport - To ring fence the proceeds of the sale of harvested logs near the airport to be used in the future to fund the replacement of the runway and maintenance of the planted forest.
- G. Land purchase - To ring fence the loan costs from the purchase of strategic land. When this land is sold, the proceeds will be applied against this reserve.
- H. Whakamaru Forestry - To ring fence the proceeds of the sale of trees from the Whakamaru reserve to be used in the future at the reserve.
- I. Solid waste ringfencing - The Tokoroa landfill was closed in October 2020. The increased fees which were applied from 1 March 2019 were to fund additional operating costs from 1 March to its closure. This reserve is being used to ring fence the costs associated with the Tokoroa landfill and Tokoroa transfer station.
- J. Asset replacement reserves - These accumulate funds from rates and are used for the future capital funding for the replacement of assets. Each major activity group has their own depreciation reserve so that the funds from each can be applied to the appropriate activity's capital expenditure.
- K. Restricted (targeted rate) reserves - Targeted rate reserves are used to manage the surpluses and deficits of specific targeted activities such as water, stormwater, wastewater and halls that arise when more or less rates revenue is collected to fund the annual expenditure of that activity. This ensures that rates collected from a certain group of targeted rate payers can only be used for the benefit of that group.

## Statement of accounting policies | Te tauàkì ò ngà kaupapa here

### Reporting entity

The South Waikato District Council (Council) is a territorial authority governed by the Local Government Act 2002 and is domiciled in New Zealand. The primary objective of Council is to provide services and social benefits to the community rather than making a financial return. Accordingly, Council has designated itself as a public benefit entity for the purposes of financial reporting.

### Basis of preparation.

#### Statement of compliance

The prospective financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The prospective financial statements comply with Tier 1 Public Benefit Entity (PBE) Standards.

### Measurement base

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

### Functional and presentation currency

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

The accounting policies set out below have been applied consistently for all periods presented in these financial statements.

### Changes in accounting policies

There have been no changes in accounting policies.

## Significant accounting policies

### Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Council and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services in the normal course of business, net of discounts and sales related taxes. The following specific recognition criteria must also be met before revenue is recognised.

### Revenue from non-exchange transactions

#### Rates

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates charged to Council properties are excluded from rates income in the profit or loss.

#### Water rates

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

### Government grants

Government grants are recognised when:

- claimed, for work completed on previously approved programmes
- eligibility has been established by the grantor.

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. These subsidies are recognised upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.



**Provision of services**

Revenue from the provision of services (fees and charges) are recognised as income when the obligation to pay, by reference to the stage of completion of the transaction at balance date, arises.

**Interest and dividends**

Interest income is recognised as it accrues using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Dividends are recognised as revenue when the right to receive payment have been established.

**Vested assets**

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

**Financial contributions borrowing costs**

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

All borrowing costs are recognised as an expense in the period in which they are incurred.

**Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

**Cost allocation policy**

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information. Direct costs are those costs directly attributable to a specific activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

**Cost drivers for allocation of indirect costs**

The cost of internal services not directly charged to activities are allocated as support costs using appropriate cost drivers such as actual usage, staff numbers and floor area.

**Current assets held for sale**

Current assets are classified as held for sale if the carrying amount will be recovered through a sale rather than continuing use. This condition is met only when the sale is highly probable, and the asset is available for sale in its present condition. Council must be committed to the sale, and a completed sale is expected within one year from the date of classification. Current assets classified as held for sale are measured at the lower of the asset's 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 profit or loss.

Any increase in fair value, less costs to sell, are recognised in profit or loss up to the level of any impairment losses that have been previously recognised.

Current assets held for sale are not depreciated or amortised while they are classified as held for sale.

**Property, plant, and equipment****Critical accounting estimates and assumptions****Operational assets**

These are tangible assets and include land, buildings and improvements, motor vehicles, the South Waikato Indoor Pools and associated equipment, and the library collection.

