

2024-34

Mahere pae tawhiti

# THE LONG TERM PLAN

Volume 1



South  
Waikato  
District  
Council

# LTP ROADMAP

The Council oversees community assets worth hundreds of millions, emphasising the importance of future planning.

South Waikato’s 10-year plan serves as our roadmap towards promoting social, economic, environmental and cultural wellbeing in our communities both now and in the future. It guides us on our journey towards resilience and sustainability.

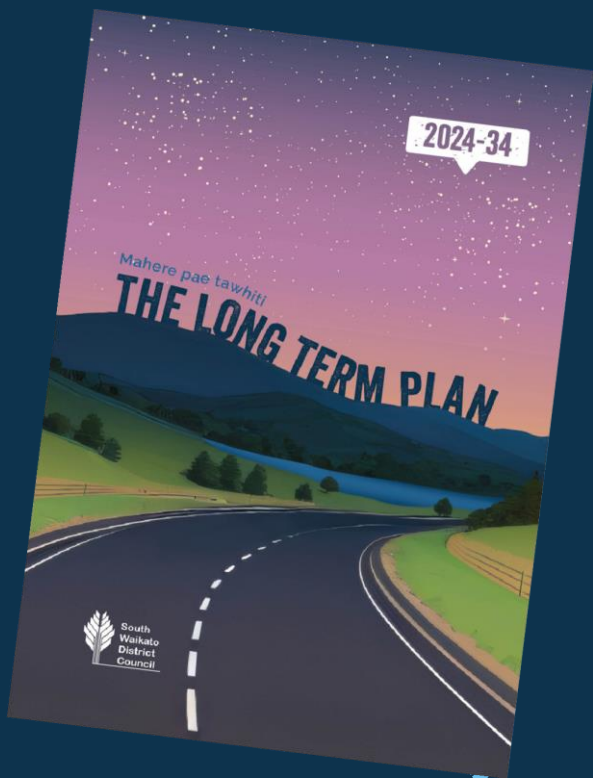


PUBLIC CONSULTATION

WE ARE HERE  
SOUTH WAIKATO 10-YEAR PLAN

FROM THIS WE DEVELOPED OUR VISION OF:

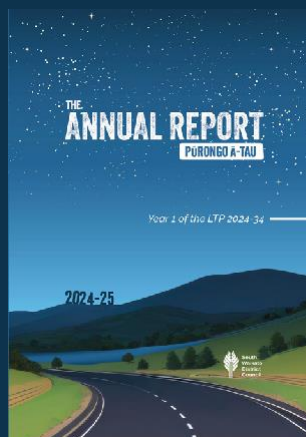
A THRIVING COMMUNITY  
AND ROBUST ECONOMY THAT  
OUTPACES THE REST OF NZ



Outline our vision, community outcomes and strategic direction

- What services we plan to provide
- What we plan to do
- How much it will cost
- How it will be funded

Annual Report 2024-25  
Evaluating Our Progress:  
South Waikato’s 10-Year  
Plan 2024-2034



Annual Plan 2025-26

Indicators of Change in  
South Waikato’s 10-Year  
Plan 2024-2034

# TABLE OF CONTENTS

## INTRODUCTION

- Mayor's Message 04
- Councillors 06

## OUR DISTRICT

- Relationships 08
- Our People 11
- Challenges 13
- What We Learned From Our Community 17
- Strategic Direction 18
- Goals & Strategic Measures 21
- Financial Strategy 23
- 30-Year Infrastructure Strategy Summary 32

## OUR SERVICES

- Transport & Roading 37
- Solid Waste & Recycling 42
- Water Supply 47
- Wastewater 53
- Stormwater 58
- Leisure & Wellbeing 63
- Governance 68
- Strategy Services 72
- Regulatory 75

## DOLLARS AND CENTS (FINANCES)

- Rates Funding 80
- Rating & Funding Impact Statements 82
- Rating Maps 88
- Rates Examples 94
- Long Term Plan Disclosure Statements 2024-34 96
- Forecast Financial Statements & Reserves 100
- Statement of Accounting Policies 113
- Independent Auditor's Report 132

## APPENDICES

- Forecasting Assumptions 137
- Performance Measures 142
- Policies 149

# MAYOR'S MESSAGE

## He kōrero nā te Koromatua

I am proud to present South Waikato District Council's Long Term Plan 2024-34. Getting to this stage has been a sustained effort by elected members, our Chief Executive, and staff, and with our stakeholders and community joining in like never before. I thank you all for your input and passion for this great District.

We have completed this planning process as openly as possible. We received a record number of submissions and appearances at hearings which generated great discussion and helped us shape and decide the work this Council needs to get on with.

We know it is a challenging time for everyone but doing the same things in the same old ways was never going to be the right approach. This plan is aspirational with the bold vision of delivering a thriving South Waikato community and robust economy that outpaces the rest of New Zealand. That will be accomplished through goals focusing on shifting the dials in employment, housing, the economy and the environment.

We acknowledge that times are tough, but we need to set strong foundations for a better future. We have stuck to our word of not overspending, keeping it tight and focusing on the services you all expect. No Councillor wants to raise rates for no reason, and we have balanced the must-do and forward investment while producing this plan.

The average rate rise for year one will be 8.9% and details of the following years can be found in this plan. We have responded to the significant challenges outlined in the consultation document, providing the pathway forward to deliver capital expenditure of \$270m for our residents and business owners.

There were varied views submitted around the timeline for our financial approach, some said go slower while others encouraged us to be bold and stick to what was needed for the long-term gain. We have said there would be no more borrowing of funds to operate and by year four the Council will be in the black and fully funding operational costs.

The Council organisation has also cut its cloth by committing to an operational efficiency saving of \$29m across this plan. We have adjusted our fees and charges so that where appropriate, the user who benefits from the service pays for it rather than being a burden on general ratepayers. There was broad support for this approach, which takes effect immediately. This reinforces the financial direction we started as a Council last year and it is the best direction for our District's long-term future.

A clear message we received during submissions was that we must look after the things we have, and it is also prudent to investigate the holding of several assets as to how best the Council could better optimise their community value in support of this plan.

Investing into our ageing three waters infrastructure is necessary and the plan includes a \$150m capital program which will be delivered across the District and allows us to respond to the Local Waters Done Well requirements currently being legislated by Central Government.

We have made room for a \$17m investment in the South Waikato Indoor Pools. If the Council did not take this decision and path there would be no other option but to close it down and lose it forever. Delaying the project does not make a substantial difference to the average rates and we would not have the certainty around the contractors and cost that the market currently provides.

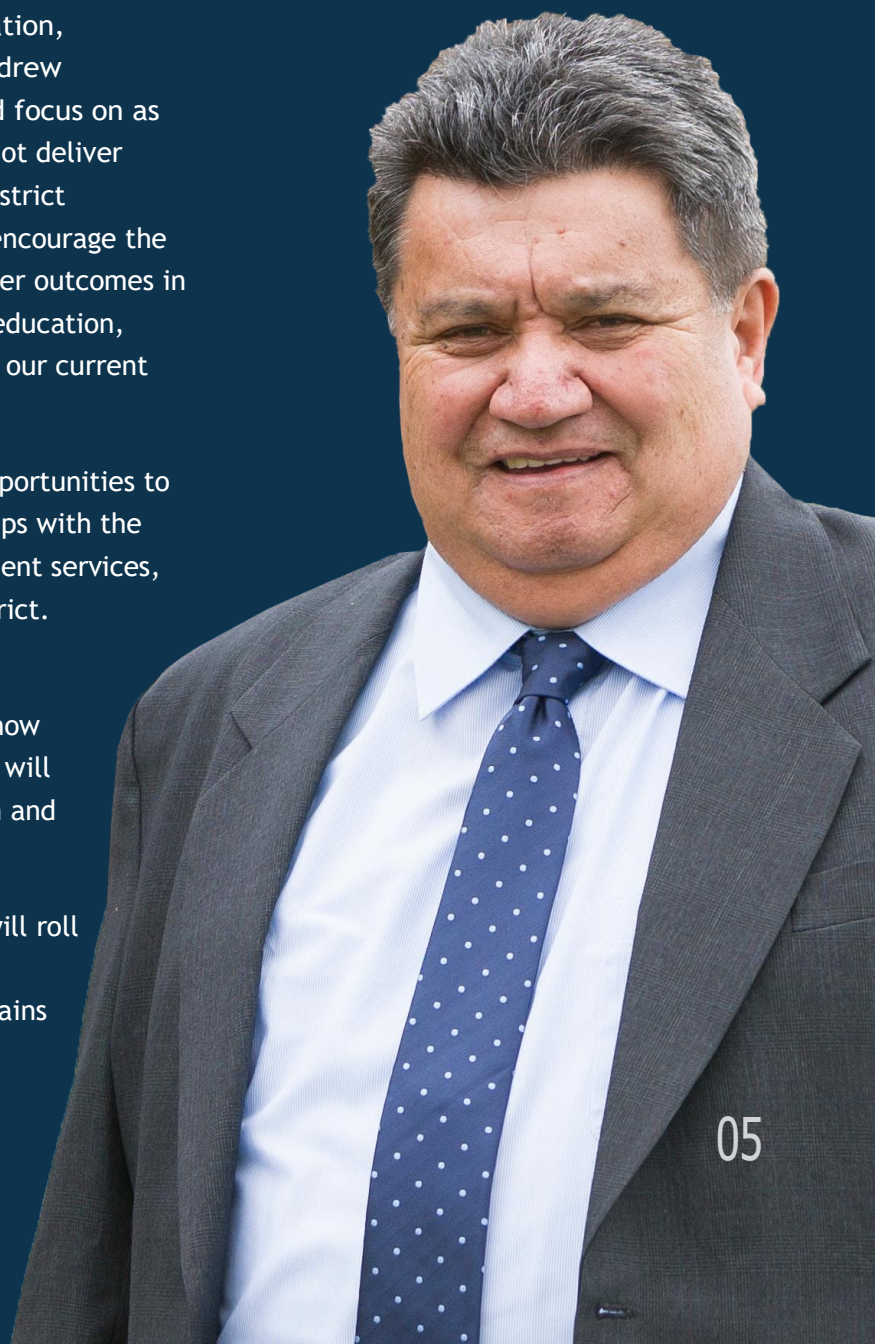
There are some things in the plan: education, employment and housing outcomes that drew comments about what the Council should focus on as its core business. While the Council may not deliver these services, it is certainly part of our District leadership and advocacy responsibility to encourage the wellbeing of our communities through better outcomes in these areas. We all agree we need better education, employment, and housing achievement for our current and future generations.

This plan directs the Council to look for opportunities to be involved in collaboration and partnerships with the owners and stakeholders of those Government services, which deliver better outcomes for our District.

While the elected members have had hard discussions and made final decisions, it is now important to deliver on this plan which we will report on each year during the Annual Plan and Annual Report processes.

As Mayor, I promise you that this Council will roll up its sleeves, continue the hard mahi and deliver through a purposeful plan that remains simple, tight, and robust.

Mayor Gary Petley



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# OUR DISTRICT

Tō tatou rohe o Waikato ki te Tonga

RELATIONSHIPS

DISTRICT PROFILE

CHALLENGES

COMMUNITY LEARNINGS

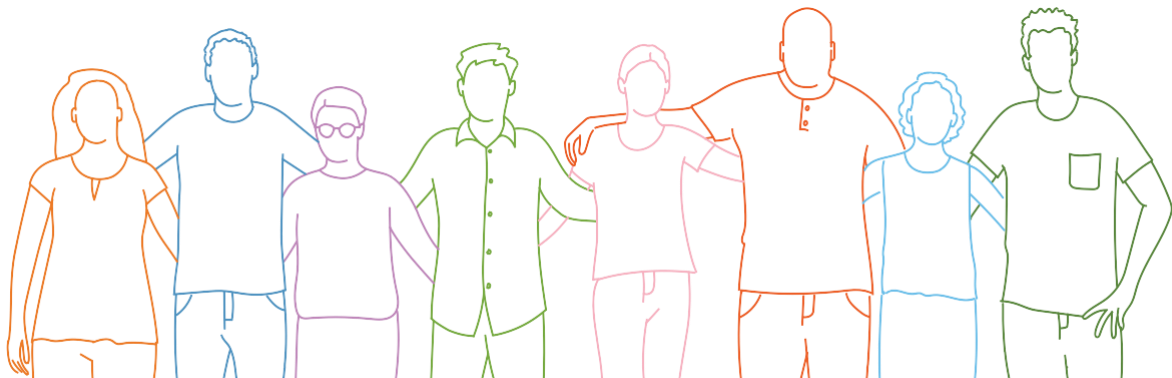
STRATEGIC DIRECTION

FINANCIAL STRATEGY

30-YEAR INFRASTRUCTURE  
STRATEGY SUMMARY

# OUR COUNCIL RELATIONSHIPS

Ngā taunekeneke o te Kaunihera



## MĀORI CAPACITY TO CONTRIBUTE TO DECISION MAKING AND IWI RELATIONSHIPS

The South Waikato District Council acknowledges the District's rich Māori cultural heritage and values its relationships with local hapū, iwi Māori, and mana whenua, who collectively contribute to the Council's efforts.

The Council is committed to building and enhancing relationships with iwi, recognising that our achievements result from collaborative efforts and enduring partnerships. Raukawa is recognised as the preeminent iwi of the South Waikato District and is valued as tāngata whenua with mana whenua authority over these lands.

The Council also acknowledges the cultural significance of neighbouring iwi, Ngāti Koroki Kahukura and Ngāti Hauā. Their invaluable insights into Māori cultural values, natural resources, and treasured taonga provide crucial guidance and enlightenment.

The Council is committed to respecting and considering their perspectives and decisions.

The Council is proposing to review its Joint Management Agreements (JMA) with the Te Arawa River Trust and the Raukawa Charitable Trust. It also has a Memorandum of

Understanding (MOU) with the Raukawa Settlement Trust. These enduring partnerships are built on mutual respect, understanding, and acknowledgment of individual mana, ensuring that iwi Māori voices are heard.

The Council recognises the profound importance of Te Tiriti o Waitangi as the foundation of Aotearoa's cultural landscape and is dedicated to preserving the mana and integrity of Te Tiriti by fostering open and honest communication with Māori, respecting their culture, traditions, taonga, and aspirations, and promoting a thriving South Waikato community.

The Council has a role of Kaitohutohu Matua Mātauranga Māori (Principal Advisor). The Kaitohutohu Matua brings invaluable insights into the historical, cultural, and traditional values of our Māori community. This understanding will enhance respectful and inclusive decision-making, fostering a stronger sense of cultural identity and unity within our Council and the community we serve.



## LOCAL GOVERNMENT

Significant collaboration and information is shared through a large range of networks within the Local Government sector and more formally through Local Government New Zealand (LGNZ) and Taituarā (formerly the Society of Local Government Managers).

Co-Lab, the Local Authority Shared Services entity, supports twelve councils in the wider Waikato Region. The key purpose of Co-Lab has evolved from initially being focused on procurement to now supporting collaboration between councils, and aims to improve customer service and performance, and to reduce costs. Key Co-lab outputs are:

The Regional Asset Technical Accord (RATA) has been expanded from Rooding to now include collaboration around the three waters

Procurement advice and shared services eg. insurance, Waikato Aerial Photography Syndicate

Coordinated infrastructure planning

Shared Valuation Database Service for rating

Shared website and online services platform with other Waikato councils

Mayoral forum mahi working towards a single response to the Government's water done well initiative

Other examples of collaboration include:

The Waikato Plan (Waikato: he reo kotahi)

Lakes Coast Cluster - building consent authority group

Formal agreements with neighbouring councils to work together across environmental health/ food activities.

## CENTRAL GOVERNMENT

Links with the Waikato Regional Council are strong in the areas of land use, air quality, transport, emergency management and water quality. Council has strong and growing relationships with Central Government agencies to improve the opportunities for our communities to benefit from Government funding initiatives and programmes.

NZ Transport Agency Waka Kotahi has always been a close partner in the delivery of funding for local roads and state highways.

There has been increasing emphasis on the provision of social, affordable and progressive housing solutions for our District, resulting in the formation of a close relationship with the Ministry of Housing and Urban Development and Kāinga Ora.

From an economic development perspective, the range of agencies in our network has increased as we look for funding and project opportunities.

Links between our regulatory teams with their associated Government agencies have always been strong so that we understand our requirements and can plan for the future.

## PACIFIC PEOPLES

Our Pacific Island communities play a vital role and make significant contributions to the diverse fabric of the South Waikato District.

Together, we strive to build authentic and meaningful relationships to ensure that Pacific Island communities are well-represented and have a strong voice.

Our close working relationships and alliances will continue to be strengthened through our ongoing communication and formally, through the local Welfare Committee.



## COMMUNITY AND BUSINESS PARTNERS

The South Waikato District Council collaborates with numerous community and business groups to achieve its objectives and goals. Council may serve as a partner, facilitator, enabler, commissioner, advocate, or funder, depending on the organisation and objectives. These groups include:

### **Economic Development**

The Council works closely with the South Waikato Investment Trust (SWIFT) to promote District growth.

### **Community Associations**

The Tīrau Community Board (TCB) and organizations like the Arapuni Village Community Association (AVCA) provide a community voice and strong local connections.

### **Community Services Providers**

Organisations delivering a range of services to our community, including social and community health, disability support, transportation, environmental services, cultural and recreational activities.

### **Local Business Engagement**

The Council engages directly with local businesses to support economic clusters and drive industry transformation.

### **Leisure and Recreational Services**

We collaborate closely with our partner, Sport Waikato, whose focus is on play, active recreation, and sport. Dedicated to helping people develop a lifelong love of physical activity.

### **Education Partnerships**

The Council partners with tertiary education providers, such as Toi Ohomai and Te Wānanga o Aotearoa to enhance trades training and increase student enrolment through Pukenga Rau.

### **Business Associations**

The Waikato Chamber of Commerce supports and advocates for businesses at local, regional, and Central Government levels.

### **Emergency Management**

The Local Community Welfare Committee, co-chaired by Raukawa and the Council, involves multiple agencies to manage emergency responses.

### **Business Case Management**

This service assists new and existing businesses with navigating Council regulatory processes.

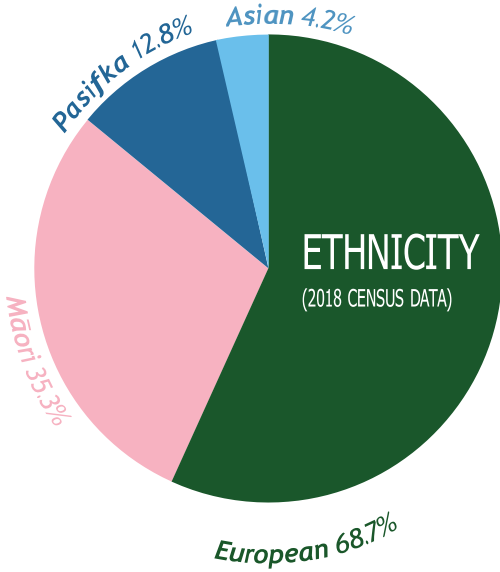
### **Education Sector Collaboration**

Council will explore opportunities to work with education providers from early childhood to high schools to improve attendance, engagement, attainment, and aspirations of tamariki and rangatahi

# OUR PEOPLE



# 26,000



2,630 people  
10% of population

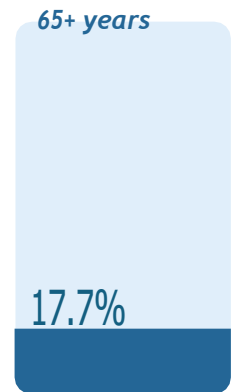
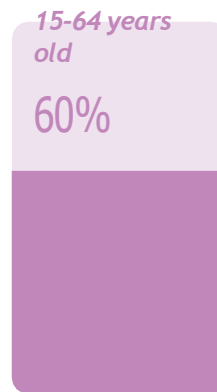
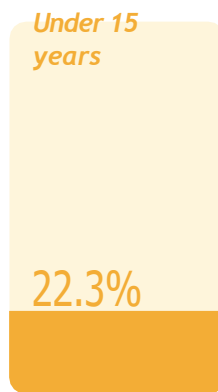
**TĪRAU**

7,250 people  
28% of population

**PUTĀRURU**

16,120 people  
62% of population

**TOKORO**



# OUR ECONOMY

**10,608**  
People employed  
**SOUTH WAIKATO**  
4% growth since 2020

**2,753,601**  
People employed  
**NEW ZEALAND**  
5.3% growth since 2020

**\$419pw**  
Average weekly rent

MEDIAN AVERAGE RATES BILL (2023-24)

**\$3,381.24**



**3,285 BENEFICIARIES**

**\$424,075**  
Average house price

**4,485 PENSIONERS**

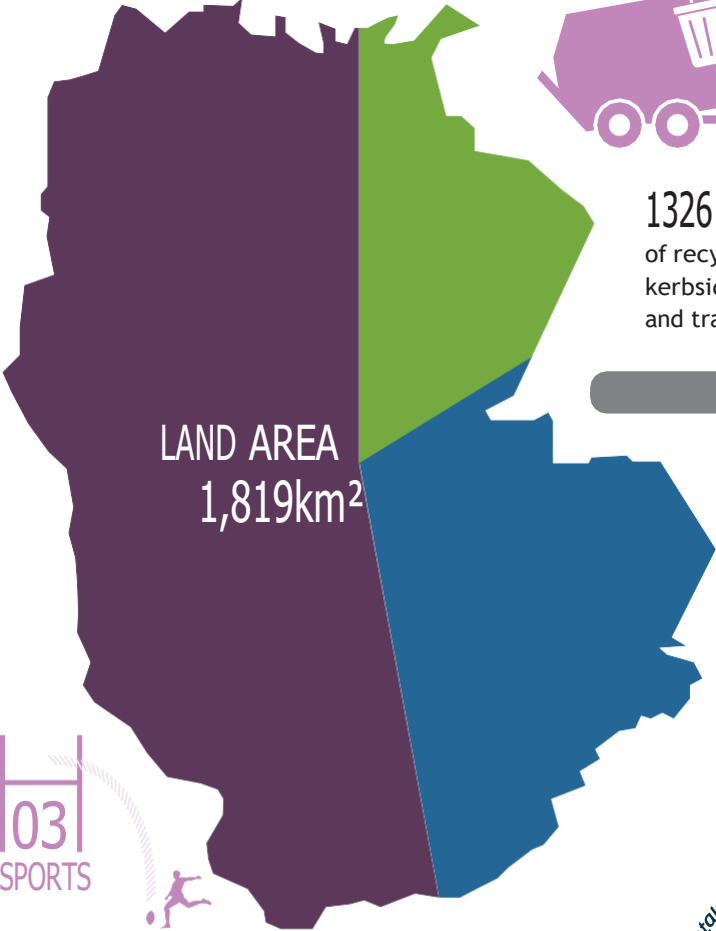
17.3% of district population receives NZ Superannuation

5% increase since our last LTP (March 2021)

*This includes those receiving benefits such as jobseeker, sole parent, supported living or others.*

# OUR PLACE

- 171km = STATE HIGHWAYS in the District
- 528km = ROADING in the District
- 179km = FOOTPATHS in the District



6042 tonnes of waste to landfill for 2022-23 financial year

1326 tonnes of recycling through kerbside collection and transfer stations

232 kilograms per capita of waste to landfill

103 SPORTS GROUNDS

75 RESERVE AREAS

15 PLAYGROUNDS

Total asset value \$298 million\*

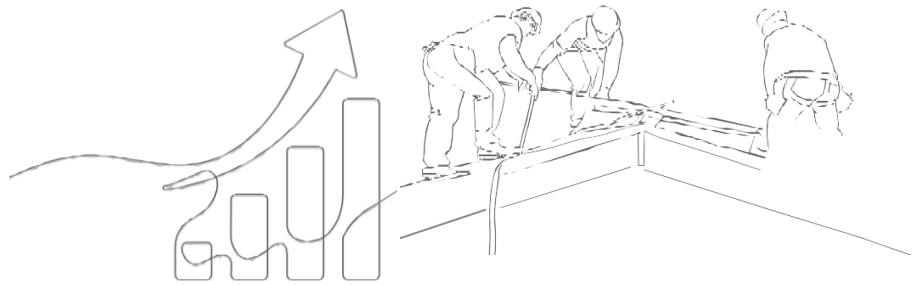
566KM TOTAL NETWORK

STORMWATER	122km of maintenance pipes Asset value of \$83 million*
WASTEWATER	171km of pipeline Asset value of \$125 million*
WATER SUPPLY	273km of watermains Asset value of \$90 million*

\*Based on 2022 three waters valuation optimised replacement cost value

# OUR CHALLENGES

## Ngā mahi uauatanga



**Deprivation:** The South Waikato District is one of the most deprived communities in New Zealand. The deprivation index scale, from Environmental Health Intelligence New Zealand (EHINZ), categorises the most deprivation at level 10 with the least deprivation at level 1. 75% of the South Waikato District population has a deprivation index level of nine or ten. The deprivation index is measured based on census variables including, but not limited to:

- Number of people aged 18-64 who are unemployed
- Number of people aged 18-64 receiving a means tested benefit
- Number of people aged 18-64 without any qualifications
- Number of people not living in their own home

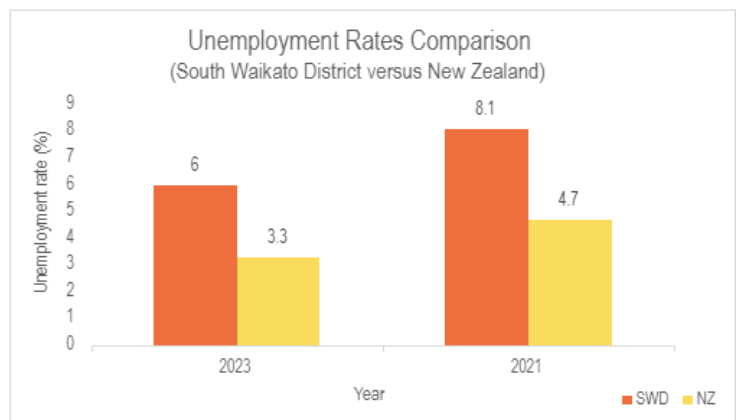
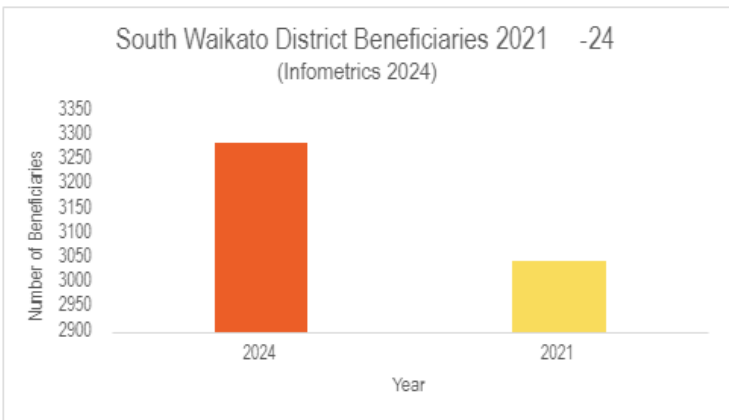
Tackling the contributing factors, outlined below, is the primary focus of this Council in the Long Term Plan.