### **Infrastructural assets**

These are fixed utility systems that provide a continuing service to the community and are not generally regarded as tradeable. They include:

- all property, plant and equipment associated with water supply, wastewater, storm water and waste disposal, including the land that they are located upon.
- all roads, service lanes, footpaths, streetlights, car parks and associated street furniture
- all public toilets and restrooms, public halls, and the land they are situated on.

### **Restricted assets**

These assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

They include:

- all property (excluding South Waikato Indoor Pools) associated with recreation, scenic, historic purposes, esplanade, and local purpose reserves, including the reserve land.
- all cemeteries
- all land contained within road reserves.

### **Measurement at recognition**

All items of property, plant and equipment that qualify for recognition as assets are initially measured at cost. An item of property, plant and equipment is recognised as an asset only if it is probable that any future economic benefits or service potential associated with them will flow to Council and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

### **Measurement after recognition**

Property, plant, and equipment are shown at cost or revalued amount, less accumulated depreciation, and impairment losses. Those asset classes that are revalued are generally valued on a three-year rotational basis to ensure revalued assets are carried at a value that is not materially different from fair value. All revaluations are either performed by independent and qualified valuers or in-house and peer-reviewed by independent and qualified valuers. All other asset classes are carried at depreciated historical cost.

### **Library collection**

Valuation is at cost less accumulated depreciation and any accumulated impairment losses.

### **Motor vehicles, plant and equipment, furniture, and fittings**

Valuation is at cost less accumulated depreciation and any accumulated impairment losses.

### **Land and buildings**

Land and buildings including land underneath roads were revalued effective 30 June 2021 by Telfer Young, Registered Valuers and Property Consultants, Rotorua, at current market value.

### **Land**

Land has been valued based on its current zoning, making allowance for any recent changes and designations effective from the new Operative Plan which took over in 2015. Comparable sales have been analysed from a wide range of land sales and applied dependent on the location, use and zoning of the property. Adjustments have been made for contour, size, and other factors.

Where a property is designated, adjustment for the lifting of the designation has been made.

Where a property is zoned Reserve, these assets have been valued on an underlying zoning basis. From this has been deducted the base valued as Rural, and to the difference applied, a change of change which is added back to the base value to arrive at the Reserve value. This is the normally accepted method for the valuation of Reserve land.

### **Specialised Buildings**

Where there is no reliable market data available for such specialised buildings, the valuations have been prepared on a Depreciated Replacement Cost Approach. The replacement cost of the assets is adjusted, where required, for optimisation due to over-design or surplus capacity. The replacement cost is derived from analysis of costing information held on the valuer's files, costing information derived from the marketplace, and costing information provided by Quantity Surveyors and other building experts. Construction costs vary dramatically dependent on the building.

### **Non-Specialised Buildings**

Non-specialised buildings are those where there are known and active markets eg, residential houses, office buildings, industrial workshops, warehouses, and residential flats. These have been valued at fair value using market-based sales evidence.

### **Parks and Reserves**

Parks and reserves assets were revalued effective 30 June 2021 at depreciated replacement value. The revaluation was undertaken using an external consultant, Robert Berghuis, Senior Valuer from Beca Projects NZ Limited. The external consultant has an extensive knowledge base and background in parks and reserves asset management.

The external consultant reviewed the useful lives and replacement cost unit values on Council's fixed assets register. The replacement cost unit values were updated to current market values by using either:

- available current contract-supplier unit rates for equivalent asset types (giving the highest level of confidence) or
- the 2018 asset values/purchase cost adjusted for industry-specific inflation indices to represent estimated replacement costs for modern equivalent asset (MEA) components as at 30 June 2021 (giving a high level of confidence).

As part of the revaluation process, where assets that continue to be in commission are found to have a remaining life of nil (on Council's fixed assets register), an adjusted remaining useful life of 2.5% of the original base life has been made.

### **Land under roads**

The valuation methodology used for land underneath roads is the assessment of the value based upon an indicated value of the land adjoining the roads. Rural and urban roads have been separated and the average land value for adjoining land for each separate division applies. In some cases, a discount has been applied to the land value.