### GROWTH

The South Waikato District has an estimated population of 26,000 residents. Our District has averaged 1% growth over the last five years, with estimates that population growth will fluctuate over time, though it will eventually maintain a steady rise over the medium term. Our District averages higher population growth for both young people (0-14) and our elderly (65+) than ages in between (15-64). The District will invest in infrastructure to meet growth demand over time. Council has developed a growth strategy to ensure sufficient land is zoned to support economic and housing growth to improve our District’s circular economy.

### EMPLOYMENT

Employment growth over the next three decades is expected to rise steadily up to 2,040 by 2052. Despite this estimate, our District’s unemployment and beneficiary numbers are rising as highlighted to in the graphs below. The District will invest in infrastructure to meet growth demand over time.



This District has seen a 20% growth in unemployment since the pandemic (2020), with nearly double the New Zealand average unemployment rate from March 2022 to March 2023. About 13% of our District receive a benefit (including job seeker support, sole parent benefit, and living support), meaning an increase of 8% in beneficiaries since our last LTP (2021).

Consistent with our last Long Term Plan, Council still recognises that lower knowledge levels, skills and experience are contributing factors to our District’s challenging unemployment rate. We identified that just over 50% of the District’s population work in low skilled jobs (retail, accommodation, cleaners and laundry workers in administration, farm and forestry), with Māori representing the majority.

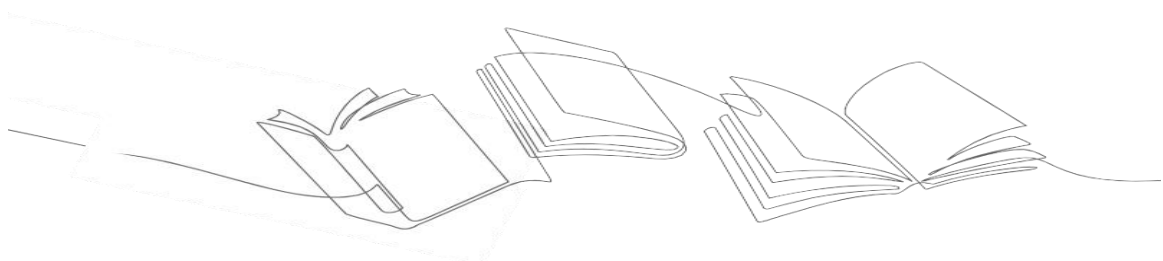
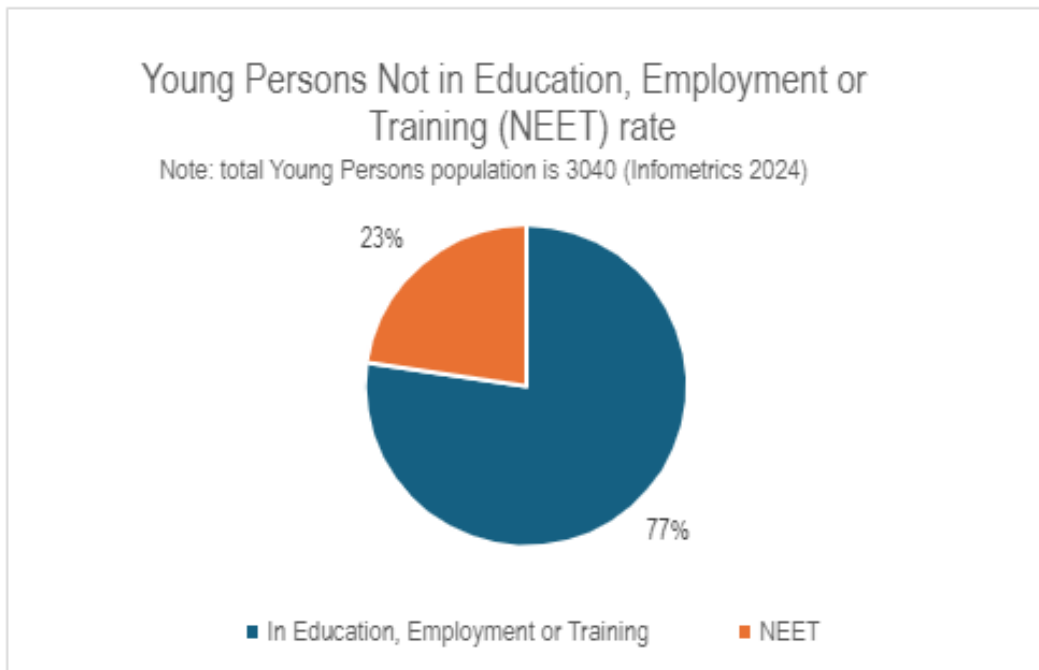
Our focus will be on how we can support growth in employment in the District.

## EDUCATIONAL ACHIEVEMENT

The Not in Education, Employment or Training (NEET) rate of our District’s young population (15-24 years old) is 23%. Our young population account for approximately 12% of the District’s population. Growth projections show this age group will increase over time.

Our District schooled 4,214 students last year, about 16% of our total population. Recent data shows that our District schooling has at least double the New Zealand average of stand-down and suspension rates. Despite this, our District has a high rate of school leavers achieving National Certificate of Educational Achievement (NCEA) levels 1 (79%) and 2 (63%). Educational achievement is linked to skills and income levels in employment.

Consistent with our last Long Term Plan, Council intends to maintain a focus on working with partners to support growth in educational achievement across our District. Doing so will help our communities thrive in a supported environment where our young people can transition better into employment or further education or training opportunities.



## HOUSING AND AFFORDABILITY

Our District is home to around 9,350 households. There is a mix of private owner-occupied properties, private rentals, lifestyle properties, farms and social housing.

In August 2023, Council commissioned Market Economics to complete a Housing and Business Capacity Assessment which identified that housing affordability is a significant issue for our District because our average household income is significantly lower than the national average. The average rental price in the District is \$419 per week and many of our community who rent houses struggle to meet these rental costs.

As of March 2024, our District has 138 households on the housing register, with the majority requiring one or two-bedroom homes. Compared to our neighbouring councils, we have a slightly higher rate of residents on the Housing Register for our population size.

Council will continue to work with Kāinga Ora, the Ministry of Housing and Urban Development (MHUD), Community Housing Providers (CHP), Iwi and stakeholders to support affordable housing growth in the District.

## FINANCIAL CHALLENGES

Similar to other Local Governments, Council faces significant economic and fiscal challenges arising from cost increases and infrastructure under-investment in prior years.

To keep operational costs affordable for ratepayers, the Council will review its provision of facilities and services over this period and has budgeted for annual efficiency targets, requiring operational savings to meet these goals.

The repeal of the Government's proposed reforms for three waters infrastructure means Local Governments must now budget for maintaining, renewing, and upgrading this infrastructure. Our ageing three water infrastructure is nearing the end of its useful life, requiring detailed condition assessments of our network and to identify areas of highest degradation. Replacement costs will increase significantly in the second half of the LTP period.

Additionally, compliance costs for our three waters operations are rising due to stricter standards for wastewater and water treatment plants. These costs must be borrowed, limiting Council's capacity to fund other projects. While necessary work at the South Waikato Indoor Pools is included, projects from the recently proposed Town Concept Plans remain unaffordable within these ten years.

Further legislation changes may impact how water services are provided in the future, with Central Government encouraging regional collaboration among local councils. However, there is still uncertainty regarding the funding mechanisms to address current water service financial issues.

The Council is dealing with prior year operating deficits that started in the 2020-21 financial year that have impacted on its operating sustainability. Prior year deficits reduce debt capacity and the ability to respond to future challenges quickly. Ensuring Council addresses operating sustainability has an impact on affordability for ratepayers now and in the future but is important. It also highlights the need to be financially prudent.

## CLIMATE CHANGE

Local Government is on the front line of climate change. Councils have statutory responsibilities to avoid or mitigate natural hazards and to consider the effects of climate change when making decisions.

We are also responsible for Civil Defence and Emergency Management, as well as improving community resilience through public education and local planning.

Buildings and infrastructure have a long lifespan. Decisions we make today about how and where we develop really matter.

We have included \$60,000 in Year 1 of the LTP for a climate change risk assessment for the District.

Staff will use this information to prepare a climate adaptation plan that identifies the climate change risks in our District.

From this analysis, we will develop an action plan.

Councils are being encouraged to fund for climate change in future budgets as part of today's ethical responsibility for future generations.

## RESOURCE MANAGEMENT

The proposed changes to the Resource Management Act (1991) have been repealed, and amendments to the original legislation are being introduced, with new legislation expected to replace it. The impact of these changes on Local Government remains uncertain but is likely to be significant.

As part of the resource management amendments, there will be a review of the National Policy Statement for Fresh Water (NPS-FW). This could limit the Council's ability to increase the intake of drinking water from streams and rivers. Climate change modeling suggests future water availability may be constrained, requiring communities to use water more efficiently. Council has budgeted for water meter implementation work to start in year 3 to assist with leak detection and encourage efficient water use.

## CARRYOVER PROJECTS - CAPITAL AND MAINTENANCE

Addressing the backlog of capital and maintenance projects of the past is a challenge for Council. To address this, Council will only be carrying over projects that have committed plans in place and it plans to find efficiencies through the introduction of suitable software, programme tools and resources to deal with the backlog. Even though these projects have arisen from prior periods, there is an expectation for Council to step up and deliver to its community. Council expects to deliver on what they have committed to, not only on prior year projects but those noted in this Long Term Plan.



# WHAT WE LEARNED FROM OUR COMMUNITY

He aha te kaunihera i ako ai i te hapori

**Community Engagement on Key Issues:** Over the past year the Council actively sought community input on several critical matters, including the proposed three waters reforms and the need for a substantial rate increase for the 2023-24 Annual Plan.

## PLANS FOR GROWTH AND DEVELOPMENT

To plan for the future, the Council initiated key strategic projects, including the Economic Development Plan, Growth Plan and Town/Village Concept Plans. These plans involved extensive community engagement through stakeholder meetings, public consultations and online feedback platforms.

The Growth Plan and Town Concept Plans, aiming to attract growth, received 28 written submissions. Community feedback highlighted concerns about traffic safety and the need for more affordable housing, which were incorporated into these plans.

## 2023-24 ANNUAL PLAN & RATES INCREASE

Public sessions held in Tokoroa, Putaruru, Tirau, and Arapuni, attended by around 270 people, discussed the recommended 18.5% rates increase for the 2023-24 Annual Plan. Additionally, 88 written submissions were received. While the community understood the need for an increase, they emphasized that such large hikes were unsustainable.

This feedback directly influenced the Council's commitment to reviewing facilities, service levels, and finding efficiencies in the current LTP.

## COMMUNITY INPUT SHAPING THE LTP

In September 2023, the Council surveyed the community on the draft Vision, Community Outcomes and Goals, receiving 117 responses. While most respondents supported the strategic direction, minor adjustments were made based on the feedback received.

The LTP consultation process resulted in 241 submissions. Council asked the community about the proposed strategic approach to achieve a balanced budget by year 4, rationalising Council buildings, land holdings and facilities, driving growth and the enrichment of our towns and people through education, job creation and housing and any other matter outlined

in the consultation document. The main themes of submissions were rates affordability, discussions on Council owned facilities and their future use and Council's role in housing development.

Councillors considered all submissions when making their final decision as outlined in this plan. Council appreciates the community's participation and will continue to keep residents informed as these plans progress.

Council will consult with the community on any significant changes to services and/or facilities arising out of reviews conducted in the first year of this plan.

# OUR STRATEGIC DIRECTION

Tō mātou rautaki ahunga

South Waikato District Council must comply with the Local Government Act 2002. This legislation tells us that the purpose of Local Government is to promote community wellbeing.

This means that we, as local authorities, are responsible for promoting the social, economic, environmental and cultural wellbeing of our communities at present and in the future.

Council's Vision statement reflects aspirations of contributing to our District economy's improved quality of life for the next ten years and beyond.

Together, with the community outcomes, it paints a picture of the future state of our District.



## OUR VISION

# A thriving community and robust economy that outpaces the rest of NZ



### THRIVING COMMUNITIES

our diverse people are healthy and well, with ample opportunities to support their quality of life.



### SUSTAINABLE ENVIRONMENT

the District is a national leader in benefitting from a circular economy.



### ROBUST ECONOMY

leveraging our location and rich soils, we rebuilt a strong foundation for our grandchildren.

GOAL 1) More people own their own home than ever before

GOAL 2) More people participate in community activities and events than ever before

GOAL 3) No waste or rubbish leaves the District

GOAL 4) Our economy grows faster than anywhere else in the country

GOAL 5) All our young people are in education or employment

The five Goals complete Council's strategic framework and provide direction across all activity and service areas for our communities. Each goal is supported by metrics that will be tracked and used as a performance framework guiding the work of each team. These metrics will be reported annually as part of our Annual Report requirements.

# OUR GOALS & STRATEGIC MEASURES

## GOAL 1) More people own their own home than ever before

Home ownership is an important factor in the quality of life, contributing to a sense of belonging and pride within one’s community and improving generational wealth. Council would like to see more opportunities for whānau to own their own homes.

STRATEGIC MEASURE	YEARS 1-3 (2024-28)	YEARS 4-10 (2028-34)
Individual home ownership increases over time. Baseline will be measured by internal data and updated 2023 Census data when released.	Trending up	Trending up

## GOAL 2) More people participate in community activities and events than ever before

Community wellbeing measures can include participation in sports, volunteering, community events and civic engagement. It is widely recognised that communities with opportunities to contribute and help one another are better connected and therefore more resilient. In South Waikato, our local election voter turnout in 2022 was 44%. The average local election voter turnout in New Zealand was 41%.

STRATEGIC MEASURE	YEARS 1-3 (2024-28)	YEARS 4-10 (2028-34)
Measure of community participation in services and facilities, voter turnout, targeted satisfaction surveys and census data is increasing over time.	Trending up	Trending up

### GOAL 3) No waste or rubbish leaves the District

Embracing a circular economy is one of the tools for improving our economic performance and attracting new businesses to the District. In the long-term, we'd like to be doing as much recycling within the District as possible. For now, we will start by focusing on reducing the amount of solid waste that goes to landfill.

STRATEGIC MEASURE	YEARS 1-3 (2024-28)	YEARS 4-10 (2028-34)
Waste to landfill tonnage decreases over time. Baseline of 6,042 tonnes of waste to landfill for the 2022-23 financial year.	Trending down	Trending down

### GOAL 4) Our economy grows faster than anywhere else in the country

Currently, our economic performance is not keeping pace with the rest of the country and we lag behind in some critical economic performance measures. Our GDP per capita in 2023 was \$59,776 compared with \$72,329 in NZ. Likewise, our annual employment growth over the last ten years averaged 1% compared with 2.1% for New Zealand. To close this widening gap, we need to outperform the country for economic growth until our GDP matches or exceeds the national average.

STRATEGIC MEASURE	YEARS 1-3 (2024-28)	YEARS 4-10 (2028-34)
District GDP increases at a higher rate than the national average. Baseline of \$1.5 billion in 2024 (Infometrics measure), employment and business growth.	Trending up	Trending up

### GOAL 5) All our young people are in education or employment

Educational attainment for our young people is another of the District's challenges that needs to be addressed if we want to grow our economy and employment. The Council recognises that this starts with our young people and ensuring that they transition into either further education or suitable employment. In the year to March 2024, the number of NEETS (not in education or employment) is 22.6%.

STRATEGIC MEASURE	YEARS 1-3 (2024-28)	YEARS 4-10 (2028-34)
District's NEET rate decreases over time. Baseline of 22.6% of young persons population.	Trending down	Trending down

# OUR FINANCIAL STRATEGY

Tō mātou rautaki ahumoni



The Financial Strategy sets our guiding principles for managing Council's finances and making budgetary decisions. It tells the story about the levels of service, costs, risks and trade-offs that Council needs to consider, ensuring that we can help set and communicate priorities to the community.

Our financial strategy for the 2024-34 Long Term Plan (LTP) provides strategic control by allowing us to have self-set limits, reflective of the need of the community, on financial aspects, like rates and debt, to deliver long term financial stability.

Key principles of our financial strategy are focused on the following:

Achieving financial sustainability within ten years

Ensuring services and facilities meet the collective needs of the community

Ensuring Council operates efficiently, effectively and prudently

Investing in infrastructure that supports growth

Maintaining and renewing our assets to optimise their whole of life benefit

This Financial Strategy compliments our Infrastructure Strategy. It relies on the reasonableness of Forecasting Assumptions, Asset Management Plans and Activity Statements to provide the context to deliver on our goals.

Together these documents elaborate on the Council's plans to achieve key outcomes and address the challenges which it is facing.

## THE PAST

Council's previous financial strategies have varied. Some had a primary focus on the Council being a community service provider that must recognise and take advantage of economic and community development opportunities.

Others prioritised maintenance of our District, looking for growth and minimising rates.

A focus on minimising the rates, and the direct financial impact on ratepayers, has had a significant impact on Council's ability to maintain its facilities and infrastructure.

Although maintenance was set as a priority, maintenance was often reduced to a level that did not ensure that facilities were at a standard that was required.

This low maintenance approach didn't consider the impacts and cost increases on future generations.

Underfunding depreciation has been used as a mechanism to reduce rates. This has had a direct impact on the level of infrastructure renewals. The quality of our infrastructure is inadequate and has limited the ability to look or plan for growth.

Council also applied a 0% average rate increase in the 2020-21 financial year to address the significant impact of the Covid-19 pandemic on ratepayers. Changes were made to the rating model to achieve this.

These changes included delaying projects, less funding of depreciation, freezing Council staff salaries and producing an annual plan that had an operational deficit that used debt to cover the shortfall.

Council made significant changes to the 2021-31 Long Term Plan through an amendment in December 2022 which prioritised an accelerated investment in three waters capital works.

This work was an investment in additional projects for the District, utilising modelling information that wasn't available previously.

Focusing on future growth and addressing the quality and standard of infrastructure in the District was the priority. This amendment also came at a time when new, centralised water entities were expected to be formed to manage the waters through Central Government imposed legislation.

Council had taken the approach that we should have three waters related projects underway so that the new entities would have an obligation to complete work that was started. Our Council did not want to be left behind after the transition so by moving in this direction, the three waters infrastructure priorities of our District would still be addressed after handover.

Council also decided in the 2023-24 Annual Plan to have an average rates increase of 18.5%. This move put Council in a position to start to address significantly low rate rises of the past.

This increase breached the upper limit of 9% for any one year but was a move that enabled Council to be in a better position to review operations for the 2024-34 LTP. Council had to address compounding issues related to borrowing to operate and the higher rate rise was a step towards that.



## THE PRESENT AND THE FUTURE

On the back of the significant financial reset in 2023-24, the South Waikato District is taking advantage of opportunities to participate in and encourage economic development and growth. Our District is central to many large urban locations that make our District appealing to industry.

Significant projects have been completed and further work is in progress to attract businesses to our District. Capital invested by Council is expected to be returned through sale of industrial developments in year 1 (2024-25) of the LTP. This will provide the working capital required for further investment.

Council is currently dealing with pressures from changes in regulation and legislation. The changing landscape in three waters and resource management reform has proved to be a challenge for the Council. Capital investment and operational revamp has allowed us to deal with the pressures of regulatory imposition whilst ensuring we are legislatively compliant.

To achieve the vision and goals Council have outlined, we have needed to change the funding model to provide better predictability and financial certainty in support of improved community outcomes. Critical to this strategy is long term financial sustainability to cater not only for our current ratepayers but generations to come.

## OUR APPROACH GOING FORWARD

Significant funding has been budgeted to complete work that is necessary for our District. A focus on the key principles has been applied to the proposed budgets.

Our community have often verbalised that they want Council to do what is needed, getting back to basics whilst meeting necessary obligations and ensure we do that within its means. This has been incorporated in the following detail.

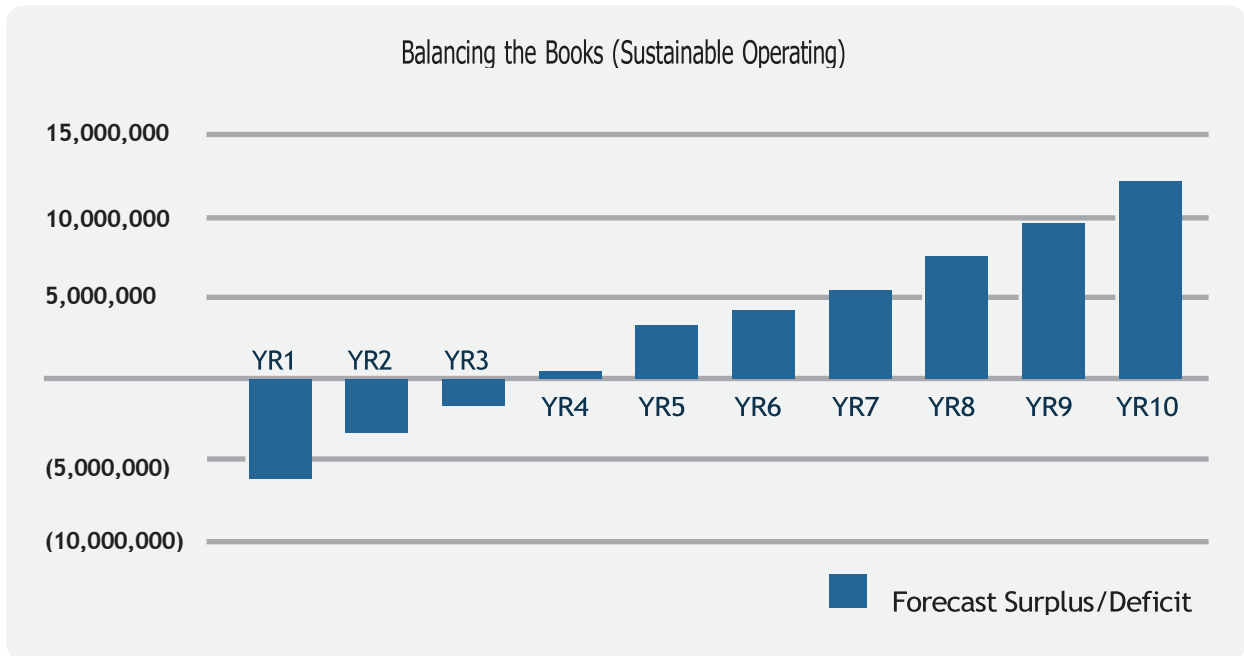
## A BALANCED BUDGET AND BALANCING THE BOOKS (SUSTAINABLE OPERATING)

Council proposes to not have a balanced budget for every year of the long term plan. This is because Council believes it is financially prudent to do so and resolve this under the provisions of section 100(2) of the Local Government Act 2002. Having an unbalanced budget, in the short term, allows for the estimated expenses of achieving and maintaining the levels of service provision, capacity and integrity of assets and funding and financial policies, as set in the long term plan, that is more suited to the needs and wants of our community. It also enables us to maintain affordability whilst we review the organisations operations and focus more on financial sustainability over the longer term.