### **Landfill**

Landfill cell development, pipes and pumps are valued at cost less accumulated depreciation and any impairment costs.

### **Street furniture**

Street furniture is valued at cost less accumulated depreciation and any impairment costs.

### **Roads, footpaths, streetlights, large culverts, and bridges**

Roads, footpaths, streetlights, large culverts, and bridges were revalued effective 30 June 2022 by professionally qualified appointed RATA specialist Cameron Senior, and peer reviewed by WSP New Zealand Limited, Auckland at optimised depreciated replacement value. Each asset component was valued considering its remaining useful life.

The valuation was performed in accordance with the International Accountancy Standard (IAS 16) modified to New Zealand requirements (IPSAS 17), and with New Zealand Local Authority Asset Management Practice, New Zealand Infrastructure Asset Management Manual (NZIAMM) and Valuations/Depreciation Guidelines. The RAMM valuation module has been used to complete the valuation.

Replacement cost is the cost of building the existing infrastructure using present day technology, but maintaining the originally designed level of service, assuming current technology ensures that no value results from the additional cost of outdated and expensive methods of constructions. Maintaining the original level of service ensures that the existing asset with all its faults is valued, not the currently desirable alternative.

Replacement cost was calculated by multiplying asset quantities by unit cost rates factored to allow for other direct costs such as professional fees. Unit rates are obtained from a variety of sources, including the following:

- Recent maintenance contracts for SWDC
- Recent capital works undertaken for SWDC.

Costs have been used which reflect the increased difficulties and constraints of undertaking construction, maintenance, and renewal work simultaneously with continued operation of the infrastructure networks. Operational constraints include access, delivery, safety, security, material handling and storage, traffic control and hours available for construction work.

The unit cost rates used for valuing the SWDC assets reflect an average cost rate for local construction. Paper roads with a total length of 151.378km are recorded at land value.

### **Wastewater, stormwater, and water**

Wastewater, stormwater disposal and water supply property, plant and equipment were revalued on 30 June 2022 by professionally qualified in-house staff, and peer reviewed by Beca Projects NZ Limited at optimised depreciated replacement value.

The underground reticulation pipework was also revalued on 30 June 2022 by professionally qualified in-house staff, and peer reviewed by Beca Projects NZ Limited, at optimised depreciated replacement value.

These assets have been valued by the Optimised Depreciated Replacement Cost approach reflecting factors such as technical obsolescence, over engineering and surplus capacity where these have been specifically identified by the asset manager. Assets that have reached the end of their base life (design life) have been inspected, a condition-based assessment carried out and a decision to replace an asset or defer replacement made based on the condition assessment. Allowance has been made for the costs of bringing the asset into working condition for its intended use and these costs include engineering fees and resource consent costs.

These assets were revalued in the Assetfinda database using replacement unit costs based on actual costs from recent contracts and where required applied an inflation adjustment.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined, then all capitalised costs are written off.

### **Accounting for revaluations**

Council accounts for revaluations on property, plant, and equipment on a class of asset basis.

The results of revaluing are recognised in other comprehensive income and accumulated as a separate component of equity in the asset

revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed through profit or loss.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in profit or loss will be recognised first in profit or loss up to the amount previously expensed and then credited to other comprehensive income.

### **Depreciation**

Property, plant, and equipment are depreciated on a straight-line basis at rates that reflect their estimated useful lives.

Depreciation is charged to write off the cost or valuation of assets, other than land and properties under construction and road formation cost, over their estimated useful lives.