Financial sustainability is an essential principle for Council. To achieve this, we must return to achieving operating surpluses. Council now measures operating performance after excluding revenue that pays for infrastructure or community assets. Examples of this type of revenue are Government subsidies for roads, development and financial contributions imposed on new developments, and grants for capital projects.

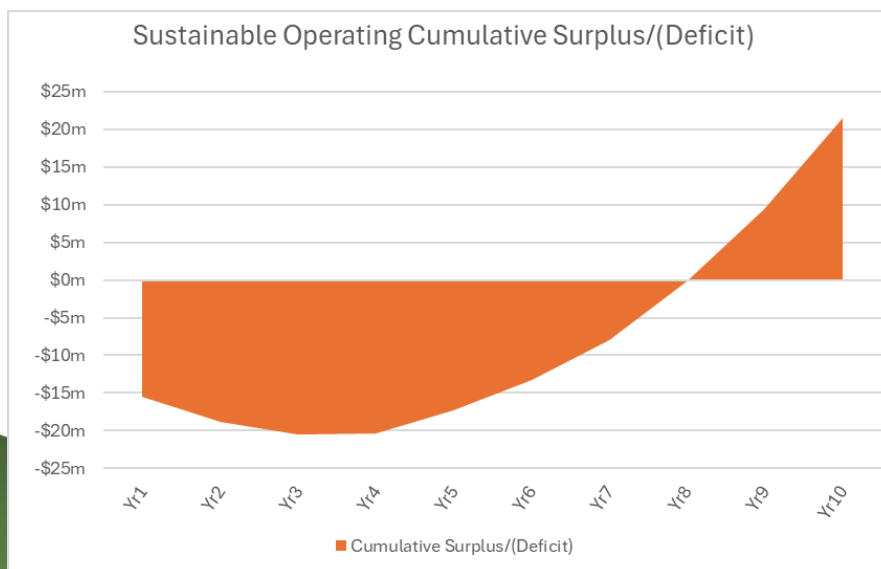
The operating performance measure is what we call 'Balancing the Books'.

The chart below shows the prospective Balancing the Books outcomes for the life of the LTP. It indicates that we will be working our way back to surpluses over the first four years of the Plan. Achieving a sustainable operating position that is fair to current and future ratepayers will take some time, but it is important that we do achieve it. The current situation of debt supporting our day-to-day operations is not sustainable and not fair to future ratepayers.



The balancing the books graph is different from the financial prudence balanced budget benchmark because it has different components that are taken into consideration. It looks at the dollar impact of sustainable operating and removes capital subsidies from the calculation which is included as part of the financial prudence benchmark.

Once we reach equilibrium, we can start to address the operating deficits of the past that started in the 2020-21 financial year. Forecasting a surplus should position the Council to be financially sustainable and able to respond to future challenges and community expectations, maintain debt level control to remain within Local Government Funding Agency (LGFA) limits and provide more debt capacity to enable future growth and provide community assets and facilities. The graph below shows the impact of balancing the books and the forecasted surpluses on Council’s sustainability.



## RATES

Council’s primary source of revenue is rates. The LTP has forecasted that rates will be 77% of the total income it receives. Council has proposed that the average rates increase for years one, two and three of the LTP, the 2024-25, 2025-26 and 2026-27 financial years respectively, is 8.9%.

It will then reduce to 7.9% in year four (2027-28) with a further reduction to 7.5% in year five (2028-29). From year 6 (2029-30) onwards the average rates increase will plateau at 3%.

These forecasts are based on current expert analysis of significant variables, including inflation and interest rates. Outcomes may be materially different and could impact Council’s rating decisions in the future.

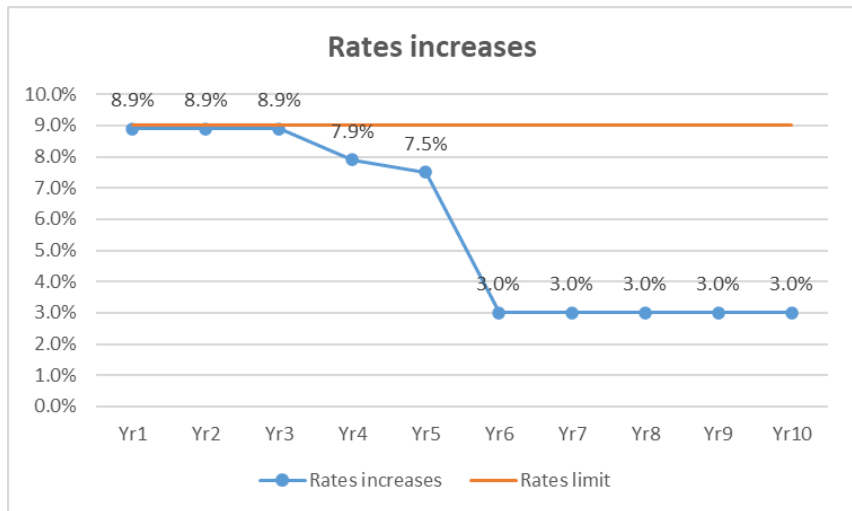
Council has proposed limits for rates revenue as follows:

- ▮ Rates revenue increases will not be larger than 9% for any one year

Council recognises that these are large increases, but significant investment in growth, infrastructure and legislative compliance, along with recent high inflation and the need to restore operating surpluses means we have little choice. Council will continue to look for savings over the coming years to improve efficiency and ensure they operate within the set parameters.

The LTP budget proposes an average rate increase of 57.1% in rates revenue over the next ten years. Total rates revenue is forecasted to rise from \$43 million in year one (2024-25) to \$71 million in year ten (2033-34).

**These graphs show the prospective average rates percentage increases as outlined above and the same detail in dollar terms.**



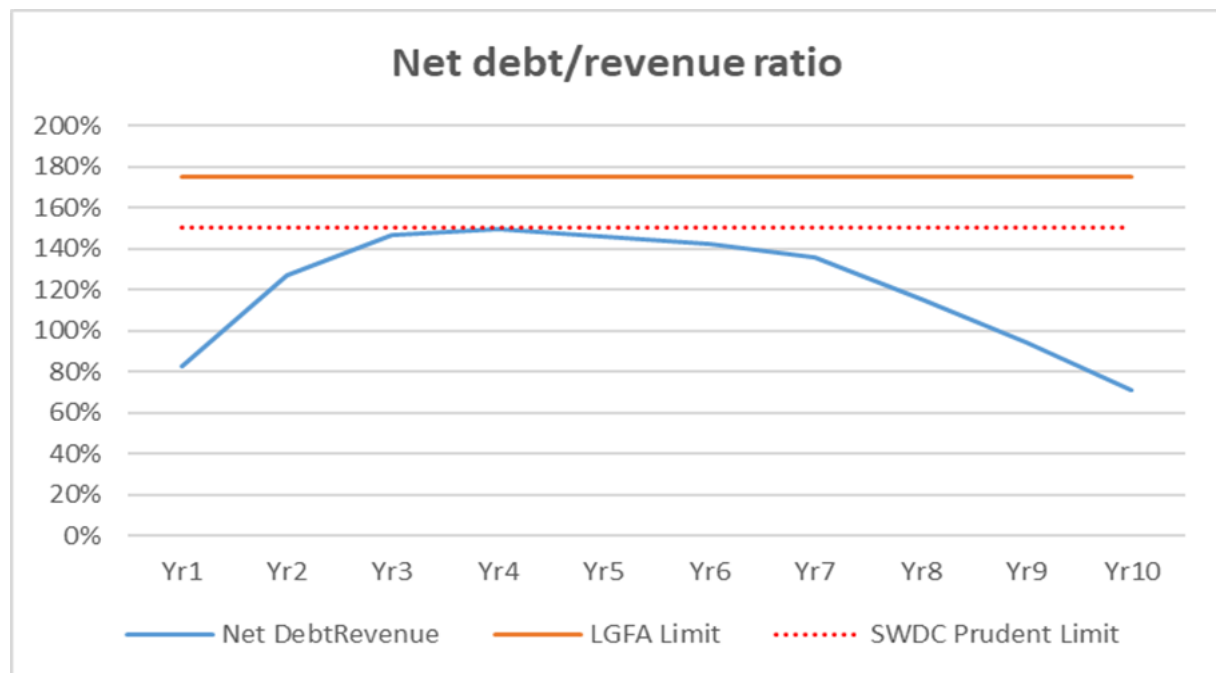
## DEBT

Managing our debt is a key part of our financial strategy. Debt is necessary for Council to be able to pay for the multi-generational infrastructure and community assets that are required in our District. Debt funding this type of spending ensures that ratepayers share the costs and benefits of these assets over the asset's useful lives.

There is however a limit to the amount of debt Council can have. The limit is imposed by our lenders and ensures Council does not end up in a position of financial difficulty.

Our primary lender is the Local Government Funding Agency (LGFA). The LGFA debt limit currently applicable to our Council is that net debt can be no more than 175% of our revenue.

The graph below shows our forecast net debt as a percentage of revenue over the period of the LTP. Council has set itself a self-imposed borrowing limit of 150% to enable access to funds in case of unexpected events occurring.

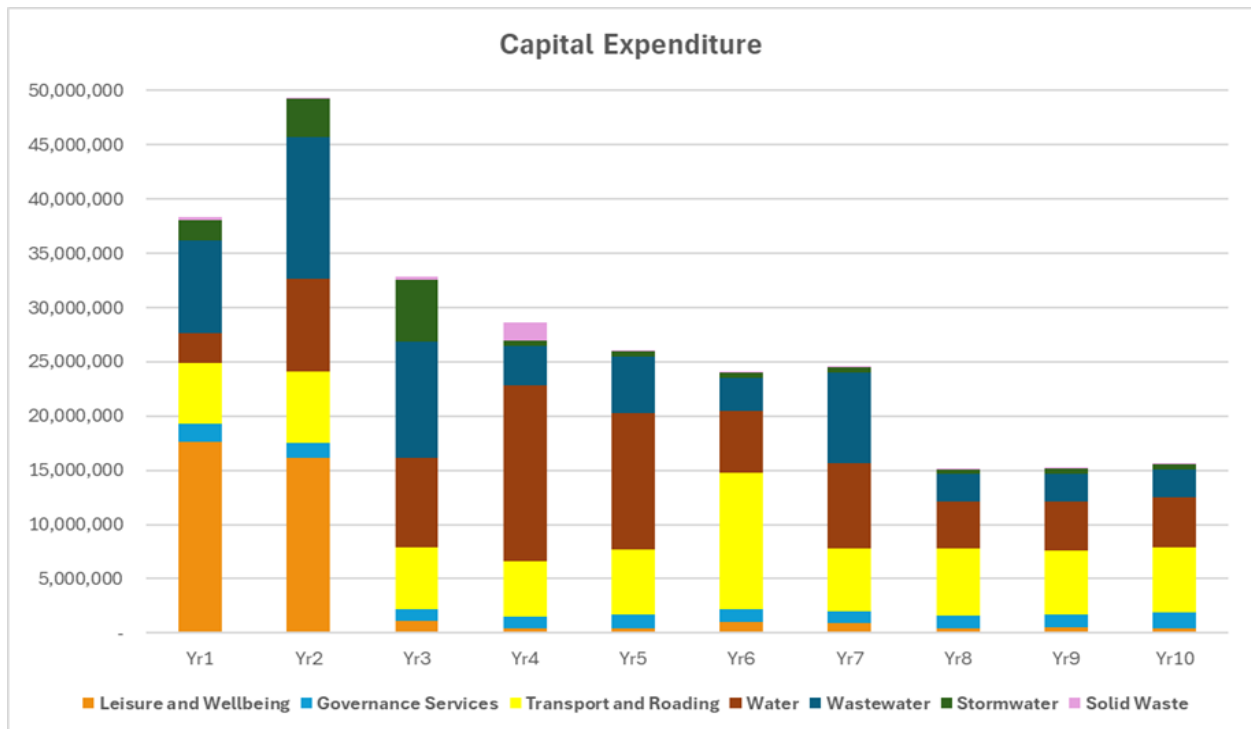


Ensuring Council can work within the debt limits ensures that we can deliver programmes of work that operate within our means.

## CAPITAL EXPENDITURE (INCLUDING FUNDING)

Council has planned to spend \$270 million on capital works over the ten year period. More than half of this, (\$150 million plus inflation) is in the three waters space. Maintaining and renewing aging three waters infrastructure is a challenge for all Councils and Council intends to address this better than it has in the past.

With the additional modelling undertaken as part of the 2021-31 LTP amendment and additional data and scoping undertaken to date, there is confidence that the three waters capital programme can be achieved. The remainder of the planned capital is spread across roading, leisure services, solid waste and governance.



The graph shows the budgeted capital spend over the 10-year plan in each of the activities that has a planned capital programme.

The timing of capital project completion is expected to be as predicted in Asset Management Plans and as noted above. The ability to achieve this can be hindered by a range of factors or risks and will have an impact on the financial strategy as well as the infrastructure strategy. For the financial strategy, the risks of project delay can have an impact on the timing of borrowings, timing of depreciation and timing of external funding. This may mean that the repayment of debt that is reliant on project completion and sale proceeds from a project requires additional debt to cover other projects, potentially changing our net debt/revenue profile.

Although Council has not planned for the delay in capital project completion, they do plan to reassess the need to bring projects forward as required should another project be delayed or the urgency of a future project to be completed is required. These assessments will be undertaken as and when needed and as transparently as possible.

Council has shifted how it commits capital to infrastructure renewals, upgrades and replacements to enable prioritisation of capital spend more effectively. The focus is on the entire District rather than each individual township in isolation. Funding our capital programme is from the following sources:

- 01) **External funding from government or other organisations.**  
Examples are roading subsidies or government grants.
- 02) **Debt funding for assets to enable growth and to improve levels of service provided by assets.** An example is building infrastructure for new subdivisions.
- 03) **Cash surpluses derived from funding depreciation enable our existing assets to be restored to good working condition.**

External funding sought or provided to Council from other entities reduces the burden on the ratepayer. Subsidies and grants are the usual sources of external funding provided the programme of works meets certain criteria.

Fully funding depreciation to accommodate renewals is a strategic shift for Council. It has been a way to minimise the rates impact for ratepayers but has come at the cost of deteriorating assets and operating deficits. We are now transitioning towards receiving the rates needed to bring our assets up to standard and provide for current and future generations.

## SIGNIFICANT FACTORS OF CONSIDERATION

Council has recognised that there are factors that will impact its ability to maintain existing levels of service, meet additional demands for services, change the use of Council land and facilities in the District and the potential impacts of network demand changes. The factors include:

- Moderate and sustained population growth
- Balanced economic growth
- Demand for suitable and affordable housing across the market
- Current low average income levels of the District
- Flood protection and flood control capacity
- Preservation of the natural environment

Council is planning for the District population to be over 34,000 people by 2053. Balancing the needs of the current and future communities whilst understanding the natural environment, potential impacts of climate change and ensuring there is enough land and infrastructure available to meet projected growth in the South Waikato whilst still ensuring this affordable, is a challenge.

The proposed change in how Council funds capital works is the starting point for a way forward to meet the challenge of the above noted factors. Ensuring that depreciation is fully funded will meet the renewal and maintenance requirements on existing assets and levels of service. This then allows for more borrowing capacity for service level changes and growth requirements. Although the current low average income levels limit the ability to meet the demand for suitable affordable housing or fund growth, the recognised potential of future ratepayers and generations within the District to share the burden of rates is projected in growth plans. Some approved changes in Council land holdings and land suitability to make land available to build more suitable and affordable housing will help meet the demand for housing too.

There is an expectation that relevant infrastructure capital works in three waters will cater for the change in demand on the network. New growth projects will expect stormwater issues to be managed onsite. Management of the natural environment is considered in capital works and ongoing communication with iwi, hapū and other stakeholders including Waikato Regional Council and Central Government allows for the preservation of the natural environment like puna (springs) at Te Waihou.

## IN SUMMARY

The financial strategy has been simplified, changing the priorities to better suit the community without focusing solely on rates.

Council is now at a point where it has learned from the actions of the past to move forward. Efficiency and effectiveness are not only key to acting prudently, but a driver of financial sustainability, to ensure that Council is able to provide services and facilities that meet the collective needs of the community both now and for the generations to come.

# OUR 30-YEAR INFRASTRUCTURE STRATEGY SUMMARY

Tō mātou rautaki hanganga mō ngā tau toru tekau e haere ake nei

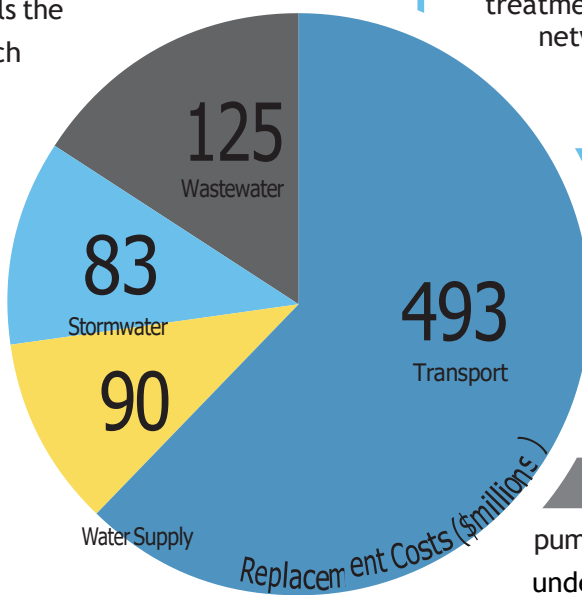
The 30-year Infrastructure Strategy identifies major infrastructure challenges for South Waikato District Council and outlines options to manage them over the next thirty years.

Managing and maintaining Council’s infrastructure requires strategic thinking and good asset management practices. This strategy provides a long term view of the District’s infrastructure needs and outlines current assumptions and plans to address key issues over the next thirty years.

The Strategy details the Council’s approach

to managing and investing in infrastructure, including what will be needed, when and the costs involved. It covers:

- Water
- Wastewater
- Stormwater
- Land transport



The Infrastructure Strategy includes;

## TRANSPORT

sealing (surface layer of a road), pavements (below the surface), kerb and channel, rural drainage, traffic signs, bridges and large culverts, street lighting, footpaths, parking and vegetation control.

## WATER SUPPLY

headworks, bores, reservoirs, pumps, treatment plants, underground pipe networks and all ancillary assets.

## STORMWATER

major culverts, lined channels, underground pipe network, detention structures, swales, wadies and ancillary assets.

## WASTEWATER

pump stations, treatment plants, underground pipe networks and all ancillary assets.

The Strategy integrates information from the Three Waters Strategy and Land Transport Strategy and informs the Asset Management Plans (AMPs) for each infrastructure class.

The 30-year goal is to provide infrastructure that meets our community’s agreed service levels, both now and in the future, in an efficient, effective and sustainable way.

The ability to complete the capital programme, as planned, has an impact on the strategy. Some risks involved with project completion are relative to market demands which can include the availability of contractors to do projects and potential cost escalations because of resource demand. The Council has factored in relative cost contingencies into the capital programme to mitigate some of the market demand risk. As well as applying some timing factors into the finances to cater for any change in the capital programme.



## INFRASTRUCTURE STRATEGIC CHALLENGES

To deliver Council outcomes, Council needs to focus on its infrastructure investments. The following challenges are the most important infrastructure matters for Council to address:

### **Renewals:**

Managing the replacement of existing assets by informed decision-making.

### **Resilience:**

Planning for service disruptions.

### **Compliance:**

Maintaining or improving public health outcomes, improving environmental outcomes and providing a safe transport system.

### **Levels of Service:**

Maintaining sustainable delivery of existing levels of service and managing expectations for improved levels of service.

### **Critical Assets:**

Proactively maintaining and replacing critical assets to maintain the level of service, to protect the environment, and the health and wellbeing of the community.

### **Population Growth:**

Responding to an increase in demand for services.

### **Recovery:**

Responding to natural disasters and pandemics.

### **Climate Change:**

Increased frequency and intensity of extreme events and the impact on our system capacity.

Our ability to adapt and plan for climate change in our renewals and replacement programme, and new infrastructure development.

The uncertainty of the outcome of the climate change risk assessment.

### **Asset Management Improvement:**

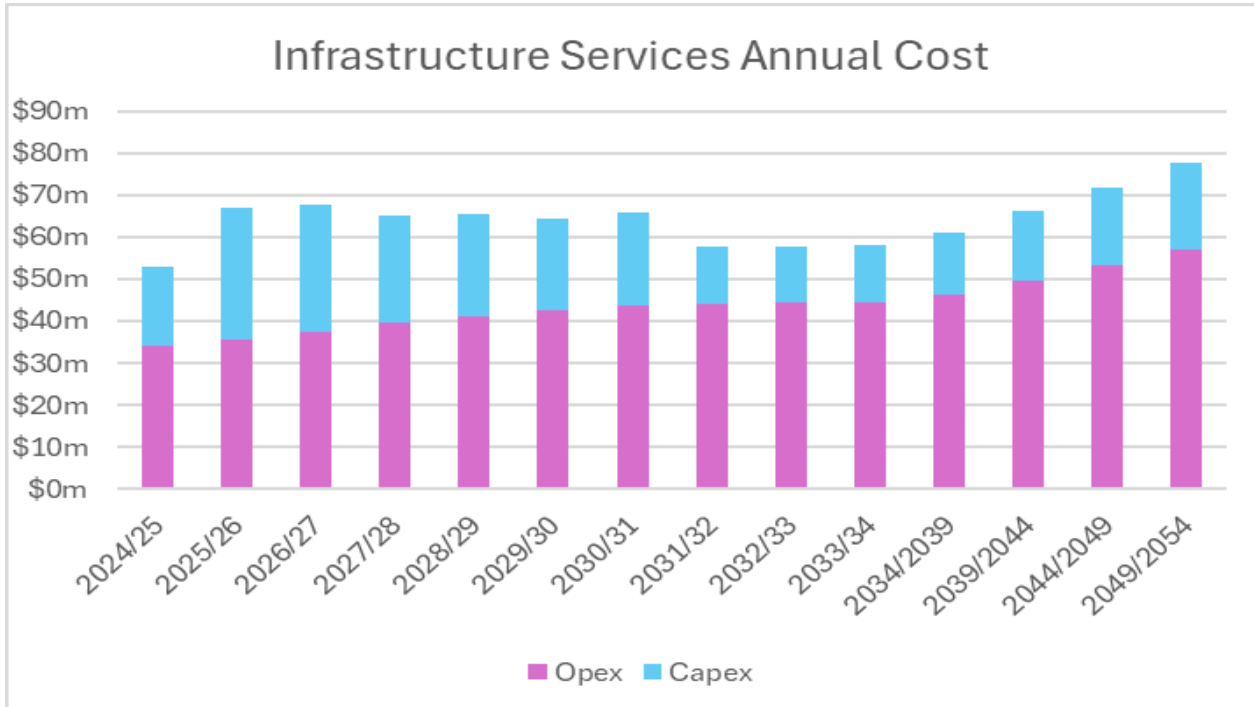
Identifying improvements to Council's asset management practices to enhance asset information and systems to enable informed decision-making.

### **Relationships:**

Maintaining relationships with residents and ratepayers, tangata whenua, NZTA, Waikato Regional Council, community partners, Central Government and Government agencies.

## INVESTMENT / FINANCIALS

The 30 year forecasted operational expenditure and capital expenditure for three waters and roading infrastructure assets is summarized in the graph below.



- Notes: 1. From 2034 onward, the five-yearly amounts shown are the annual average  
 2. Amounts are inflation adjusted.

## WASTEWATER AND WATER

The renewal programme for wastewater and water reticulation networks over the next thirty years will be based on the results of performance, maintenance, breakage history, criticality and condition of specific assets.

A programme of condition assessments is carried out as required. The assets are selected based on remaining life, criticality, performance and maintenance history. The information is analysed to determine what pipes will be replaced and when they will be replaced.

Network modeling has been carried out to assess where pipe sizes need to be increased to provide the level of service and where additional capacity is required to cater for growth. The result of the condition assessments and network modeling inform the forward works programme.

Council assessed the ways to fund renewals and the requirements of the capital programme for growth and levels of service in its entirety. On that basis, the hierarchy of funding for capital expenditure will remove the reliance on reserve funding for renewal programmes as we will no longer have asset replacement reserves.

Capital expenditure will be funded through external funding like subsidies or grants, debt for growth and levels of service and cash surpluses created by funding depreciation for renewals.

Providing and maintaining Council's infrastructure requires good asset management practices and strategic thinking.

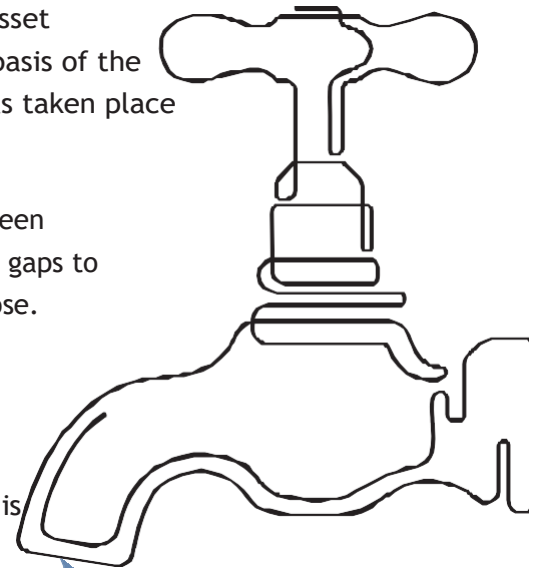
Understanding what assets we own and what key information (criticality, performance, condition and age) is required is fundamental to asset management. The reliability of key information forms the basis of the capital and maintenance programmes and a gap analysis has taken place to understand the key information.

Gaps in our asset knowledge of Council's infrastructure have been identified. A range of options have been considered to fill those gaps to allow the Council to make good decisions that are fit for purpose.

The assessment of our confidence in key programme input (asset data) is broken down into key attributes with condition being one of those. The confidence level range varies from uncertain to reliable. The overall reliability of condition data is good with only minor inaccuracies in some sections of our infrastructure systems.

Funding for the improvement programme is identified in the 2024-34 Long Term Plan.

To view the full Infrastructure Strategy, go to The Long Term Plan Volume 2 [www.southwaikato.govt.nz/our-council/strategies-plans-policies-bylaws/plans/long-term-plan](http://www.southwaikato.govt.nz/our-council/strategies-plans-policies-bylaws/plans/long-term-plan)



# OUR SERVICES

Ā mātou ratonga

TRANSPORT & ROADING

SOLID WASTE & RECYCLING

WATER SUPPLY

WASTEWATER

STORMWATER

LEISURE & WELLBEING

GOVERNANCE

STRATEGY

REGULATORY

# TRANSPORT & ROADING SERVICES



## Ngā ratonga momo waka me ngā huarahi

The South Waikato District Council owns, operates, and maintains the Land Transport Network (excluding State Highways) to ensure safe, reliable, and efficient access for residents 24/7. This supports the needs of the community, provides local representation for transportation needs, and ensures sound management of the network for future generations. The Council oversees activities such as road and cycleway resealing, road pavement rehabilitation, seal widening, maintenance of signs, street lighting, road drainage, footpaths, road marking, and general maintenance of both sealed and unsealed roads. While external contractors handle physical work, internal SWDC staff manage the network.

The Council's roading network ensures secure access throughout the District, facilitating business development, safe movement for residents and visitors, and easy access to facilities and services, thereby supporting economic growth and operational efficiency. Notably, NZTA has increased its funding assistance rate to 67% for the 2024/27 Long Term Plan.

From 2024 to 2034, Land Transport Activities will focus on meeting Government Policy Statement requirements, coordinating national, regional, and local transport networks, ensuring long-term sustainability through asset management and risk practices, enhancing sustainability and resilience, continuing network performance modelling, ensuring NZTA and legislative compliance, and adhering to the District Land Transport Strategy, which guides the South Waikato Land Transport System for the next thirty years.

### CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

To mitigate potential challenges to the environment, including emissions, runoff, dust, and noise, Council will apply for necessary resource consents, manage contracts to minimise environmental impacts and design stormwater infrastructure to reduce runoff effects. To address the risk of accidents resulting in death or serious injury, Council operates a road safety programme in collaboration with the New Zealand Police, NZTA, and ACC to raise awareness. Additionally, Council will make safety improvements to the roading network, such as realigning dangerous intersections and imposing speed restrictions to ensure appropriate travel speeds for motorists.

## MAJOR PROJECTS

One of SWDC's primary activities is owning and maintaining the roading and footpath network (excluding state highways). Ensuring our current infrastructure is appropriately maintained and renewed as required is a focus, alongside encouraging compliance with necessary standards. We also focus on ensuring that we maximise our NZTA funding to support our roading activity.

WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Pavement rehabilitation	R	\$1,221,000	\$1,392,000	\$1,473,000	\$10,344,000
<u>Low cost</u> low risk improvements	LOS	\$155,714	\$585,143	\$367,999	-
Drainage renewals	R	\$488,000	\$433,000	\$433,000	\$2,973,000
Town Concept Plan - Bridge Street upgrade	LOS	-	-	-	\$7,925,232
Speed Management Plan implementation	LOS	\$436,000	\$388,000	\$332,000	\$1,976,100
Traffic services and street lighting renewals	R	\$236,000	\$287,000	\$304,000	\$2,564,000
Footpath renewals	R	\$46,000	\$100,000	\$105,000	\$791,000
Road widening	LOS	\$602,476	\$558,333	\$625,190	\$5,495,019
Sealed roading resurfacing and widening	R	\$1,680,900	\$1,846,112	\$1,961,922	\$15,547,876
Tokoroa and Tīrau CBD - hazardous paving renewal	LOS	\$607,700	\$600,016	-	-
Roundabout Improvements	LOS	\$211,810	\$222,857	-	-

R = Renewals    LOS = Levels of Service    G = Growth

Total spend on major projects over the ten years on TRANSPORT & ROADING is \$65,316,399

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we've committed to providing.



PROSPECTIVE TRANSPORT & ROADING FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	7,777	5,439	6,249	7,550	7,827	8,475	9,476	9,766	10,057	10,406	10,630
Subsidies and grants for operating purposes	2,483	3,727	3,992	4,180	4,206	4,399	4,427	4,507	4,629	4,677	4,753
Fees and charges	99	14	15	15	15	16	16	16	17	17	17
Internal charges and overheads recovered	51	-	-	-	-	-	-	-	-	-	-
Interest & dividends from investments	28	36	26	19	20	39	37	33	31	28	23
Local authorities fuel tax, fines, infringement fees, other receipts	192	180	180	180	180	180	180	180	180	180	180
<b>Total operating funding (A)</b>	<b>10,630</b>	<b>9,396</b>	<b>10,462</b>	<b>11,944</b>	<b>12,248</b>	<b>13,109</b>	<b>14,136</b>	<b>14,502</b>	<b>14,914</b>	<b>15,308</b>	<b>15,603</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	7,517	6,945	7,155	7,281	7,413	7,728	7,777	7,904	8,089	8,163	8,280
Finance costs	121	133	165	199	238	538	530	469	414	319	211
Internal charges and overheads applied	1,028	2,992	2,969	3,073	3,127	3,117	3,201	3,131	3,134	3,240	3,210
<b>Total application of operating funding (B)</b>	<b>8,666</b>	<b>10,070</b>	<b>10,289</b>	<b>10,553</b>	<b>10,778</b>	<b>11,383</b>	<b>11,508</b>	<b>11,504</b>	<b>11,637</b>	<b>11,722</b>	<b>11,701</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>1,964</b>	<b>(674)</b>	<b>173</b>	<b>1,391</b>	<b>1,470</b>	<b>1,726</b>	<b>2,628</b>	<b>2,998</b>	<b>3,277</b>	<b>3,586</b>	<b>3,902</b>



STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies & grants for capital expenditure	2,115	3,425	4,055	3,869	3,482	3,570	3,633	3,917	4,193	4,005	4,052
Development & financial contributions	210	263	268	275	281	287	293	300	306	312	318
Increase (decrease) in debt	428	2,672	2,083	184	(83)	373	6,069	(1,434)	(1,599)	(1,988)	(2,259)
<b>Total sources of capital funding (C)</b>	<b>2,753</b>	<b>6,360</b>	<b>6,406</b>	<b>4,328</b>	<b>3,680</b>	<b>4,230</b>	<b>9,995</b>	<b>2,783</b>	<b>2,900</b>	<b>2,329</b>	<b>2,111</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to improve the level of services	562	2,096	2,605	1,528	1,157	1,725	8,239	1,242	1,502	1,112	1,076
- to replace existing assets	4,155	3,590	3,974	4,191	3,993	4,231	4,384	4,539	4,675	4,803	4,937
<b>Total application of capital funding (D)</b>	<b>4,717</b>	<b>5,686</b>	<b>6,579</b>	<b>5,719</b>	<b>5,150</b>	<b>5,956</b>	<b>12,623</b>	<b>5,781</b>	<b>6,177</b>	<b>5,915</b>	<b>6,013</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(1,964)</b>	<b>674</b>	<b>(173)</b>	<b>(1,391)</b>	<b>(1,470)</b>	<b>(1,726)</b>	<b>(2,628)</b>	<b>(2,998)</b>	<b>(3,277)</b>	<b>(3,586)</b>	<b>(3,902)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# SOLID WASTE & RECYCLING SERVICES

Ngā ratonga para kore me te hangarua



Council owns, operates (under contracts), and maintains various assets and services to promote waste minimisation and environmental protection, as mandated by the Waste Minimisation Act 2008.

We provide a weekly kerbside household rubbish collection and disposal service, as well as a fortnightly kerbside household recycling collection and processing service. Additionally, we offer a greenwaste drop-off and processing service to ensure proper management of organic waste. To facilitate waste disposal and recycling, we operate waste transfer stations in Tokoroa and Putāruru, along with three recycling drop-off centres.

Furthermore, we oversee the maintenance and aftercare of three closed landfills, ensuring responsible management of these sites. Recognising the importance of education and community engagement, we provide waste minimisation education in schools and offer practical workshops to encourage our communities to better manage their waste.

We actively promote behaviour change, community engagement, and policy development to achieve waste minimisation and reduction. Moreover, we investigate, enforce, and encourage the reduction of illegal dumping, ensuring a clean and sustainable environment for our communities.

The Waste Minimisation Act 2008 promotes waste reduction to safeguard the environment and provide environmental, social, economic, and cultural benefits. This Act mandates the Council to prepare and regularly update a Waste Management and Minimisation Plan (WMMP). The current WMMP, established in 2022, outlines the Council's activities for the next six years and is scheduled for review in 2028.

The 2024-34 Long Term Plan reflects the current Waste Management and Minimisation Plan which was adopted by Council during 2022.

CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

Diverting waste from landfills to resource recovery in line with circular economy principles and addressing illegal dumping present significant challenges. However, there are several opportunities to address these issues. By educating and engaging communities, we can reduce the harmful effects of waste on health and the environment. Supporting local resource recovery businesses ensures that benefits flow directly back into our community.

Additionally, ensuring that our waste infrastructure meets the District’s changing needs is crucial for sustainable waste management.

## MAJOR PROJECTS

Council’s involvement includes encouraging waste minimisation, managing waste and recycling facilities and delivering an urban household collection service. These projects will further deliver on waste minimisation, renew necessary infrastructure for compliance standards and improve facility health and safety standards.

WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Kerbside organics - bins*	LOS	-	-	-	\$741,577
Solid waste renewals	R	\$1,138,179 spread over the ten-year period			
Putāruru Transfer Station (PTS) - SH slip road improvements	LOS	-	-	\$107,792	\$882,173
PTS - improvements	LOS	\$206,000	-	-	-

\* This project is funded largely by the waste levy from Central Government. The portion above is our part of the total project cost.

Total spend on major projects over the ten years on SOLID WASTE & RECYCLING is \$3,075,721

R = Renewals    LOS = Levels of Service    G = Growth

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we’ve committed to providing.

PROSPECTIVE SOLID WASTE & RECYCLING FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	1,694	2,445	1,790	2,264	2,863	2,971	3,016	3,025	3,060	3,166	3,181
Targeted rates	1,877	1,366	1,384	1,416	1,568	1,666	1,695	1,712	1,735	1,701	1,710
Subsidies and grants for operating purposes	450	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,108	1,099	1,071	1,096	1,121	1,146	1,170	1,193	1,217	1,240	1,264
Interest & dividends from investments	20	39	22	15	15	12	11	9	7	6	5
Local authorities fuel tax, fines, infringement fees, other receipts	20	405	405	405	405	405	405	405	405	405	405
<b>Total operating funding (A)</b>	<b>5,169</b>	<b>5,354</b>	<b>4,672</b>	<b>5,196</b>	<b>5,972</b>	<b>6,200</b>	<b>6,297</b>	<b>6,344</b>	<b>6,424</b>	<b>6,518</b>	<b>6,565</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,831	3,747	3,763	3,840	4,045	4,120	4,197	4,279	4,350	4,426	4,514
Finance costs	158	142	133	146	180	167	156	130	106	74	43
Internal charges and overheads applied	943	1,155	1,146	1,185	1,205	1,201	1,233	1,205	1,206	1,246	1,234
Other operating funding applications	10	5	5	5	6	6	6	6	6	6	6
<b>Total application of operating funding (B)</b>	<b>4,942</b>	<b>5,049</b>	<b>5,047</b>	<b>5,176</b>	<b>5,436</b>	<b>5,494</b>	<b>5,592</b>	<b>5,620</b>	<b>5,668</b>	<b>5,752</b>	<b>5,797</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>227</b>	<b>305</b>	<b>(375)</b>	<b>20</b>	<b>536</b>	<b>706</b>	<b>705</b>	<b>724</b>	<b>756</b>	<b>766</b>	<b>768</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies & grants for capital expenditure	-	-	-	-	626	-	-	-	-	-	-
Increase (decrease) in debt	(29)	4	480	196	572	(593)	(590)	(607)	(636)	(644)	(643)
<b>Total sources of capital funding (C)</b>	<b>(29)</b>	<b>4</b>	<b>480</b>	<b>196</b>	<b>1,198</b>	<b>(593)</b>	<b>(590)</b>	<b>(607)</b>	<b>(636)</b>	<b>(644)</b>	<b>(643)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to improve the level of services	-	206	-	108	1,624	-	-	-	-	-	-
- to replace existing assets	200	103	105	108	110	113	115	117	120	122	125
Increase (decrease) in reserves	(2)	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>198</b>	<b>309</b>	<b>105</b>	<b>216</b>	<b>1,734</b>	<b>113</b>	<b>115</b>	<b>117</b>	<b>120</b>	<b>122</b>	<b>125</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(227)</b>	<b>(305)</b>	<b>375</b>	<b>(20)</b>	<b>(536)</b>	<b>(706)</b>	<b>(705)</b>	<b>(724)</b>	<b>(756)</b>	<b>(766)</b>	<b>(768)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WATER SUPPLY SERVICES

## Ngā ratonga wai



Council manages four urban (Tokoroa, Putāruru, Tīrau, Arapuni) and two rural (Lichfield and Athol) water supplies, which include 10 reservoirs, 10 bore water pumps, and 228km of reticulation. Water is treated using various methods, including chlorination, filtration, pH correction, fluoridation, and ultraviolet disinfection, to ensure high quality and safety standards.

Tokoroa’s water is supplied by two bores and treated before being pumped to Colson Hill reservoirs. Putāruru water comes from the Glenshea Memorial Park Bore and Blue Spring, with water from both sources treated and distributed via reservoirs. Tīrau’s water is sourced from the Oraka River and treated before being pumped to reservoirs for distribution. Arapuni’s water is treated and pumped to a reservoir, with a booster pump for firefighting purposes. Lichfield’s water comes from a bore, and residents are advised to have storage tanks. Athol’s water supply is purchased from Oji and treated by them.

Ensuring a reliable and clean water supply is essential for public health, community safety, and supporting businesses. Council is committed to maintaining high-quality water services that meet all statutory and environmental standards.

The Government’s “Local Water Done Well” Policy aims to ensure long term planning and financial sustainability for council-managed water services. Council is actively preparing to comply with upcoming legislation related to this Policy.

Council is exploring options to continue providing quality and value in water services while maintaining a local voice and achieving the best outcomes for communities.

There are no significant variations between the Water and Sanitary Services Assessment in 2006 and the 2024-34 Long Term Plan.

CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

Council takes proactive measures to mitigate potential negative effects associated with water supply management. Regular water testing is conducted to ensure compliance with drinking water standards, preventing potential illnesses from treatment system failures. To curb water wastage, high-volume users are charged based on consumption, and water restrictions may be implemented during periods of high usage across the District's networks.

Recognising the environmental impact of water extraction activities, Council analyses potential impacts and considers economically viable and environmentally prudent options. Adherence to the Waikato Regional Council's consent conditions and monitoring ensures responsible water extraction practises.

Council prioritises strong relationships with Iwi, actively engaging with representatives to maintain successful co-management and co-governance partnerships.



## MAJOR PROJECTS

Water supply is a core activity of Council. We deliver a reliable supply of drinking water to our community, largely urban through its water supply network. An adequate supply is also required for firefighting and businesses.

Investment in water supply ensures appropriate replacement of plant and equipment (including electrical, mechanical and instrumentation), compliance with necessary standards, renews aging assets, improves health and safety, improves structural resilience, enables growth through the delivery of new infrastructure, helps manage water resources more efficiently and effectively, improves security of supply and level of service and ensures compliance with consent conditions.

The introduction of water meters across properties connected to our water supply network is planned to start in year 3 of the LTP subject to consultation with the community as part of the annual plan process for that year. Council must step up its water conservation game and the installation of water meters will help address the effects of climate change and population growth by allowing us to monitor the network better. Clean and safe drinking water is something we all enjoy but shouldn't take for granted.

WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Plant and equipment replacement	R	\$314,150	\$276,850	\$240,377	\$1,715,354
Water supply renewals	R	\$777,650	\$1,463,197	\$2,220,523	\$27,229,761
Health and safety improvements	LOS	\$41,200	\$42,106	\$43,117	\$328,848
Reservoir assessments and upgrades	R / LOS	\$365,650	\$1,426,354	\$161,689	\$3,344,538
Water supply growth upgrades	G	-	\$3,924,386	\$3,595,954	\$11,713,688
Water meters	LOS	-	-	\$862,339	\$8,918,768
Water supply resource consents	LOS	-	-	-	\$685,652
Water supply improvements	LOS	\$669,500	\$1,210,559	\$1,128,586	\$1,820,484
Investigations into new water source (Tirau)	G	\$515,000	-	-	-

R = Renewals    LOS = Levels of Service    G = Growth

Total spend on major projects over the ten years on WATER SUPPLY is \$75,036,280

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we've committed to providing.

PROSPECTIVE WATER SUPPLY FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	1,932	3,285	3,621	3,939	4,639	5,445	6,458
Targeted rates	3,897	3,931	4,511	5,186	6,156	6,687	7,099	7,361	7,409	7,339	7,295
Fees and charges	12	559	572	585	598	611	624	637	649	662	674
Internal charges and overheads recovered	806	-	-	-	-	-	-	-	-	-	-
Interest & dividends from investments	66	36	54	57	95	108	113	118	122	127	134
Local authorities fuel tax, fines, infringement fees, other receipts	67	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>4,848</b>	<b>4,526</b>	<b>5,137</b>	<b>5,828</b>	<b>8,781</b>	<b>10,691</b>	<b>11,457</b>	<b>12,055</b>	<b>12,819</b>	<b>13,573</b>	<b>14,561</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	2,030	2,572	2,442	2,450	2,484	2,518	2,549	2,580	2,611	2,640	2,669
Finance costs	102	134	333	588	1,152	1,485	1,620	1,700	1,636	1,466	1,251
Internal charges and overheads applied	1,945	1,394	1,365	1,400	1,418	1,413	1,441	1,416	1,415	1,449	1,438
<b>Total application of operating funding (B)</b>	<b>4,077</b>	<b>4,100</b>	<b>4,140</b>	<b>4,438</b>	<b>5,054</b>	<b>5,416</b>	<b>5,610</b>	<b>5,696</b>	<b>5,662</b>	<b>5,555</b>	<b>5,358</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>771</b>	<b>426</b>	<b>997</b>	<b>1,390</b>	<b>3,727</b>	<b>5,275</b>	<b>5,847</b>	<b>6,359</b>	<b>7,157</b>	<b>8,018</b>	<b>9,203</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Development & financial contributions	95	185	189	194	198	203	207	211	216	220	224
Increase (decrease) in debt	1,808	2,071	7,314	6,669	12,262	7,069	(322)	1,231	(3,020)	(3,715)	(4,814)
<b>Total sources of capital funding (C)</b>	<b>1,903</b>	<b>2,256</b>	<b>7,503</b>	<b>6,863</b>	<b>12,460</b>	<b>7,272</b>	<b>(115)</b>	<b>1,442</b>	<b>(2,804)</b>	<b>(3,495)</b>	<b>(4,590)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to meet additional demand	689	-	3,924	3,596	7,207	-	1,046	3,461	-	-	-
- to improve the level of services	1,342	1,432	2,674	2,196	6,425	7,674	564	106	108	110	112
- to replace existing assets	827	1,250	1,902	2,461	2,555	4,873	4,122	4,234	4,245	4,413	4,501
Increase (decrease) in reserves	(184)	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>2,674</b>	<b>2,682</b>	<b>8,500</b>	<b>8,253</b>	<b>16,187</b>	<b>12,547</b>	<b>5,732</b>	<b>7,801</b>	<b>4,353</b>	<b>4,523</b>	<b>4,613</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>771</b>	<b>(426)</b>	<b>(997)</b>	<b>(1,390)</b>	<b>(3,727)</b>	<b>(5,275)</b>	<b>(5,847)</b>	<b>(6,359)</b>	<b>(7,157)</b>	<b>(8,018)</b>	<b>(9,203)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WASTEWATER SERVICES

## Ngā ratonga waipara

Council owns, operates and maintains wastewater collection networks and disposal schemes for the communities of Arapuni, Tirau, Putāruru, and Tokoroa.

The wastewater undergoes rigorous treatment processes to achieve high-quality standards before being discharged into water bodies or land. The wastewater services provided to the community through these assets include wastewater collection throughout the urban areas of Tokoroa, Putāruru, Tirau, and Arapuni, as well as gravity and pumped delivery of the wastewater to the respective treatment plants for each town.

The provision of wastewater collection networks and treatment plants is vital to meet the needs of all District residents. These services ensure safe, reliable, and efficient disposal of wastewater from homes, schools, and businesses 24 hours a day, 365 days a year, in a manner that safeguards human health and the environment.

The Government’s “Local Water Done Well” Policy aims to ensure long term planning and financial sustainability for council-managed water services, including wastewater. The Council is actively preparing to comply with upcoming legislation related to this Policy.

The Council is working through various options to ensure that communities continue to receive quality and value in their water services while maintaining a local voice and achieving the best outcomes.

There are no significant variations between the Water and Sanitary Services Assessment in 2006 and the 2024-34 Long Term Plan.

### CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

Council is proactively safeguarding the environment by conducting regular inspections and maintenance programmes to ensure the wastewater system functions flawlessly. Prompt responses to blockages and overflows further mitigate any potential impact, with response times monitored as a key performance indicator (KPI) to guarantee efficient service delivery.

Upgrading wastewater treatment plants is essential but can be financially demanding, potentially leading to rate adjustments. The Council strategically utilises loans and Department of Internal Affairs (DIA) funding to manage these costs.