The depreciation rates are applied at a component level and are dependent on the remaining useful life of each component. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

### **Operational and restricted assets**

Heritage assets	Not depreciated
Land	Not depreciated
Buildings	40 - 100 years
Plant and equipment	5 - 30 years
Swimming pools	40 - 100 years
Motor vehicles	5 years
Computer equipment and furniture	3 - 10 years
Library equipment	5 - 10 years

<b>Infrastructural assets</b>	
<b>Roading Network</b>	
Top surface - rural	1 - 18 years
Top surface – urban	1 – 22 years
Pavement – rural	40 - 70 years
Pavement - urban	40 - 99 years
Culverts	25 - 80 years
Footpaths	10 - 80 years
Kerbs	80 years
Signs	6- 9 years
Streetlights and poles	25 - 70 years
Bridges	78 - 118 years
Land (including land under roads)	Not depreciated
<b>Waste</b>	
Landfills, pipes, and pumps	7 - 100 years
<b>Wastewater Systems</b>	
Manholes	80 years
Treatment plant	5 - 80 years
<b>Stormwater Systems</b>	
Reticulated pipework	50 - 90 years
Manholes and cesspits	90 years
Detention dams	60 years
<b>Water Supply</b>	
Reticulated pipework	55 - 95 years
Valves and hydrants	80 years

Pump stations	Up to 100 years (dependent on componentry)
Storage tanks	25 - 80 years
Infrastructural buildings	40 - 100 years
Street furniture	3 - 10 years

### **Impairment**

All assets, current and non-current, are tested annually for indicators of impairment or whenever events or changes in circumstances indicate 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 value in use.

Value in use is the depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where an entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income. Where that results in a debit balance in other comprehensive income, the balance is recognised in profit or loss. For assets not carried at a revalued amount, the total impairment loss is recognised in profit or loss.

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

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

### **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 included in profit or loss. When revalued assets are sold, the amounts included in the asset revaluation reserves in respect of those assets are transferred to general equity.

### **Subsequent cost**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost can be measured reliably.

### **Assets under construction**

Capital works under construction are valued at cost. The total cost of the project is transferred to the relevant asset class on its completion and then depreciated.

### **Vested assets**

Certain infrastructure assets have been vested in Council and are recognised in profit or loss at fair value. These assets have been valued based on the actual quantities of infrastructure components vested and the current 'in the ground' cost of providing identical services. On initial recognition the fair value of vested assets is recognised in profit or loss. Subsequent to these vested assets are revalued together with other property, plant and equipment, and surpluses or deficits arising on revaluation are treated in the same way as other property, plant, and equipment.

### **Rental property**

Rental property is included in property, plant, and equipment in accordance with PBE IPSAS, as the rental property is held to provide a social service rather than for rental income, capital appreciation or both.

### **Intangible assets**

#### **Computer software**

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as expense when incurred.

### **Carbon credits**

Purchased carbon credits are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

### **Easements**

No value is attached to easements due to the difficulty in establishing their original cost or fair value.

### **Amortisation of intangible assets**

The carrying amount of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 – 7 years
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### **Financial instruments**

#### **Financial assets**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value plus transaction costs except for those financial assets classified as fair value through profit or loss which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.



### **Financial assets at fair value**

Financial assets in this category are either financial assets held for trading or financial assets designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future or,
- it is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking or,
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss includes any dividend or interest earned on the financial asset.

These consist of forward foreign exchange contracts that are assets. Council uses these derivative financial instruments to hedge exposure to foreign exchange fluctuations. However, as permitted by PBE IPSAS 29, Council does not employ hedge accounting techniques in its accounting for derivative financial instruments. After initial measurement these assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss. Council does not currently hold any of these investments.

### **Financial assets at fair value through profit or loss**

These consist of forward foreign exchange contracts that are assets.

Council uses these derivative financial instruments to hedge exposure to foreign exchange fluctuations. However, as permitted by PBE IPSAS 29, Council does not employ hedge accounting techniques in its accounting for derivative financial instruments. After initial measurement these assets are measured at fair value. Any gain or loss arising from a change in the fair value is recognised in profit or loss.

### **Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that Council's management has the positive intention and ability to hold to maturity. These investments are recorded at amortised cost using the effective interest method less

impairment, with revenue recognised on an effective interest basis. Currently Council does not hold any assets in this category.

### **Loans and receivable**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Loans and receivables are classified as trade and other receivables in the balance sheet and include rates receivable, accrued income and New Zealand Transport Agency subsidies receivable.