Balancing competing interests is a vital part of Council decision-making.

The Council prioritises strong relationships with Iwi, actively engaging with representatives to maintain successful co-management and co-governance partnerships.

## MAJOR PROJECTS

Council’s wastewater delivery provides safe, reliable and efficient disposal of wastewater to ensure both human and environment health.

Investment in wastewater projects ensures compliance with necessary standards, renews ageing assets, upgrades pumping capacity, provides additional storage for emergencies, improves health and safety, enables growth through the delivery of new infrastructure and reduces nitrogen levels (required by consent conditions).

WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Plant and equipment replacement	R	\$463,500	\$447,381	\$959,352	\$3,740,646
Wastewater pump station upgrades	LOS	\$61,800	\$905,288	\$1,929,484	\$1,051,137
Wastewater renewals	R	\$309,000	\$631,596	\$970,131	\$12,005,839
Health and Safety upgrades	LOS	\$455,271 spread over the ten-year period			
Wastewater growth upgrades	G	\$278,000	\$315,798	\$3,233,772	\$6,579,249
Putāruru WWTP de-nitrification	LOS	\$2,575,000	\$5,263,300	\$2,694,810	-
Tokoroa WWTP de-nitrification	LOS	\$1,030,000	-	-	-
Tokoroa and Putāruru WWTP Cultural Treatment	LOS	\$1,081,500	\$3,157,980	-	-
Wastewater treatment plant upgrades	R / LOS	\$2,008,500	\$1,947,421	\$377,273	\$3,625,068

R = Renewals    LOS = Levels of Service    G = Growth

Total spend on major projects over the ten years on WASTEWATER is \$58,098,096

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we’ve committed to providing.

PROSPECTIVE WASTEWATER FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	661	974	1,178	2,188	3,044	4,185
Targeted rates	6,795	8,105	9,355	10,366	11,311	11,548	11,856	12,339	12,426	12,369	12,419
Fees and charges	38	177	286	293	299	306	312	319	325	331	337
Internal charges and overheads recovered	3,194	778	722	717	712	706	699	693	685	676	670
Interest & dividends from investments	114	210	165	147	134	127	130	142	148	155	164
Local authorities fuel tax, fines, infringement fees, other receipts	115	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>10,256</b>	<b>9,270</b>	<b>10,528</b>	<b>11,523</b>	<b>12,456</b>	<b>13,348</b>	<b>13,971</b>	<b>14,671</b>	<b>15,772</b>	<b>16,575</b>	<b>17,775</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	4,184	5,127	5,525	5,608	5,646	5,697	5,772	5,874	5,917	5,984	6,089
Finance costs	582	765	1,035	1,494	1,639	1,770	1,880	2,066	1,991	1,784	1,520
Internal charges and overheads applied	3,029	1,858	1,825	1,876	1,903	1,897	1,937	1,900	1,900	1,951	1,934
<b>Total application of operating funding (B)</b>	<b>7,795</b>	<b>7,750</b>	<b>8,385</b>	<b>8,978</b>	<b>9,188</b>	<b>9,364</b>	<b>9,589</b>	<b>9,840</b>	<b>9,808</b>	<b>9,719</b>	<b>9,543</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>2,461</b>	<b>1,520</b>	<b>2,143</b>	<b>2,545</b>	<b>3,268</b>	<b>3,984</b>	<b>4,382</b>	<b>4,831</b>	<b>5,964</b>	<b>6,856</b>	<b>8,232</b>



STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Development & financial contributions	91	155	158	162	165	169	173	176	180	183	187
Increase (decrease) in debt	1,579	6,904	10,747	8,007	189	1,105	(1,522)	3,416	(3,669)	(4,515)	(5,847)
<b>Total sources of capital funding (C)</b>	<b>1,670</b>	<b>7,059</b>	<b>10,905</b>	<b>8,169</b>	<b>354</b>	<b>1,274</b>	<b>(1,349)</b>	<b>3,592</b>	<b>(3,489)</b>	<b>(4,332)</b>	<b>(5,660)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to meet additional demand	309	278	316	3,234	-	-	-	5,997	-	-	-
- to improve the level of services	2,827	7,374	9,706	5,551	2,018	2,829	783	129	132	134	137
- to replace existing assets	507	927	3,026	1,929	1,604	2,429	2,250	2,297	2,343	2,390	2,435
Increase (decrease) in reserves	488	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>4,131</b>	<b>8,579</b>	<b>13,048</b>	<b>10,714</b>	<b>3,622</b>	<b>5,258</b>	<b>3,033</b>	<b>8,423</b>	<b>2,475</b>	<b>2,524</b>	<b>2,572</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(2,461)</b>	<b>(1,520)</b>	<b>(2,143)</b>	<b>(2,545)</b>	<b>(3,268)</b>	<b>(3,984)</b>	<b>(4,382)</b>	<b>(4,831)</b>	<b>(5,964)</b>	<b>(6,856)</b>	<b>(8,232)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STORMWATER SERVICES

## Ngā ratonga waiāwhā

Council owns, operates, and maintains 123km of stormwater collection networks and disposal schemes for the communities of Arapuni, Tirau, Putāruru, and Tokoroa. These networks collect stormwater from homes and businesses through a system of pipes and channels, directing it by gravity to natural watercourses.

The stormwater assets provide the community with a reticulated system of pipes and channels designed to cope with frequent rainfall events. The Council also employs gross pollutant traps or similar treatment devices to reduce debris and contaminant levels in stormwater discharge, safeguarding the receiving natural watercourses. The stormwater infrastructure plays a vital role in the District's wellbeing. It ensures the safe and efficient disposal of rainwater 24/7, protecting both residents and property.

The Government's "Local Water Done Well" Policy aims to ensure long term planning and financial sustainability for council-managed water services, including stormwater. The Council is actively preparing to comply with upcoming legislation related to this Policy.

The Council is working through various options to ensure that communities continue to receive quality and value in their water services while maintaining a local voice and achieving the best outcomes.

CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

The Council proactively manages our stormwater to protect both the environment and public safety by targeting high-risk sites like industrial areas through building consents and trade waste regulations.

A comprehensive programme of monitoring, inspection and repairs minimises stormwater entering the wastewater system, reducing the risk of overflows.

The Council further mitigates flood risks through capital works that address capacity limitations, alongside robust building controls. New developments are required to implement site-specific measures like stormwater detention and attenuation, ensuring effective flood management.

## MAJOR PROJECTS

Our stormwater collection network provides safe, reliable and efficient disposal of stormwater to protect people and property. Investment in stormwater supports District growth, ensure compliance with necessary standards and improves level of service.

WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Putāruru stormwater growth upgrades	LOS	\$1,545,000	\$2,105,320	\$3,772,733	-
Stormwater renewals	R	\$30,900	\$63,160	\$97,013	\$1,200,099
Stormwater improvements	LOS	\$243,080	\$1,406,354	\$1,871,276	\$2,011,880

R = Renewals    LOS = Levels of Service    G = Growth

Total spend on major projects over the ten years on **STORMWATER** is \$14,346,815

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we've committed to providing.

PROSPECTIVE STORMWATER FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
Targeted rates	877	1,169	1,828	2,387	2,888	2,927	2,985	3,064	3,072	3,057	3,094
Interest & dividends from investments	118	31	35	44	40	36	37	36	38	41	44
Local authorities fuel tax, fines, infringement fees, other receipts	117	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>1,112</b>	<b>1,200</b>	<b>1,863</b>	<b>2,431</b>	<b>2,928</b>	<b>2,963</b>	<b>3,022</b>	<b>3,100</b>	<b>3,110</b>	<b>3,098</b>	<b>3,138</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	487	576	606	620	634	648	662	675	688	701	714
Finance costs	73	114	218	452	484	501	533	518	511	470	413
Internal charges and overheads applied	287	510	496	506	511	509	517	507	506	516	511
<b>Total application of operating funding (B)</b>	<b>847</b>	<b>1,200</b>	<b>1,320</b>	<b>1,578</b>	<b>1,629</b>	<b>1,658</b>	<b>1,712</b>	<b>1,700</b>	<b>1,705</b>	<b>1,687</b>	<b>1,638</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>265</b>	<b>-</b>	<b>543</b>	<b>853</b>	<b>1,299</b>	<b>1,305</b>	<b>1,310</b>	<b>1,400</b>	<b>1,405</b>	<b>1,411</b>	<b>1,500</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Increase (decrease) in debt	1,775	1,819	3,032	4,888	(835)	(870)	(865)	(947)	(942)	(940)	(1,019)
<b>Total sources of capital funding (C)</b>	<b>1,775</b>	<b>1,819</b>	<b>3,032</b>	<b>4,888</b>	<b>(835)</b>	<b>(870)</b>	<b>(865)</b>	<b>(947)</b>	<b>(942)</b>	<b>(940)</b>	<b>(1,019)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to meet additional demand	1,175	-	-	-	-	-	-	-	-	-	-
- to improve the level of services	30	1,788	3,512	5,644	332	266	272	277	283	288	294
- to replace existing assets	1,250	31	63	97	132	169	173	176	180	183	187
Increase (decrease) in reserves	(415)	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>2,040</b>	<b>1,819</b>	<b>3,575</b>	<b>5,741</b>	<b>464</b>	<b>435</b>	<b>445</b>	<b>453</b>	<b>463</b>	<b>471</b>	<b>481</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(265)</b>	<b>-</b>	<b>(543)</b>	<b>(853)</b>	<b>(1,299)</b>	<b>(1,305)</b>	<b>(1,310)</b>	<b>(1,400)</b>	<b>(1,405)</b>	<b>(1,411)</b>	<b>(1,500)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# LEISURE & WELLBEING SERVICES

Ngā ratonga pārekareka me te oranga tonutanga



Our Leisure and Wellbeing Services aim to enhance the overall wellbeing and vitality of the South Waikato community by providing services that contribute to physical, social, economic and cultural wellness.

There are six activities in this group:

## Swimming Pools

Provides a diverse range of aquatic recreational opportunities to support the health and wellbeing of the community.

## Libraries

Serves as a community hub, facilitating lifelong learning, social engagement and access to educational and cultural resources for all patrons.

## Parks and Reserves

These spaces provide recreational opportunities, green landscapes and restful environments that enhance the visual appeal of our communities.

## Economic Development

Facilitates and supports initiatives to enhance the District's long-term economic sustainability.

## Community Development

Fosters community wellbeing by empowering local organisations and private entities to deliver tailored services and activities that address the diverse needs of our community.

## South Waikato Sport and Events Centre

Offers indoor recreational activities to improve physical and social wellness through active engagement and corporate meeting spaces

CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

The Council is working hard to find the right balance between social and economic priorities, which sometimes results in extended decision-making times. Working together with clear guidelines helps us create a safe and healthy environment for everyone. Vandalism and littering in and around our leisure and wellbeing facilities present safety hazards for the community. These risks are managed through specific programmes of work, like litter collection and regular facility inspections. While our technical staff may face challenges in fully meeting the community's technological needs, these are being addressed through library support.

## MAJOR PROJECTS

Parks and Reserves are important for community wellbeing. We must keep our current infrastructure appropriately maintained, renew aging assets and ensure compliance with necessary standards.

Developing new green spaces is an important part of enabling growth through the delivery of new infrastructure.

PARKS AND RESERVES WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Cemetery renewals	LOS	\$26,780	\$15,790	\$16,169	\$123,319
Bridges/boardwalks, walkways and internal road renewals	R	\$92,700	\$78,950	\$97,013	\$469,082
Signage, furniture, bins and fencing renewals	R	\$87,550	\$47,370	\$16,169	\$123,319
Lake Moananui retaining wall renewals	R	\$721,000	-	-	-
Playground renewals	R	\$213,725	\$60,528	\$61,980	\$472,719
Sportsgrounds renewals	R	\$84,460	-	-	-
Te Waihou Walkway boardwalk and track renewals *	R	\$1,030,000	\$578,963	\$592,858	-
Putāruru Parks and Reserves Growth - additional greenspace (funding returned through DCs)	G	\$237,250	-	-	\$1,001,705

\* This funding may not be required. Council is currently working on alternative funding options including advocating for funding from Central Government. At the time of writing, the outcome is still unknown.

Total spend on major projects over the ten years on PARKS AND RESERVES is \$6,249,399

R = Renewals

LOS = Levels of Service

G = Growth



Council manages and maintains several community facilities, such as the South Waikato Sport and Events Centre and pools. Ensuring the proper upkeep of our existing infrastructure involves renewing aging assets and complying with required standards. The major upgrade of all aspects of the existing pool facility in Tokoroa will future proof the venue for years to come.

COMMUNITY FACILITIES WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
South Waikato Indoor pool renewal and upgrade	LOS	\$5,253,000	\$11,579,260	-	-
Tokoroa pool playground	R	\$154,500	-	-	-
Tokoroa Library Building renewal	LOS	\$2,060,000	-	-	-
South Waikato Sport and Event Centre renewals	R	\$961,762 spread over the ten-year period			
Library collections and information resources	R	\$1,707,268 spread over the ten-year period			
Libraries shelving and equipment upgrades	R	\$170,727 spread over the ten-year period			

Total spend on major projects over the ten years on COMMUNITY FACILITIES is \$21,886,517

Council’s involvement in economic development supports South Waikato’s businesses, communities and individuals to effectively collaborate and take advantage of South Waikato’s position to become a thriving and sustainable economy. This involves building on existing strengths, advocating for Central Government investment and building business and industrial capacity, creating jobs and supporting growth in our communities.

ECONOMIC DEVELOPMENT WORK PROGRAMME	TYPE	YEAR 1	YEAR 2	YEAR 3	REMAINING 7 YEARS
Maraetai Road Intermodal Business Park	G	\$5,586,000	\$1,800,000	-	-
Growth Cell 4 access - Princes St, Putāruru	G	\$1,598,097	\$1,738,626	-	-

Total spend on major projects over the ten years on ECONOMIC DEVELOPMENT is \$10,722,723

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we’ve committed to providing.

PROSPECTIVE LEISURE AND WELLBEING FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	10,766	12,377	14,841	15,389	14,443	14,977	14,756	15,018	14,890	15,178	15,097
Targeted rates	187	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	120	260	-	-	-	-	-	-	-	-	-
Fees and charges	607	956	1,102	1,175	1,202	1,228	1,254	1,279	1,305	1,330	1,355
Internal charges and overheads recovered	1,058	1,277	1,265	1,261	1,250	1,241	1,234	1,219	1,212	1,195	1,187
Interest & dividends from investments	26	138	141	93	75	61	57	50	43	35	24
Local authorities fuel tax, fines, infringement fees, other receipts	30	26	26	27	28	28	29	29	30	30	31
<b>Total operating funding (A)</b>	<b>12,794</b>	<b>15,034</b>	<b>17,375</b>	<b>17,945</b>	<b>16,998</b>	<b>17,535</b>	<b>17,330</b>	<b>17,595</b>	<b>17,480</b>	<b>17,768</b>	<b>17,694</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	7,516	8,342	8,401	8,849	8,727	8,928	8,838	9,065	8,949	9,174	9,060
Finance costs	349	506	885	946	914	845	817	699	564	400	234
Internal charges and overheads applied	2,676	3,346	3,327	3,418	3,459	3,448	3,518	3,451	3,453	3,533	3,508
Other operating funding applications	893	1,466	1,195	1,249	1,294	1,328	1,362	1,395	1,429	1,462	1,496
<b>Total application of operating funding (B)</b>	<b>11,434</b>	<b>13,660</b>	<b>13,808</b>	<b>14,462</b>	<b>14,394</b>	<b>14,549</b>	<b>14,535</b>	<b>14,610</b>	<b>14,395</b>	<b>14,569</b>	<b>14,298</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>1,360</b>	<b>1,374</b>	<b>3,567</b>	<b>3,483</b>	<b>2,604</b>	<b>2,986</b>	<b>2,795</b>	<b>2,985</b>	<b>3,085</b>	<b>3,199</b>	<b>3,396</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies & grants for capital expenditure	-	-	1,800	-	-	-	-	-	-	-	-
Development & financial contributions	41	88	89	92	94	96	98	100	102	104	106
Increase (decrease) in debt	530	7,170	10,706	(2,468)	(2,265)	(2,623)	(1,853)	(2,205)	(2,729)	(2,806)	(3,026)
Gross proceeds from sale of assets	-	8,965	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>571</b>	<b>16,223</b>	<b>12,595</b>	<b>(2,376)</b>	<b>(2,171)</b>	<b>(2,527)</b>	<b>(1,755)</b>	<b>(2,105)</b>	<b>(2,627)</b>	<b>(2,702)</b>	<b>(2,920)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to meet additional demand	413	7,421	3,539	-	-	-	601	401	-	-	-
- to improve the level of services	7	5,453	11,595	16	17	17	17	18	18	18	19
- to replace existing assets	1,587	4,723	1,028	1,091	416	442	422	461	440	479	457
Increase (decrease) in reserves	(76)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>1,931</b>	<b>17,597</b>	<b>16,162</b>	<b>1,107</b>	<b>433</b>	<b>459</b>	<b>1,040</b>	<b>880</b>	<b>458</b>	<b>497</b>	<b>476</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(1,360)</b>	<b>(1,374)</b>	<b>(3,567)</b>	<b>(3,483)</b>	<b>(2,604)</b>	<b>(2,986)</b>	<b>(2,795)</b>	<b>(2,985)</b>	<b>(3,085)</b>	<b>(3,199)</b>	<b>(3,396)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# GOVERNANCE SERVICES

## Ngā ratonga Kāwanatanga

Our governance services support democratic processes, encourage strong relationships, provide user-friendly services, maintain public facilities and ensure preparedness for emergencies.

There are five activities in this group:

### CONTRIBUTING TO OUR COMMUNITY OUTCOMES



#### **Democracy**

Supports local democracy by providing governance advice and democratic services to elected members, the public and staff.

#### **Iwi Liaison**

Strengthens the Council's collaboration with Iwi and Māori, providing cultural guidance and preserving vital partnerships with our Treaty partners across the District.

#### **Business Support**

Delivers reliable and user-friendly access to Council information and online services. Facilitates the smooth operation of all its activities.

#### **Property**

Responsible for maintaining community facilities and pensioner housing. Managing leases and licences for community buildings and associated services.

#### **Civil Defence Emergency Management**

Oversees Civil Defence Emergency Management to handle emergencies and recovery in the District.

## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

In democracy, low voter turnout, transparency in democratic processes and adapting to technological changes are challenges. However, digital tools, clear communications and livestreaming of Council meetings offer opportunities to boost participation and trust. Balancing cultural perspectives is an opportunity to foster partnerships and promote sensitivity through staff awareness of Te Tiriti principles and genuine engagement with Tāngata Whenua.

Significant ongoing and rapid advances in information technologies such as artificial intelligence provide a great opportunity for the Council to enhance community engagement and operational efficiency. This is balanced by the need to be ever more vigilant around the cyber threat to data, systems and services.

The property activity is challenged by the competing need to maintain our aging facilities while looking to deliver optimal community value from our land and building assets. The impacts of greater extremes in weather stemming from climate change provide a particular challenge for emergency management preparedness as does a more decentralised workforce.

## MAJOR PROJECTS

Council has an extensive property portfolio. In just the same way as homes are maintained by individuals, it is important that Council appropriately maintains our current infrastructure by renewing aging assets and ensuring compliance with necessary standards.

WORK PROGRAMME	TYPE	TEN YEAR WORK PROGRAMME
Council offices and depot	R	\$1,695,886
Council vehicle fleet	R	\$3,414,535
General property	R	\$694,289
Halls	R	\$933,306
Pensioner Housing	R	\$1,792,631

R = Renewals    LOS = Levels of Service    G = Growth

Total spend on major projects over the ten years on PROPERTY is \$8,530,647

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we've committed to providing.

PROSPECTIVE GOVERNANCE FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	3,750	5,255	4,243	4,200	4,162	4,425	4,172	4,438	4,582	4,611	4,619
Targeted rates	77	-	-	-	-	-	-	-	-	-	-
Fees and charges	981	1,065	1,298	1,330	1,361	1,399	1,429	1,463	1,498	1,524	1,559
Internal charges and overheads recovered	6,465	9,461	9,452	9,831	10,015	10,166	10,376	10,259	10,294	10,593	10,639
Interest & dividends from investments	59	70	37	25	21	17	15	12	11	8	6
Local authorities fuel tax, fines, infringement fees, other receipts	29	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>11,361</b>	<b>15,851</b>	<b>15,030</b>	<b>15,386</b>	<b>15,559</b>	<b>16,007</b>	<b>15,992</b>	<b>16,172</b>	<b>16,385</b>	<b>16,736</b>	<b>16,823</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	9,009	11,475	11,678	12,003	12,090	12,479	12,621	12,804	13,028	13,357	13,333
Finance costs	323	346	332	276	268	248	235	199	164	122	80
Internal charges and overheads applied	2,723	1,361	1,345	1,363	1,532	1,352	1,364	1,331	1,318	1,334	1,314
Other operating funding applications	55	30	30	31	32	32	33	34	34	35	36
<b>Total application of operating funding (B)</b>	<b>12,110</b>	<b>13,212</b>	<b>13,385</b>	<b>13,673</b>	<b>13,922</b>	<b>14,111</b>	<b>14,253</b>	<b>14,368</b>	<b>14,544</b>	<b>14,848</b>	<b>14,763</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(749)</b>	<b>2,639</b>	<b>1,645</b>	<b>1,713</b>	<b>1,637</b>	<b>1,896</b>	<b>1,739</b>	<b>1,804</b>	<b>1,841</b>	<b>1,888</b>	<b>2,060</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF CAPITAL FUNDING</b>											
Increase (decrease) in debt	1,502	(993)	(240)	(652)	(756)	(820)	(819)	(842)	(883)	(898)	(897)
Gross proceeds from sale of assets	-	-	-	-	193	197	201	206	210	214	218
<b>Total sources of capital funding (C)</b>	<b>1,502</b>	<b>(993)</b>	<b>(240)</b>	<b>(652)</b>	<b>(563)</b>	<b>(623)</b>	<b>(618)</b>	<b>(636)</b>	<b>(673)</b>	<b>(684)</b>	<b>(679)</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to improve the level of services	-	639	495	129	132	135	138	141	144	147	149
- to replace existing assets	1,004	1,007	910	932	942	1,138	983	1,027	1,024	1,057	1,232
Increase (decrease) in reserves	(251)	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>753</b>	<b>1,646</b>	<b>1,405</b>	<b>1,061</b>	<b>1,074</b>	<b>1,273</b>	<b>1,121</b>	<b>1,168</b>	<b>1,168</b>	<b>1,204</b>	<b>1,381</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>749</b>	<b>(2,639)</b>	<b>(1,645)</b>	<b>(1,713)</b>	<b>(1,637)</b>	<b>(1,896)</b>	<b>(1,739)</b>	<b>(1,804)</b>	<b>(1,841)</b>	<b>(1,888)</b>	<b>(2,060)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# STRATEGY SERVICES

Ngā ratonga rautaki

The Strategy Services support the future planning and delivery of community's objectives and goals.

There are three activities in this group:

CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## Growth planning

Manages and plans the targeted growth and development of the community. A new Growth Plan was developed in 2023 to ensure that there is sufficient residential and business land to provide and encourage growth in the District. This will be incorporated into the District Plan to ensure certainty for those that wish to develop.

## Strategic planning

Focuses on the development of plans, policies and strategies to ensure the community's aspirations and desired outcomes are defined and met. This includes identification of opportunities and threats, setting priorities and allocating resources.

## Infrastructure strategy

Takes a long term view of our infrastructural assets. It plans for growth and renewal to ensure that investment in these assets is maximised. It works closely with Growth Planning to ensure our infrastructure projects fit our strategic goals.

## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

If Council is seen to be proactive in providing for growth and encouraging development, it will give developers greater confidence to invest in the South Waikato.

Many of the Strategy Services processes require extensive public consultation. These costs can be mitigated by ensuring communication is clear and concise and utilising new technologies through a variety of channels.

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we've committed to providing.



PROSPECTIVE STRATEGY FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	321	-	-	-	-	-	-	-	-	-	-
Fees and charges	360	21	21	22	22	22	23	23	24	24	25
Internal charges and overheads recovered	2,528	2,455	2,382	2,411	2,603	2,252	2,389	2,236	2,221	2,331	2,161
<b>Total operating funding (A)</b>	<b>3,209</b>	<b>2,476</b>	<b>2,403</b>	<b>2,433</b>	<b>2,625</b>	<b>2,274</b>	<b>2,412</b>	<b>2,259</b>	<b>2,245</b>	<b>2,355</b>	<b>2,186</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	3,372	2,444	2,370	2,400	2,591	2,239	2,376	2,223	2,208	2,317	2,159
Internal charges and overheads applied	766	32	33	33	34	35	36	36	37	38	27
<b>Total application of operating funding (B)</b>	<b>4,138</b>	<b>2,476</b>	<b>2,403</b>	<b>2,433</b>	<b>2,625</b>	<b>2,274</b>	<b>2,412</b>	<b>2,259</b>	<b>2,245</b>	<b>2,355</b>	<b>2,186</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(929)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Increase (decrease) in debt	929	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# REGULATORY SERVICES

Ngā ratonga whakahaeretanga

Through our Regulatory Services, we prioritise the safety of our residents and the wellbeing of the environment. By providing guidance and support to communities in implementing safe planning and operations, we foster a culture of sustainability that builds resilience for our District's future.

There are four activities in this group:

CONTRIBUTING TO OUR COMMUNITY OUTCOMES



## Resource Management

Support sustainable management of the District's natural and physical resources.

## Building Control

Processing and supervision of building consents and issuance of Code of Compliance Certificates. Monitor and enforce earthquake-prone building regulations.

## Compliance

Provides animal control services related to dog registration, responding to complaints, managing wandering livestock and enforcing general animal control regulations.

## Health and Alcohol

Oversees registration, licensing and inspections of food and alcohol businesses to ensure compliance with regulations, prioritising public health and safety in line with legislative mandates.

## POTENTIAL NEGATIVE EFFECTS, CHALLENGES AND OPPORTUNITIES

Administrative procedures may delay new development projects. To mitigate this, the Council offers a free Business Case Management programme to help applicants navigate regulatory processes and minimise delays. The Council must comply with various Acts and legislation to ensure sustainable development without future liability for ratepayers. Improving application quality and identifying issues early can speed up the approval process.

Engagement with stakeholders, such as surveyors and developers, through newsletters and educational sessions, helps address common areas for improvement. Regulatory and compliance staff monitor legislative changes and update procedures as needed.

Regulatory process costs can be a financial burden. In the Revenue and Financing Policy, the Council determines how much each activity should be funded by general rates, targeted rates, or user fees. This ensures a fair cost distribution between ratepayers and users. Pre-application meetings and access to regulatory staff are provided free of charge. For those facing genuine hardship, automatic payment agreements and links to community funding groups are available.

## MEASURING OUR PERFORMANCE

Council has several performance measures that align with the vision and goals. These metrics are found in the Appendices of this document and are reported in our Annual Report to demonstrate our adherence to the service and standards we've committed to providing.





# FINANCES

Ngā kaupapa ahumoni

FUNDING & RATES

RATING & FUNDING  
IMPACT STATEMENTS

RATING MAPS

LONG TERM PLAN  
DISCLOSURE STATEMENTS

FORECAST FINANCIAL  
STATEMENTS & RESERVES

STATEMENT OF  
ACCOUNTING POLICIES

INDEPENDENT AUDITORS  
REPORT

# FUNDING RATES

Ngā tauākī ahumoni me ngā tāpui

This section examines how Council sources its funds and allocates its expenditures. It also provides details on the rating policy, rate examples, and the proposed individual rate

Development contributions 1%

\$7,625,000

Other revenue 2%

\$19,403,000

Fees & Charges 8%

\$57,854,000

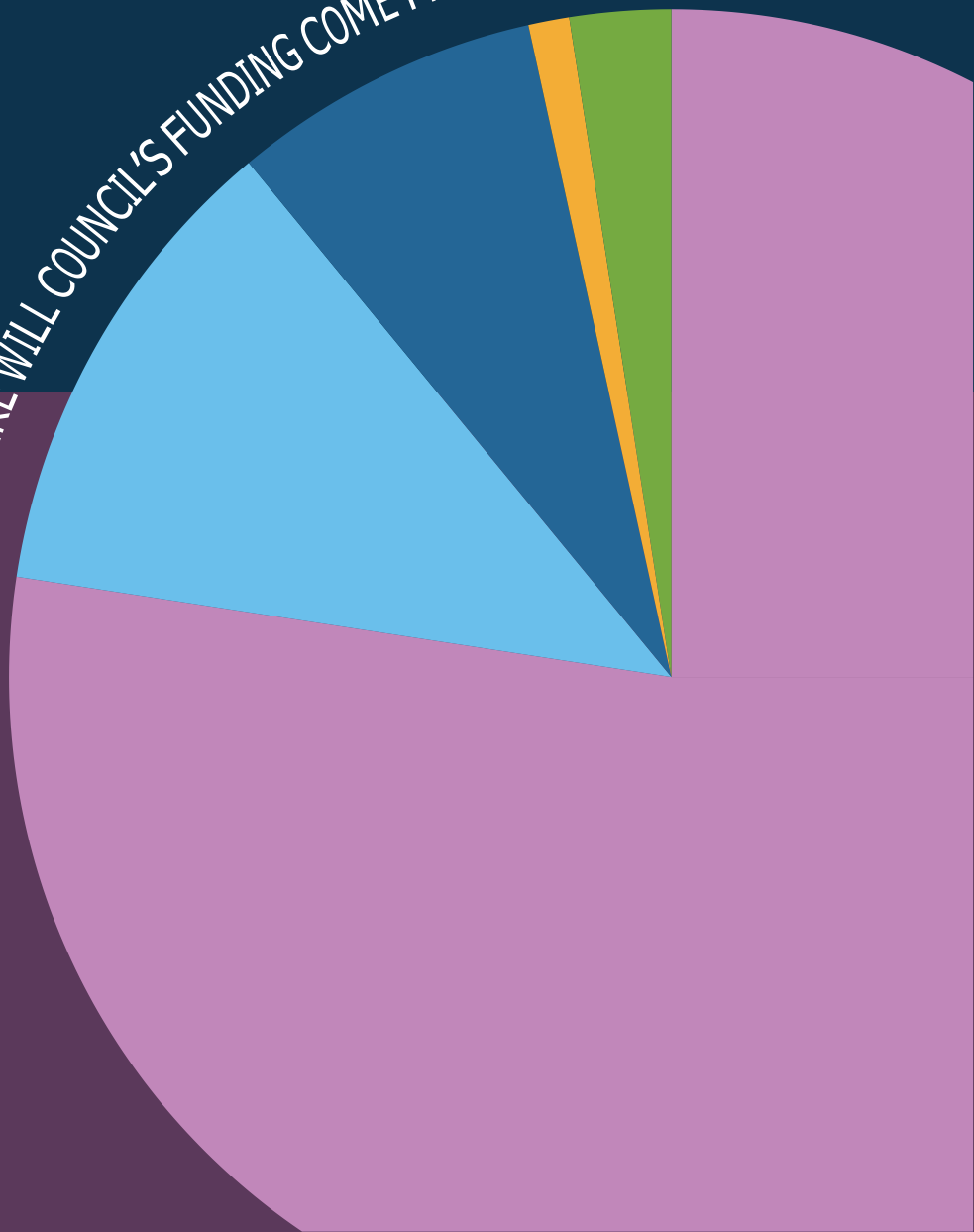
Subsidies & grants 12%

\$88,432,000

Rates 77%

\$591,483,000

WHERE WILL COUNCIL'S FUNDING COME FROM IN 2024-34





WHERE WILL COUNCIL SPEND ITS RATES MONEY IN 2024-34



Stormwater 4%  
\$26,471,000

Solid Waste & Recycling 7%  
\$43,734,000

Regulatory 6%  
\$33,561,000

Leisure & Wellbeing 25%  
\$146,966,000

Governance 8%  
\$44,707,000

Water Supply 15%  
\$92,293,000

Wastewater 21%  
\$124,324,000

Transport & Roding 14%  
\$85,875,000

(Rate amounts include penalties)

# RATING & FUNDING IMPACT STATEMENTS

## Ngā tauākī reiti me te kohikohi 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's 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 2024. 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 2024 and ending on 30 June 2025.

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 2024-25 rating year.

It should be noted that a separately used or inhabited part (SUIP) 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, licence, or other agreement.

This definition includes separately used parts (SUIP), 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 \$0.003356 per dollar of the rateable capital value of every separate rating unit in the District. The rate is expected to produce \$25,101,373 (excluding GST).

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

## UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge of \$430.00 on each separately used or inhabited part of each rating unit in the District. The rate is expected to produce \$4,253,493 (excluding GST).

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

## 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 2024-25 year is 13.01%. The maximum limit is 30%.

## 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 \$537.68 per metered supply.

Plus, water used in excess of 320m<sup>3</sup> per annum on an individual metered supply shall be charged at \$1.50 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 \$537.68. If consumption exceeds 320m<sup>3</sup> in total, excess consumption shall be charged at \$1.50 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 \$537.68 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 \$1.50 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 \$537.68 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 \$268.84 for each separately used or inhabited part of a rating unit that is not connected to the 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 \$268.84 for each rating unit being 50% of the standard charge.

For Rates expected to produce \$4,110,932 (excluding GST) from uniform targeted rates, and \$548,972 (excluding GST) from charges for water used in excess of allowances, for the provision of water supply services.

*(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 \$929.47 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 \$464.73 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 \$622.74 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 \$929.47 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 \$743.57 per pan is charged. This is 80% of the standard charge.

Not connected: A targeted rate on a uniform basis of \$464.73 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 \$8,223,894 (excluding GST).

*(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, 320, 319 or 318:

A targeted rate for stormwater disposal of \$0.0004040 per dollar of the Rateable Capital Value.

The rate is expected to produce \$1,244,773 (excluding GST) for the provision of stormwater services.

*(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 \$188.99 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 \$1,375,943 (excluding GST) for the provision of solid waste and recycling services.

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

## RATING BASE

The projected number of rating units for the following ten years are:

Year	Rating Units	Year	Rating Units
2024-25	10,430	2029-30	10,825
2025-26	10,509	2030-31	10,904
2026-27	10,588	2031-32	10,983
2027-28	10,667	2032-33	11,062
2028-29	10,746	2033-34	11,141

## 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 \$240,000 (excluding GST) for the provision of clean heat services.

FIRST YEAR RATED	FINAL RATING YEAR	RATE: CENTS PER DOLLAR
2023-24	2031-32	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

*(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
1	Jul - Sept 2024	2 September 2024	27 September 2024
2	Oct - Dec 2024	1 November 2024	9 December 2024
3	Jan - Mar 2025	1 February 2025	10 March 2025
4	Apr - June 2025	1 May 2025	9 June 2025

## ADDITIONAL CHARGES (PENALTIES)

An additional charge of 10% is to be added to all rates levied in respect of the 2024-25 financial year and which, although due, remain unpaid on the following dates:

Instalment No 1	8 October 2024
Instalment No 2	9 December 2024
Instalment No 3	10 March 2025
Instalment No 4	9 June 2025

A further additional charge of 8% is to be added to all rates levied in any financial year prior to the 2024-2025 financial year and which remain unpaid on 9 December 2024.

A further additional charge of 8% is to be added to all rates levied in any financial year prior to the 2024-2025 financial year and which remain unpaid on 9 June 2025.

*(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 will be issued separately on 2 September 2024, 30 November 2024, 28 February 2025 and 31 May 2025, with due dates for payment of 20 September 2024, 20 December 2024, 20 March 2025 and 20 June 2025 respectively.

## PAYMENT OF RATES

### RATES SHALL BE PAYABLE AT ANY OF THE FOLLOWING LOCATIONS:

Tokoroa Office, Torphin Crescent,  
Tokoroa.

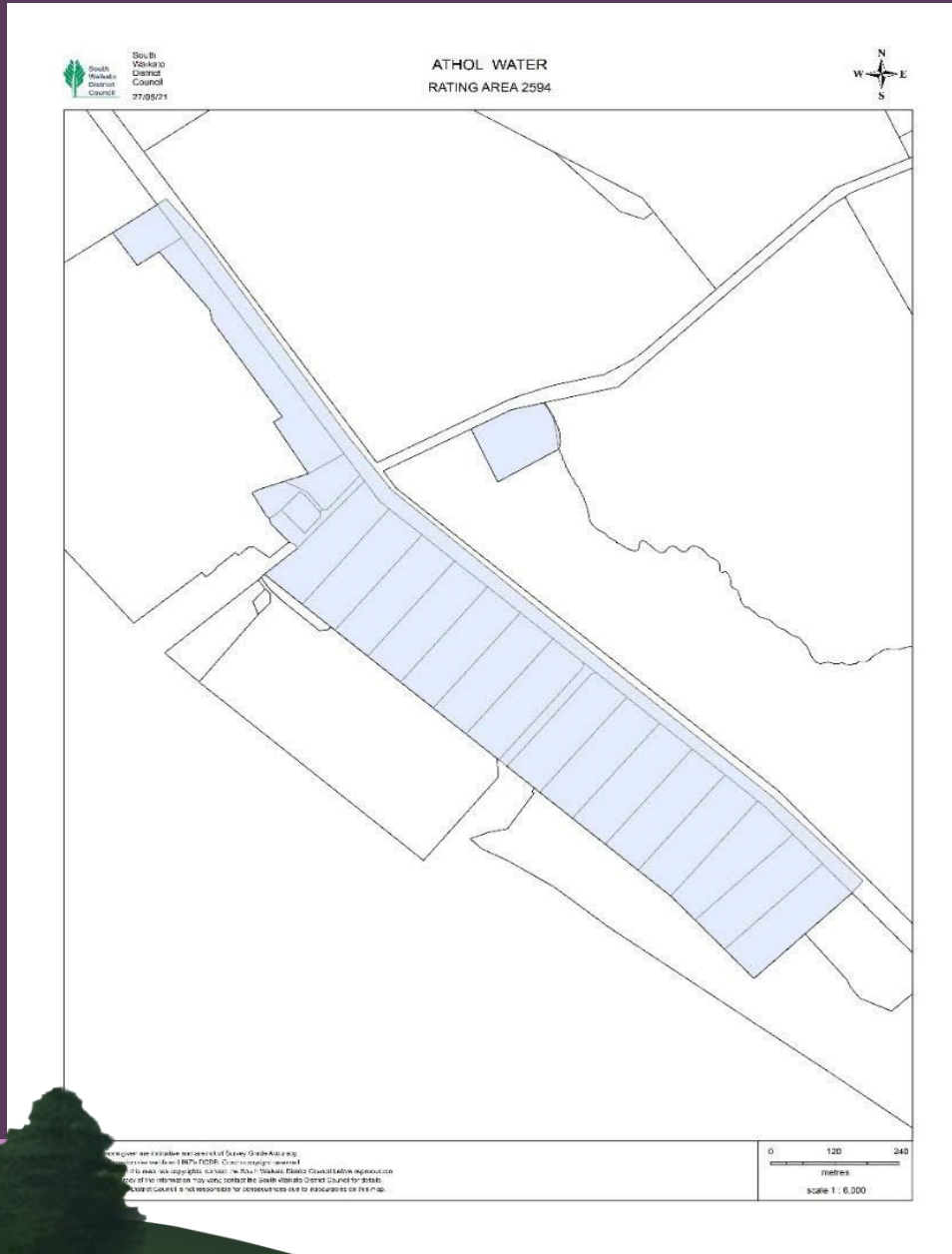
Putāruru Office, Overdale Street,  
Putāruru.

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)).

# RATING MAPS

Ngā mahere reiti





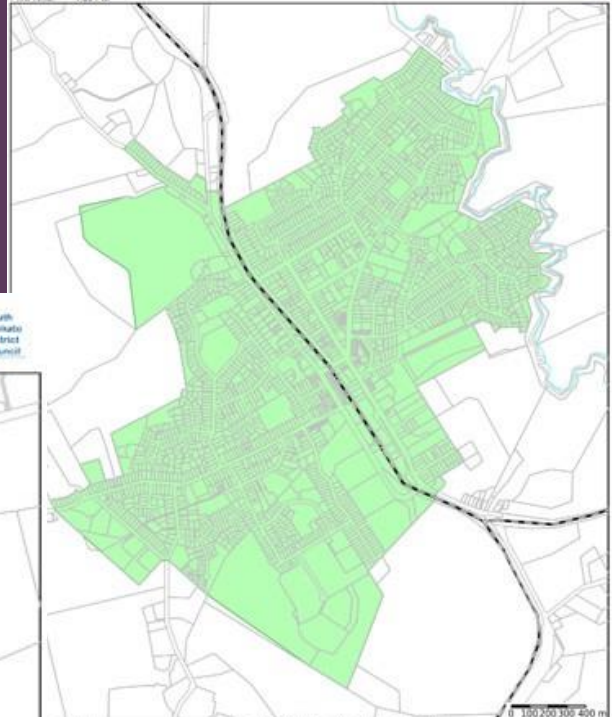
# LICHFIELD



# PUTĀRURU

## PUTARURU STORMWATER RATING AREA 319

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## PUTARURU WASTEWATER RATING AREA 2588

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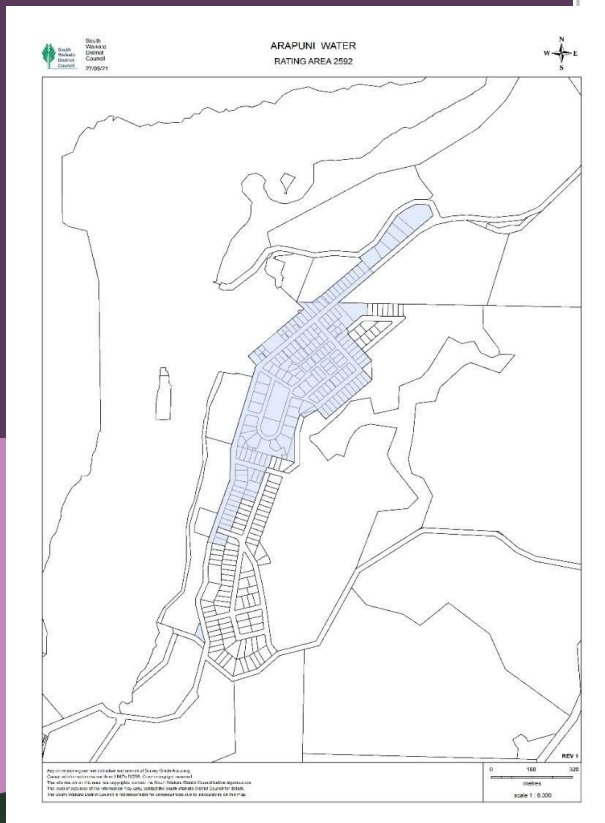
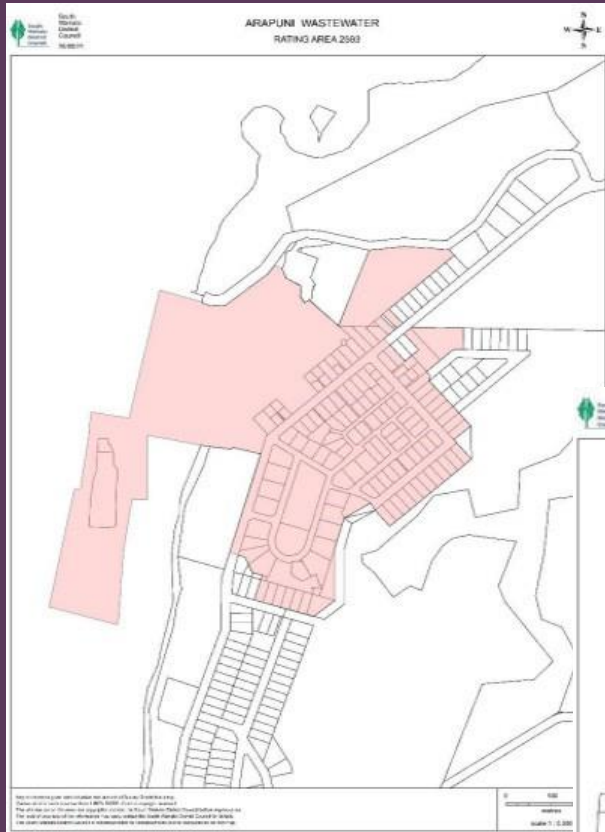
## PUTARURU WATER Rating Area 2589

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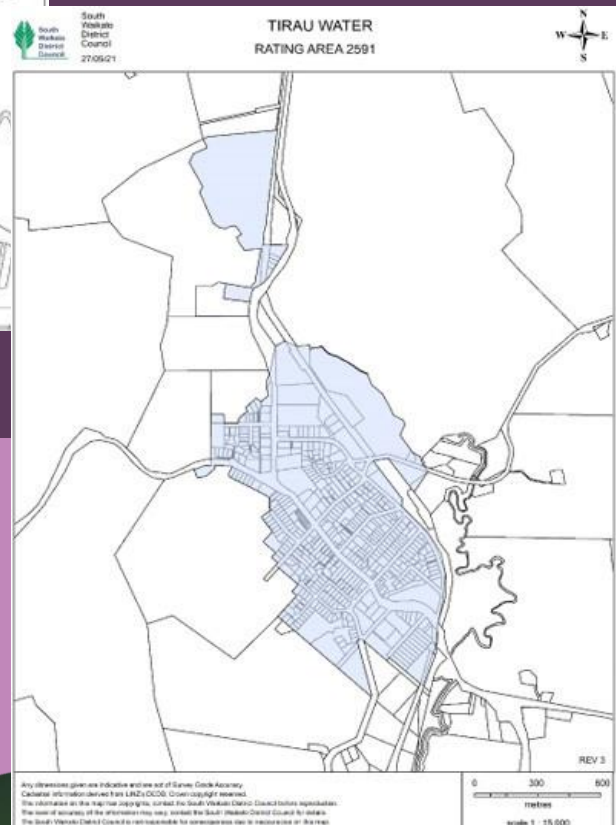
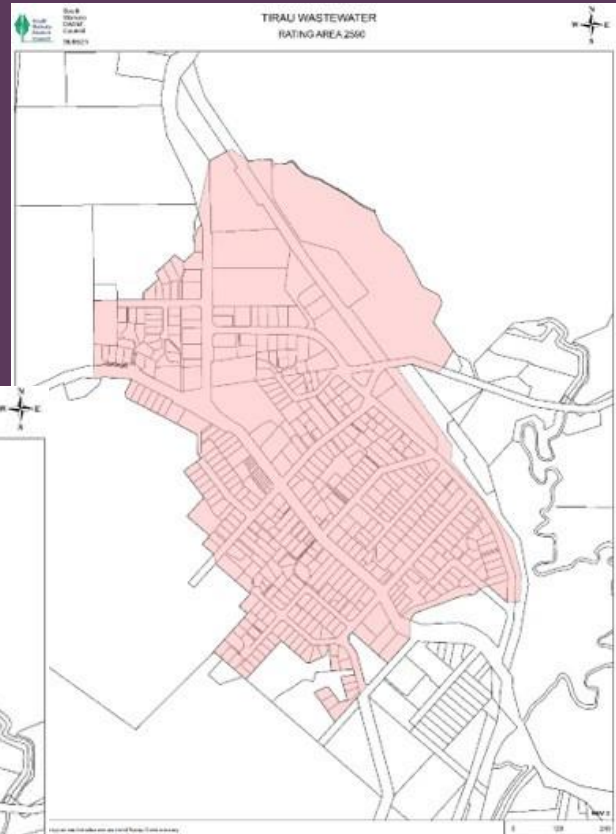
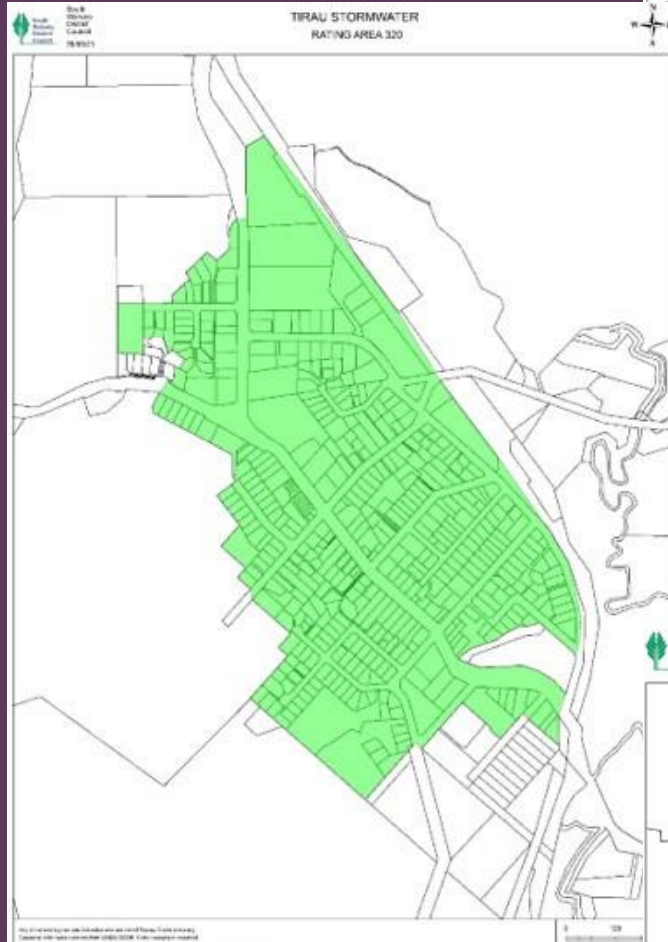