### **Available for sale financial assets**

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss. Certain shares held by Council are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in Note 13. Gains and losses arising from changes in fair value are recognised directly in the investment revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the Investment revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised separately in profit or loss in the statement of comprehensive income when Council's right to receive payment is established.

These include bonds and shares, the investment in CoLab Ltd and Local Government Civic Assurance. If these assets are traded in an active market, they are measured at their fair value using quoted market prices at the balance sheet date. The quoted market price used is the current bid price. If the financial assets are not traded in an active market, their fair value is determined using valuation techniques. Council uses a variety of valuation methods and makes assumptions based on market conditions existing at each balance date. Of the remaining financial assets, if quoted market prices of similar financial assets in the market are not available, other techniques such as discounted expected cash flows are utilized to determine their fair value, or otherwise cost is used.

### **Impairment of financial assets**

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the profit or loss. Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as available for sale and financial lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty or
- Default or delinquency in interest or principal payments.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what

the amortised cost would have been had the impairment not been recognised.

### **Financial liabilities**

Financial liabilities including debt instruments issued by Council are classified according to the substance of the contractual arrangements entered into.

The accounting policies adopted for specific financial liabilities are as follows:

- **Bank borrowings**  
Interest bearing bank loans are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.
- **Debt instruments**  
Council issues bonds from time to time to raise funds. These are initially measured at fair value net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.
- **Trade payables**  
Trade payables are initially measured at fair value and are subsequently measured at amortised cost.

### **Derivative financial instruments**

These are mainly forward foreign exchange contracts. These are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. Any gain or loss is recognised in profit or loss immediately.

Council activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. Council uses derivative financial instruments (primarily foreign currency forward contracts) to mitigate its risks associated with foreign currency fluctuations which relate to certain firm commitments and forecasted transactions. The significant interest rate risk arises from bank loans.

The use of financial derivatives is governed by Council's policies as approved by Council resolution, and which provide written principles on the use of financial derivatives consistent with Council's risk management strategy. Council does not use derivative financial instruments for speculative purposes.

### **Investments in Council Controlled Organisations (CCOs)**

Council has an interest (2.7%) in a Council Controlled Organisation (CCO), Waikato Local Authority Shared Services Limited. Council has no significant influence on operational or financial policies.

As this investment is not traded on an active market and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

### **Inventories**

Inventories held for distribution or consumption in the provision of services are measured at the lower cost or current replacement cost.

The cost to these inventories is assigned by using the weighted average cost formula. The write down from cost to current replacement cost is recognised in profit or loss.

### **Foreign currencies**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the re-translation of non-monetary items in respect of which gains, and losses are recognised directly in other comprehensive income.

For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

### **Goods and services tax (GST)**

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

The net amount of GST recoverable from, or payable to the Inland Revenue (IRD) is included as part of receivables or payables in the Balance Sheet. The net amount of GST paid 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 flow.

Commitments and contingencies are disclosed exclusive of GST.

### **Employee benefits**

#### **Short-term employee entitlements**

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, 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 compensated absences in the coming year are expected to be greater than the sick leave entitlement 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 entitlement**

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on actuarial basis using the service of professional actuaries.

The actuarial calculations are based on an assumed salary increase of 2% (2021: 2%) per annum and a discount rate between 3.34% and 4.30% (2021: 0.38% - 4.30%) per annum.

The discount rate is derived from the forward rates on NZ Government Bonds over recent periods. It's also assumed that all employees will retire at the age of 65 and will resign in accordance with the withdrawal rate assumption taken from the Treasury Circular 1998/15.

Any actuarial gain or loss resulting from re-measurement of these liabilities is recognised in profit or loss.

Employees appointed to the staff prior to 31 December 1989 who retire from Council with not less than ten years continuous service are eligible for

retirement leave. Employees appointed to the staff prior to 1 April 1992 are eligible for long service leave unless excluded under individual employment contracts.