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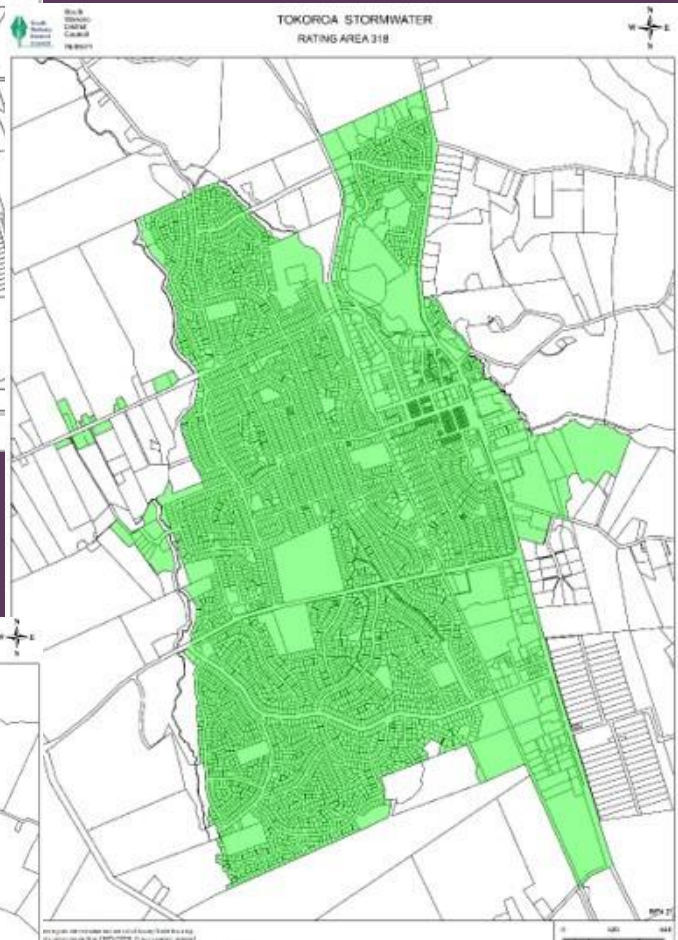
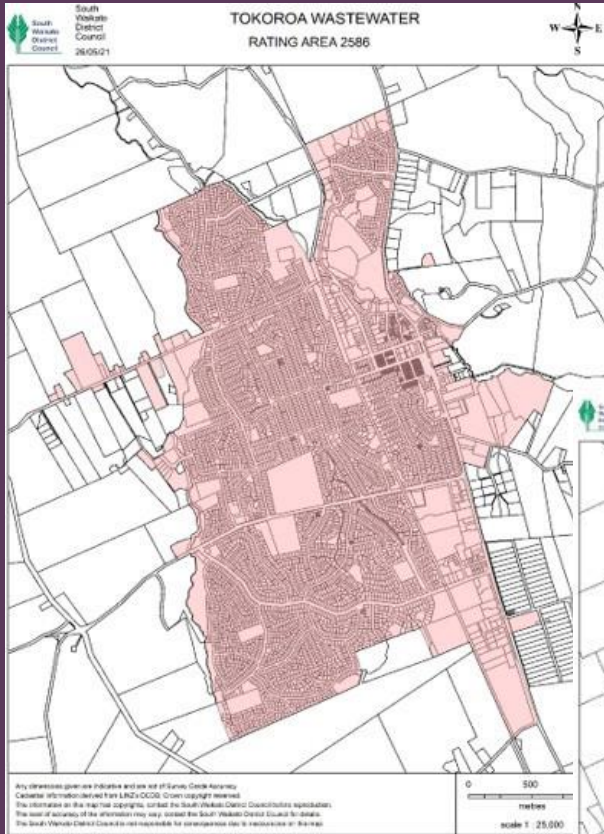
# ARAPUNI



# TIRAU

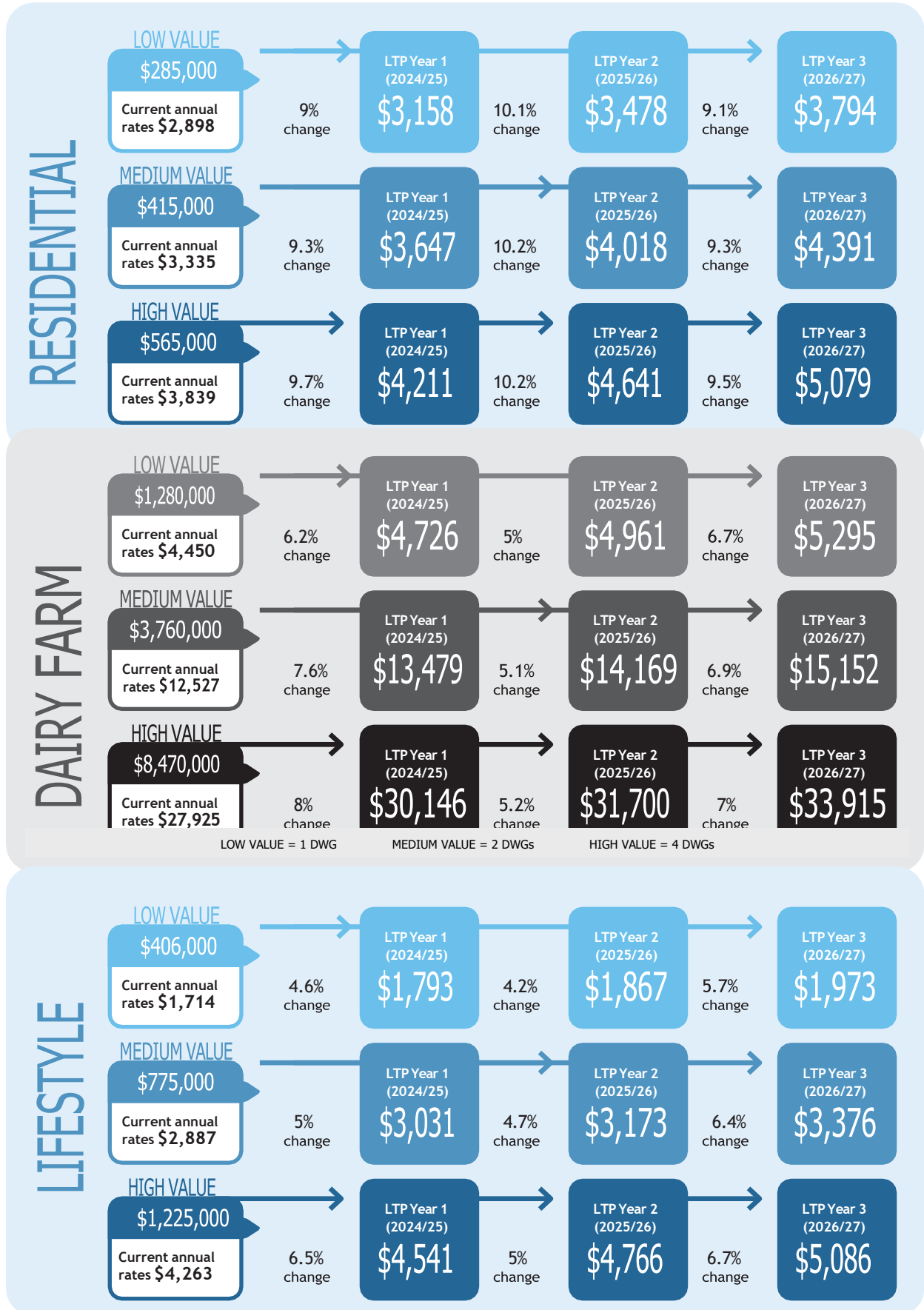


# TOKOROA

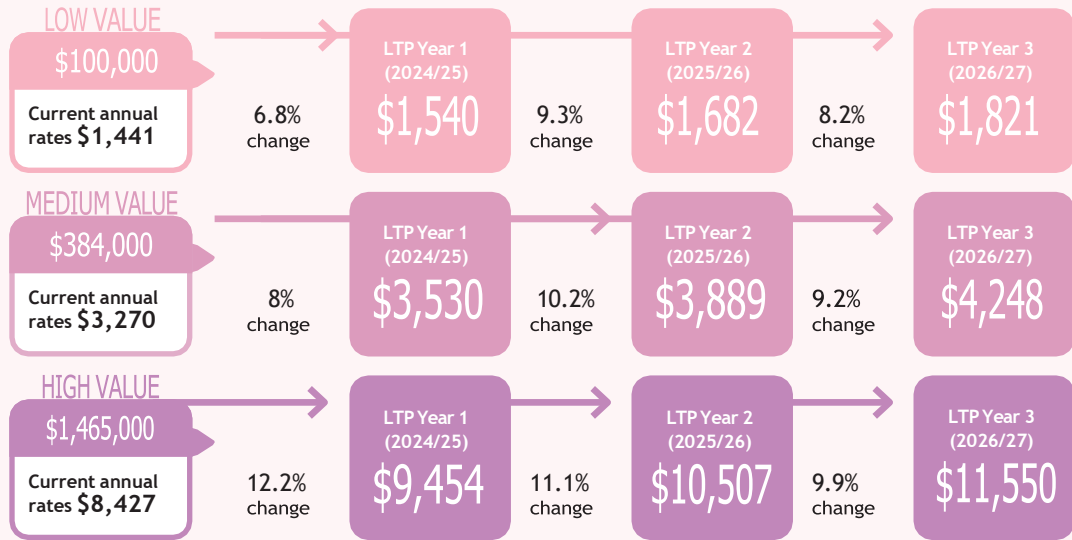


# RATES EXAMPLES

Kei raro iho nei ngā taurira mō ngā reiti



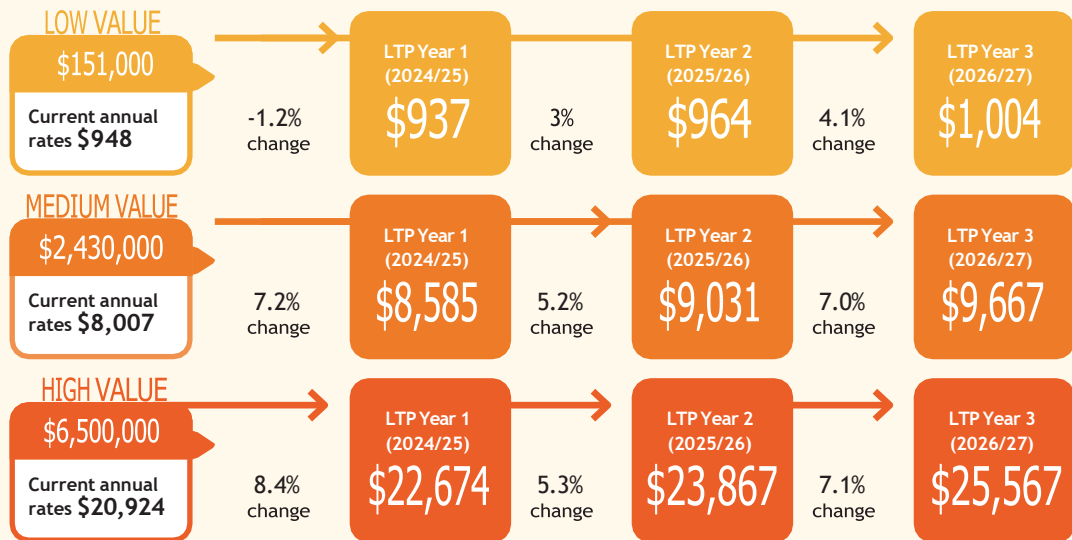
# COMMERCIAL



LOW VALUE = LAND ONLY

HIGH VALUE = 3 WC's

# PASTORAL FARM



MEDIUM VALUE = 1 DWG

HIGH VALUE = 2 DWGs

# LTP DISCLOSURE STATEMENTS 2024-2034

## Ngā tauākī whākinga mō Te Mahere Pae Tawhiti

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

Council is required to include this statement in its Long Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

Refer to the regulations for more information, including definitions of some of the terms used in this statement.

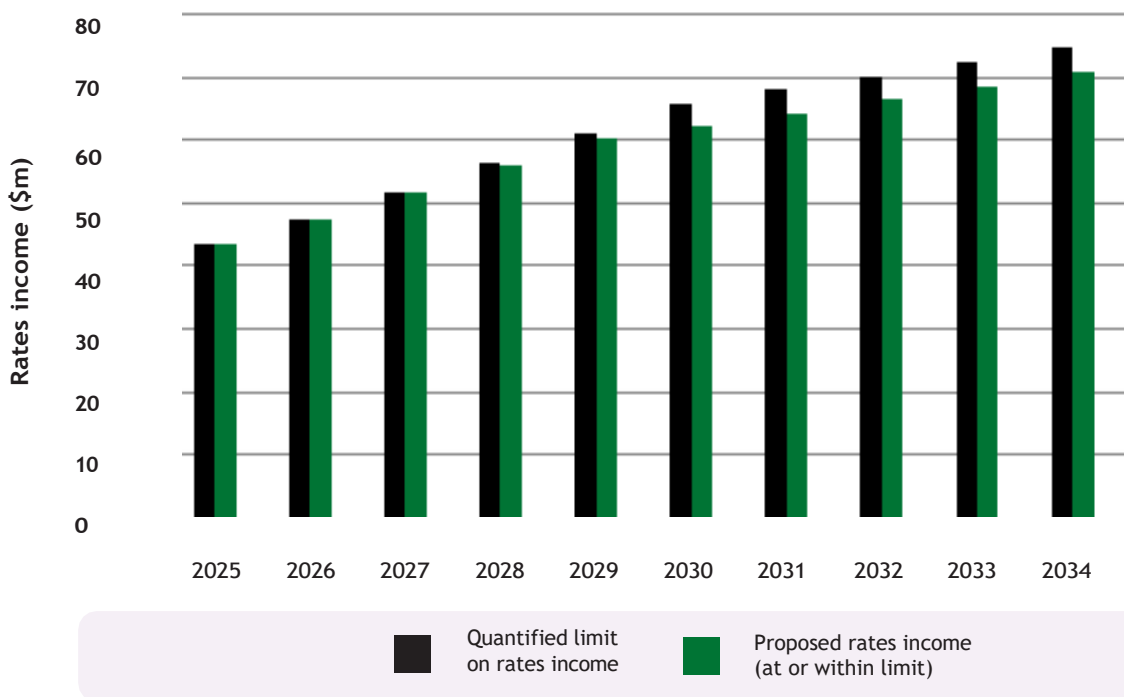
### RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if -

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

### RATES (INCOME) AFFORDABILITY

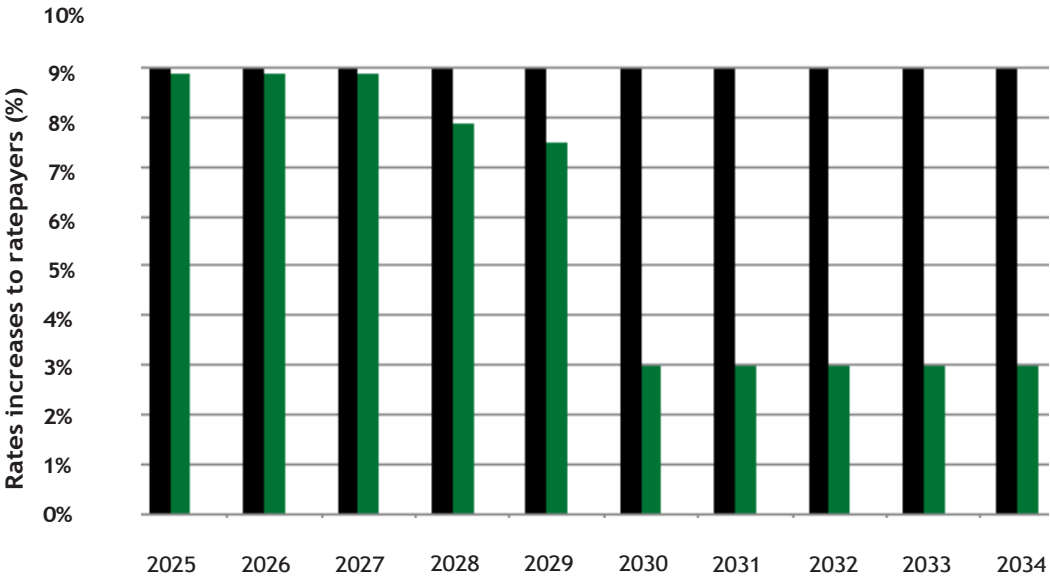
The following graph compares Council’s planned rates income with a quantified limit on rates contained in the financial strategy included in Council’s Long Term Plan. The quantified limit is total annual rates charged to existing ratepayers will not exceed the previous year plus 9% for each year of the Long Term Plan.





## RATES (INCREASES) AFFORDABILITY

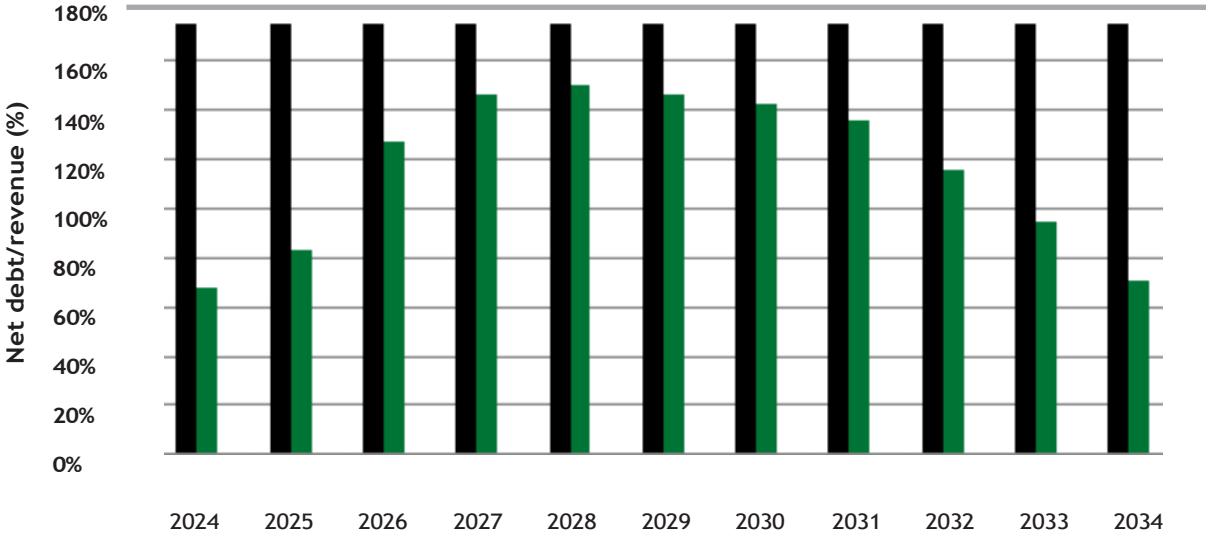
The following graph compares Council’s planned rates increases with a quantified limit on rates increases included in the financial strategy included in Council’s Long Term Plan. The quantified limit is total annual rates increases to existing ratepayers will not exceed 9% for each year of the Long Term Plan.



Quantified limit on rates increase
  Proposed rates increase (at or within limit)

## DEBT AFFORDABILITY BENCHMARK

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long Term Plan. The quantified limit is net debt divided by revenue will not exceed 175%.

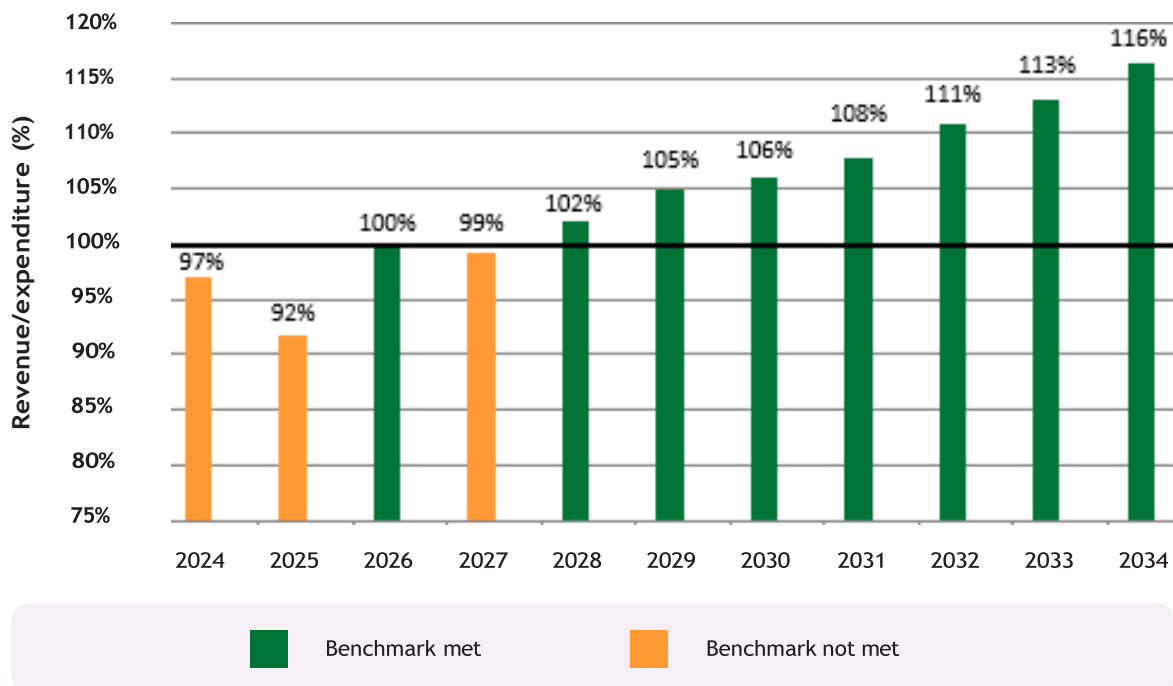


Quantified limit on debt
  Proposed Debt (at or within limit)

## BALANCED BUDGET BENCHMARK

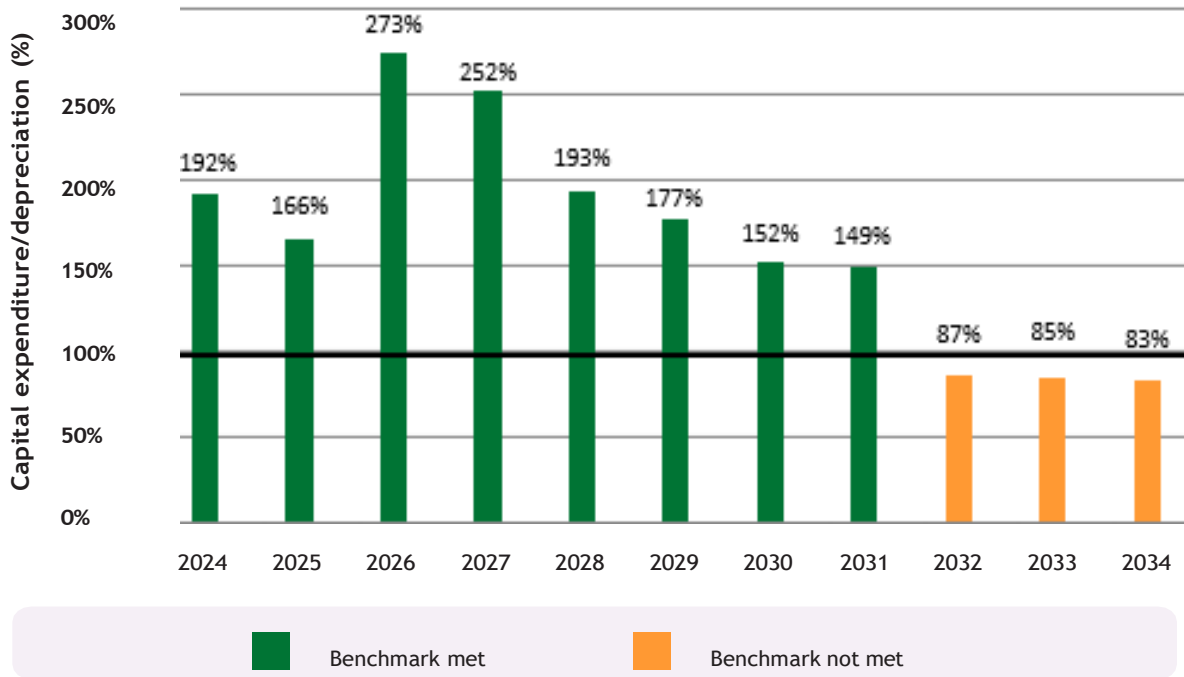
The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative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

In the initial years of the LTP, the Council proposes to not increase rates and other revenue to the extent required to maintain the same level of planned operations for the community but to transition there over time.