### **Presentation of employee entitlement**

Sick leave, annual leave, vested long service leave and non-vested long service leave, and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### **Superannuation schemes**

#### **Defined contribution scheme**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in profit or loss.

### **Public equity**

Public equity is the community's interest in the Council, as measured by the value of total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specific uses Council makes of its accumulated surpluses. The components of equity are:

- general equity (retained earnings)
- restricted reserves

- Council-created reserves
- property revaluation reserves
- investment revaluation reserves.

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

### **General equity (retained earnings).**

General equity refers to reserves that do not fall into any of the four categories below.

### **Restricted reserves**

Restricted reserves are those reserves subject to specific conditions accepted as binding by the 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 specific purposes or if certain specified conditions are met. The reserves represent balances held from the collection of targeted rates and charges on activities that are funded from targeted rating or those same activities funding depreciation.

### **Council created reserve**

Council-created reserves are a part of the accumulated balance and are established at the will of Council. 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.

### **Property revaluation reserves.**

Revaluation reserves arise from certain asset classes being revalued.

### **Investment revaluation reserve**

The investment revaluation reserve contains cumulative unrealised gains and losses in investments classified as 'available for sale' in accordance with PBE IPSAS 29.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## **Operating leases**

### **Council as lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### **Council as lessor**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## **Provisions**

Council recognises a provision for future expenditure of uncertain amount when there is a present obligation (legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments the time at 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.

## **Landfill closure and post-closure provision**

Council, as operator of the Tokoroa landfill, has a legal obligation under its resource consent, to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for closure and post-closure costs is recognised as a liability when the obligation for closure and post-closure expenses arises.

A calculation of these future costs has been discounted and is measured based on the present value of future cash flows expected to be incurred, taking into account future events, including new legal requirements, and known improvements in technology. The discount rate used is a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to Council. Amounts provided for landfill closure and post-closure are capitalised in the landfill asset where they give rise to future economic benefit to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

Assumptions about the future have been made in the calculation of the landfill closure and post closure cost provisions. These are disclosed in the notes to the financial report.

## **Financial guarantee contracts**

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are disclosed as contingent liabilities. The amount of these contingent liabilities is equal to the loan balances guaranteed.

## **Critical judgements and estimations**

The preparation of financial statements in conformance with PBE IPSAS requires judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenditures.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revisions affect both current and future periods.

Management has made the following judgments and estimations that have the most significant effect on the amounts recognised in the financial statements:

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

As the Council is a Public Benefit Entity, property plant and equipment are valued at depreciated replacement cost that is based on an estimate of either fair value or current gross replacement costs of improvement less allowances for physical deterioration and optimisation for obsolescence and relevant surplus capacity. There are certain assets such as wastewater or stormwater related assets which may be affected by changes in the measurement of qualitative standards which could affect the results of future periods.

The depreciation method used reflects the service potential of assets and is reviewed each year to ensure that there is no under maintenance of assets which could affect the results of future periods.

**Classification of investments**

Council has designated all its bond investments as 'available for sale', rather than 'held to maturity', although they all have specific maturity dates.

This was due to significant disposals within this class of financial asset before maturity in previous financial years. Therefore, unrealised gains and losses on these investments are recognised as a movement in other comprehensive income.

The carrying amount of the available for sale financial assets is disclosed in the notes to the financial report.

**Long service leave provisions**

Key assumptions concerning the future have been made in the actuarial calculation of long service leave and retiring leave.

These are disclosed in the notes of the financial report.



## How to obtain a copy of the 2023-24 Annual Plan

The full Annual Plan is one of Council's key accountability documents.

Full copies of the Annual Plan can be obtained by:

- Visiting our website: [www.southwaikato.govt.nz](http://www.southwaikato.govt.nz) to download a copy
- Calling our Customer Services staff on (07) 885 0340 during normal business hours
- Emailing us at: [info@southwaikato.govt.nz](mailto:info@southwaikato.govt.nz)
- Writing to us at: South Waikato District Council, Private Bag 7, Tokoroa 3444
- Viewing a hard copy at our Council offices and library sites (located in Tokoroa, Putāruru or Tīrau)