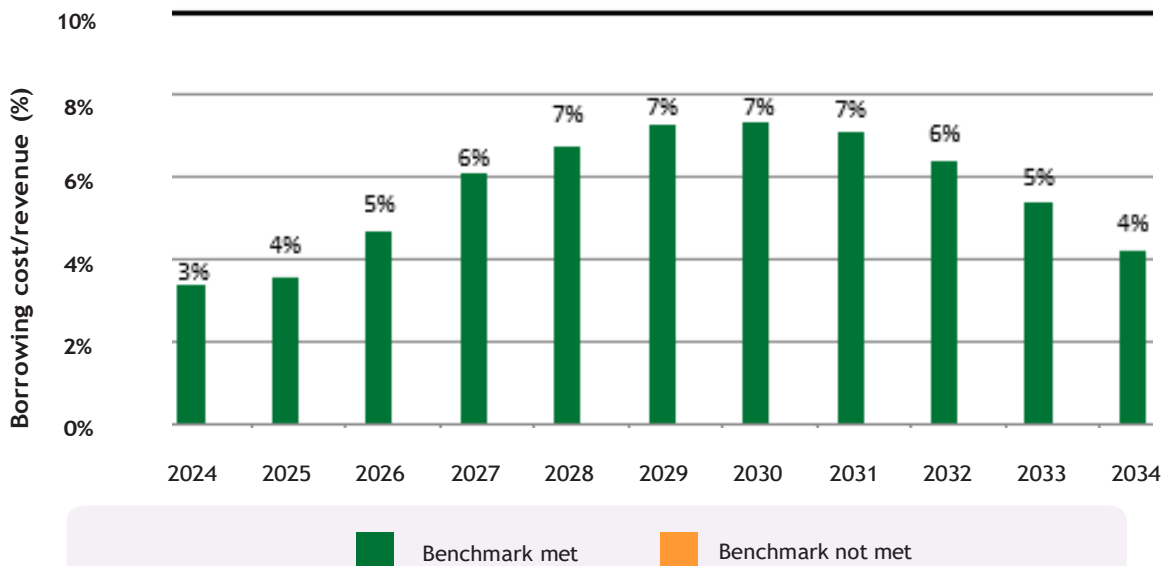
## ESSENTIAL SERVICES BENCHMARK

This graph displays the Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. In the later years of the LTP, Council proposes to spend less on capital expenditure on network services than planned depreciation because most of the planned work required during that period is minimal.



## DEBT SERVICING BENCHMARK

The following graph displays Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



# FORECAST FINANCIAL STATEMENTS & RESERVES

## Ngā tauākī ahumoni me ngā tāpui

The financial information contained within this document is prospective financial information in terms of the Financial Reporting Standard (FRS) 42: Prospective Financial Statements. The purpose for which it has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council over the next 10 financial years to 30 June 2034, and to provide a broad accountability mechanism for Council to the community. The information contained within these prospective financial statements may not be suitable for use in another capacity.

The information in the prospective financial statements is based on estimates and the preparation requires the exercise of judgement. The actual financial results that will be achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected, or may not have been predicted, or Council may subsequently take actions that differ from the courses of action on which the prospective financial statements are based.

Council authorised the prospective financial statements on 28 August 2024. Council believes that the assumptions underlying these prospective financial statements are appropriate and has approved the Long Term Plan for distribution.

Council and management of Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual financial results have been incorporated within the prospective financial statements. Minor rounding may exist in the numbers included in the financial statements.

Please note that the 2023-24 figures in the prospective statements may not match each line that was stated in the 2023-24 Annual Plan that was presented to the community as some numbers have been combined to reflect the structure of this Long Term Plan. The overall values have not changed, they are just stated differently.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>REVENUE</b>											
Rates revenue	40,468	43,363	47,355	51,711	55,952	60,316	62,307	64,363	66,487	68,681	70,948
Development and financial contributions	437	690	705	722	739	755	771	787	803	819	834
Subsidies and grants	5,168	7,817	10,252	8,453	8,719	8,373	8,465	8,830	9,227	9,087	9,209
Fees and charges	4,397	4,746	5,241	5,452	5,592	5,718	5,895	6,054	6,241	6,363	6,552
Finance revenue	431	560	480	400	400	400	400	400	400	400	400
Other revenue	889	1,222	1,341	1,405	1,465	1,531	1,566	1,600	1,642	1,677	1,714
<b>Total revenue</b>	<b>51,790</b>	<b>58,398</b>	<b>65,374</b>	<b>68,143</b>	<b>72,867</b>	<b>77,093</b>	<b>79,404</b>	<b>82,034</b>	<b>84,800</b>	<b>87,027</b>	<b>89,657</b>
<b>EXPENDITURE</b>											
Personnel costs	12,944	15,008	15,233	15,252	15,175	14,969	14,766	14,539	14,318	14,040	13,839
Finance expenses	1,727	2,052	3,011	4,084	4,857	5,536	5,753	5,762	5,367	4,616	3,732
Depreciation and amortisation	10,422	14,291	14,629	15,870	17,257	17,911	18,556	19,170	19,524	19,841	20,638
Other expenses	27,871	31,633	31,879	32,823	33,448	34,386	35,073	35,928	36,633	37,822	38,138
<b>Total expenditure</b>	<b>52,964</b>	<b>62,984</b>	<b>64,752</b>	<b>68,029</b>	<b>70,737</b>	<b>72,802</b>	<b>74,148</b>	<b>75,399</b>	<b>75,842</b>	<b>76,319</b>	<b>76,347</b>
<b>Operating surplus (deficit)</b>	<b>(1,174)</b>	<b>(4,586)</b>	<b>622</b>	<b>114</b>	<b>2,130</b>	<b>4,291</b>	<b>5,256</b>	<b>6,635</b>	<b>8,958</b>	<b>10,708</b>	<b>13,310</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>											
Increase in asset revaluation reserves	40,000	5,019	6,336	9,539	17,650	6,441	9,168	17,239	6,230	9,135	16,901
<b>Total other comprehensive revenue and expense</b>	<b>40,000</b>	<b>5,019</b>	<b>6,336</b>	<b>9,539</b>	<b>17,650</b>	<b>6,441</b>	<b>9,168</b>	<b>17,239</b>	<b>6,230</b>	<b>9,135</b>	<b>16,901</b>
<b>Total comprehensive revenue and expense</b>	<b>38,826</b>	<b>433</b>	<b>6,958</b>	<b>9,653</b>	<b>19,780</b>	<b>10,732</b>	<b>14,424</b>	<b>23,874</b>	<b>15,188</b>	<b>19,843</b>	<b>30,211</b>

PROSPECTIVE STATEMENT OF CASH FLOWS  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<i>Cash will be provided from:</i>											
Rates	40,468	43,363	47,355	51,711	55,952	60,316	62,307	64,363	66,487	68,681	70,948
Subsidies and grants	5,168	7,817	10,252	8,453	8,719	8,373	8,465	8,830	9,227	9,087	9,209
Development and financial contributions	437	690	705	722	739	755	771	787	803	819	834
Finance revenue	30	560	480	400	400	400	400	400	400	400	400
Fees, charges and other revenue	5,286	5,968	6,582	6,857	7,057	7,249	7,461	7,654	7,883	8,040	8,266
	<b>51,389</b>	<b>58,398</b>	<b>65,374</b>	<b>68,143</b>	<b>72,867</b>	<b>77,093</b>	<b>79,404</b>	<b>82,034</b>	<b>84,800</b>	<b>87,027</b>	<b>89,657</b>
<i>Cash will be applied to:</i>											
Payments to employees	12,944	15,008	15,233	15,252	15,175	14,969	14,766	14,539	14,318	14,040	13,839
Payments to suppliers	27,871	31,467	32,580	33,049	33,548	34,461	34,723	35,728	36,133	37,421	38,281
Finance expenses	1,727	2,052	3,011	4,084	4,857	5,536	5,753	5,762	5,367	4,616	3,732
	<b>42,542</b>	<b>48,527</b>	<b>50,824</b>	<b>52,385</b>	<b>53,580</b>	<b>54,966</b>	<b>55,242</b>	<b>56,029</b>	<b>55,818</b>	<b>56,077</b>	<b>55,852</b>
<b>Net cash flows from operating activities</b>	<b>8,847</b>	<b>9,871</b>	<b>14,550</b>	<b>15,758</b>	<b>19,287</b>	<b>22,127</b>	<b>24,162</b>	<b>26,005</b>	<b>28,982</b>	<b>30,950</b>	<b>33,805</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<i>Cash will be provided from:</i>											
Proceeds from investments	401	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of property, plant and equipment		8,965	-	-	193	197	201	206	210	214	218
	<b>401</b>	<b>8,965</b>	<b>-</b>	<b>-</b>	<b>193</b>	<b>197</b>	<b>201</b>	<b>206</b>	<b>210</b>	<b>214</b>	<b>218</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<i>Cash will be applied to:</i>											
Purchase of investments	131	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	27,617	38,318	49,375	32,811	28,665	26,041	24,109	24,623	15,214	15,256	15,661
	<b>27,748</b>	<b>38,318</b>	<b>49,375</b>	<b>32,811</b>	<b>28,665</b>	<b>26,041</b>	<b>24,109</b>	<b>24,623</b>	<b>15,214</b>	<b>15,256</b>	<b>15,661</b>
Net cash flows from investing activities	<b>(27,347)</b>	<b>(29,353)</b>	<b>(49,375)</b>	<b>(32,811)</b>	<b>(28,472)</b>	<b>(25,844)</b>	<b>(23,908)</b>	<b>(24,417)</b>	<b>(15,004)</b>	<b>(15,042)</b>	<b>(15,443)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<i>Cash will be provided from:</i>											
Loans raised	24,500	17,482	40,325	26,553	22,185	18,217	15,246	12,912	247	253	258
	<b>24,500</b>	<b>17,482</b>	<b>40,325</b>	<b>26,553</b>	<b>22,185</b>	<b>18,217</b>	<b>15,246</b>	<b>12,912</b>	<b>247</b>	<b>253</b>	<b>258</b>
<i>Cash will be applied to:</i>											
Loans repaid	6,000	6,000	7,500	11,500	13,000	14,500	15,500	14,500	14,225	16,161	18,620
	<b>6,000</b>	<b>6,000</b>	<b>7,500</b>	<b>11,500</b>	<b>13,000</b>	<b>14,500</b>	<b>15,500</b>	<b>14,500</b>	<b>14,225</b>	<b>16,161</b>	<b>18,620</b>
Net cash flows from financing activities	<b>18,500</b>	<b>11,482</b>	<b>32,825</b>	<b>15,053</b>	<b>9,185</b>	<b>3,717</b>	<b>(254)</b>	<b>(1,588)</b>	<b>(13,978)</b>	<b>(15,908)</b>	<b>(18,362)</b>
Net increase/(decrease) in cash held	-	(8,000)	(2,000)	(2,000)	-	-	-	-	-	-	-
Cash and cash equivalents balance at 1 July	1,435	22,000	14,000	12,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Cash and cash equivalents balance at 30 June	1,435	14,000	12,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000





PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Equity balance at 1 July	621,312	574,414	574,847	581,805	591,458	611,238	621,970	636,394	660,268	675,456	695,299
Total comprehensive revenue and expense	38,826	433	6,958	9,653	19,780	10,732	14,424	23,874	15,188	19,843	30,211
<b>Equity balance at 30 June</b>	<b>660,138</b>	<b>574,847</b>	<b>581,805</b>	<b>591,458</b>	<b>611,238</b>	<b>621,970</b>	<b>636,394</b>	<b>660,268</b>	<b>675,456</b>	<b>695,299</b>	<b>725,510</b>
<b>ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE</b>											
Balance at 1 July	163,532	173,939	169,353	169,975	170,089	172,219	176,510	181,766	188,401	197,359	208,067
Operating surplus (deficit)	(1,174)	(4,586)	622	114	2,130	4,291	5,256	6,635	8,958	10,708	13,310
Transfer from (to) restricted & council created reserves	440	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June</b>	<b>162,798</b>	<b>169,353</b>	<b>169,975</b>	<b>170,089</b>	<b>172,219</b>	<b>176,510</b>	<b>181,766</b>	<b>188,401</b>	<b>197,359</b>	<b>208,067</b>	<b>221,377</b>
<b>RESTRICTED AND COUNCIL CREATED RESERVES <sup>1</sup></b>											
Balance at 1 July	12,056	475	475	475	475	475	475	475	475	475	475
Transfer from (to) reserves	(440)	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June</b>	<b>11,616</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>
<b>ASSET REVALUATION RESERVES</b>											
Balance at 1 July	442,308	400,000	405,019	411,355	420,894	438,544	444,985	454,153	471,392	477,622	486,757
Revaluation gains (losses)	40,000	5,019	6,336	9,539	17,650	6,441	9,168	17,239	6,230	9,135	16,901
<b>Balance at 30 June</b>	<b>482,308</b>	<b>405,019</b>	<b>411,355</b>	<b>420,894</b>	<b>438,544</b>	<b>444,985</b>	<b>454,153</b>	<b>471,392</b>	<b>477,622</b>	<b>486,757</b>	<b>503,658</b>
<b>INVESTMENT REVALUATION RESERVES <sup>1</sup></b>											
Balance at 1 July	3,416	-	-	-	-	-	-	-	-	-	-
Revaluation gains (losses)	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June</b>	<b>3,416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity balance at 30 June</b>	<b>660,138</b>	<b>574,847</b>	<b>581,805</b>	<b>591,458</b>	<b>611,238</b>	<b>621,970</b>	<b>636,394</b>	<b>660,268</b>	<b>675,456</b>	<b>695,299</b>	<b>725,510</b>

<sup>1</sup> Some reserves will be closed at the end of the 2023-24 year and form part of the equity balance at 1 July in the 2024-25 year which is why there is no balance flowing through in each year of the statement

PROSPECTIVE STATEMENT OF FINANCIAL POSITION  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	1,435	14,000	12,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Receivables	3,680	4,938	5,189	5,453	5,530	5,599	5,659	5,709	5,759	5,797	5,839
Inventory	171	123	126	129	132	135	138	141	143	146	149
Other financial assets	-	330	430	430	450	470	510	510	320	260	200
<b>Total current assets</b>	<b>5,286</b>	<b>19,391</b>	<b>17,745</b>	<b>16,012</b>	<b>16,112</b>	<b>16,204</b>	<b>16,307</b>	<b>16,360</b>	<b>16,222</b>	<b>16,203</b>	<b>16,188</b>
<b>Non-current assets</b>											
Property, plant and equipment	699,827	629,187	670,269	696,749	725,807	740,378	755,099	777,791	779,711	784,261	796,185
Intangible assets	328	-	-	-	-	-	-	-	-	-	-
Other financial assets	16,575	2,330	2,930	3,155	3,235	3,290	2,900	2,700	2,390	2,050	2,085
<b>Total non-current assets</b>	<b>716,730</b>	<b>631,517</b>	<b>673,199</b>	<b>699,904</b>	<b>729,042</b>	<b>743,668</b>	<b>757,999</b>	<b>780,491</b>	<b>782,101</b>	<b>786,311</b>	<b>798,270</b>
<b>TOTAL ASSETS</b>	<b>722,016</b>	<b>650,908</b>	<b>690,944</b>	<b>715,916</b>	<b>745,154</b>	<b>759,872</b>	<b>774,306</b>	<b>796,851</b>	<b>798,323</b>	<b>802,514</b>	<b>814,458</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Payables and deferred revenue	7,085	9,261	9,465	9,682	9,905	10,123	10,336	10,542	10,753	10,957	11,166
Employee entitlements	893	1,400	1,428	1,457	1,486	1,515	1,546	1,577	1,608	1,640	1,673
Borrowings	6,000	7,500	11,500	13,000	14,500	15,500	14,500	14,225	16,161	18,620	15,000
Provisions	50	51	53	54	55	56	57	59	60	61	62
<b>Total current liabilities</b>	<b>14,028</b>	<b>18,212</b>	<b>22,446</b>	<b>24,193</b>	<b>25,946</b>	<b>27,194</b>	<b>26,439</b>	<b>26,403</b>	<b>28,582</b>	<b>31,278</b>	<b>27,901</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Non-current liabilities</b>											
Employee entitlements	250	250	255	260	265	271	276	282	287	293	131
Borrowings	47,000	56,982	85,807	99,360	107,045	109,762	110,508	109,195	93,281	74,914	60,172
Provisions	600	617	631	645	660	675	689	703	717	730	744
<b>Total non-current liabilities</b>	<b>47,850</b>	<b>57,849</b>	<b>86,693</b>	<b>100,265</b>	<b>107,970</b>	<b>110,708</b>	<b>111,473</b>	<b>110,180</b>	<b>94,285</b>	<b>75,937</b>	<b>61,047</b>
<b>TOTAL LIABILITIES</b>	<b>61,878</b>	<b>76,061</b>	<b>109,139</b>	<b>124,458</b>	<b>133,916</b>	<b>137,902</b>	<b>137,912</b>	<b>136,583</b>	<b>122,867</b>	<b>107,215</b>	<b>88,948</b>
<b>NET ASSETS</b>	<b>660,138</b>	<b>574,847</b>	<b>581,805</b>	<b>591,458</b>	<b>611,238</b>	<b>621,970</b>	<b>636,394</b>	<b>660,268</b>	<b>675,456</b>	<b>695,299</b>	<b>725,510</b>
<b>EQUITY</b>											
Accumulated funds	162,798	169,353	169,975	170,089	172,219	176,510	181,766	188,401	197,359	208,067	221,377
Restricted and council created reserves	11,616	475	475	475	475	475	475	475	475	475	475
Asset revaluation reserves	482,308	405,019	411,355	420,894	438,544	444,985	454,153	471,392	477,622	486,757	503,658
Investment revaluation reserves	3,416	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY</b>	<b>660,138</b>	<b>574,847</b>	<b>581,805</b>	<b>591,458</b>	<b>611,238</b>	<b>621,970</b>	<b>636,394</b>	<b>660,268</b>	<b>675,456</b>	<b>695,299</b>	<b>725,510</b>

PROSPECTIVE WHOLE OF COUNCIL FUNDING IMPACT STATEMENT  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>											
General rates, uniform annual general charges, rates penalties	26,758	29,272	30,800	32,925	34,643	38,148	39,350	40,587	42,564	44,958	47,192
Targeted rates	13,710	14,571	17,078	19,355	21,923	22,828	23,635	24,476	24,642	24,466	24,518
Subsidies and grants for operating purposes	3,053	3,987	3,992	4,180	4,206	4,399	4,427	4,507	4,629	4,677	4,753
Fees and charges	4,652	5,220	5,792	6,019	6,170	6,314	6,505	6,675	6,881	7,015	7,216
Interest & dividends from investments	431	560	480	400	400	400	400	400	400	400	400
Local authorities fuel tax, fines, infringement fees, other receipts	639	673	674	677	679	680	683	684	687	688	690
<b>Total operating funding (A)</b>	<b>49,243</b>	<b>54,283</b>	<b>58,816</b>	<b>63,556</b>	<b>68,021</b>	<b>72,769</b>	<b>75,000</b>	<b>77,329</b>	<b>79,803</b>	<b>82,204</b>	<b>84,769</b>
<b>APPLICATION OF OPERATING FUNDING</b>											
Payments to staff and suppliers	41,242	45,042	45,781	46,764	47,262	47,960	48,411	49,000	49,451	50,330	50,406
Finance costs	1,727	2,140	3,101	4,101	4,875	5,554	5,771	5,781	5,386	4,635	3,752
Other operating funding applications	990	1,511	1,241	1,296	1,343	1,377	1,412	1,447	1,481	1,515	1,550
<b>Total application of operating funding (B)</b>	<b>43,959</b>	<b>48,693</b>	<b>50,123</b>	<b>52,161</b>	<b>53,480</b>	<b>54,891</b>	<b>55,594</b>	<b>56,228</b>	<b>56,318</b>	<b>56,480</b>	<b>55,708</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>5,284</b>	<b>5,590</b>	<b>8,693</b>	<b>11,395</b>	<b>14,541</b>	<b>17,878</b>	<b>19,406</b>	<b>21,101</b>	<b>23,485</b>	<b>25,724</b>	<b>29,061</b>
<b>SOURCES OF CAPITAL FUNDING</b>											
Subsidies & grants for capital expenditure	2,115	3,425	5,855	3,869	4,108	3,570	3,633	3,917	4,193	4,005	4,052
Development & financial contributions	437	691	704	723	738	755	771	787	804	819	835
Increase (decrease) in debt	8,658	19,647	34,122	16,824	9,084	3,641	98	(1,388)	(13,478)	(15,506)	(18,505)
Gross proceeds from sale of assets	-	8,965	-	-	193	197	201	206	210	214	218
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>11,210</b>	<b>32,728</b>	<b>40,681</b>	<b>21,416</b>	<b>14,123</b>	<b>8,163</b>	<b>4,703</b>	<b>3,522</b>	<b>(8,271)</b>	<b>(10,468)</b>	<b>(13,400)</b>

STATEMENT CONTINUED

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>APPLICATION OF CAPITAL FUNDING</b>											
Capital expenditure:											
- to meet additional demand	2,586	7,699	7,779	6,830	7,207	-	1,647	9,859	-	-	-
- to improve the level of services	4,818	18,988	30,587	15,172	11,705	12,646	10,013	1,913	2,187	1,809	1,787
- to replace existing assets	9,530	11,631	11,008	10,809	9,752	13,395	12,449	12,851	13,027	13,447	13,874
Increase (decrease) in reserves	(440)	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding (D)</b>	<b>16,494</b>	<b>38,318</b>	<b>49,374</b>	<b>32,811</b>	<b>28,664</b>	<b>26,041</b>	<b>24,109</b>	<b>24,623</b>	<b>15,214</b>	<b>15,256</b>	<b>15,661</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(5,284)</b>	<b>(5,590)</b>	<b>(8,693)</b>	<b>(11,395)</b>	<b>(14,541)</b>	<b>(17,878)</b>	<b>(19,406)</b>	<b>(21,101)</b>	<b>(23,485)</b>	<b>(25,724)</b>	<b>(29,061)</b>
<b>Funding Balance ((A - B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## RESERVES

Forecast movement for the 10 years ending 30 June 2034

	Note	Forecast balance 1 July 2024	Transfers in	Transfers out	Forecast balance 30 June 2034
		\$000's	\$000's	\$000's	\$000's
<b>Council created reserves</b>					
Murray Kivell scholarship	A	-	-	-	-
National waste levy	B	-	4,050	(4,050)	-
Riverside access	C	475	-	-	475
<b>Total</b>		<b>475</b>	<b>4,050</b>	<b>(4,050)</b>	<b>475</b>
<b>Restricted reserves</b>					
District water supply	D	-	65,397	(65,397)	-
District sewerage	D	-	113,697	(113,697)	-
District stormwater	D	-	27,490	(27,490)	-
Waste collection	D	-	16,090	(16,090)	-
<b>Total</b>		<b>-</b>	<b>222,674</b>	<b>(222,674)</b>	<b>-</b>
<b>Total reserves</b>		<b>475</b>	<b>226,724</b>	<b>(226,724)</b>	<b>475</b>

## Purpose of Reserve

- A. Murray Kivell scholarship:** A gift of \$10,000 to be used for training staff in environmental sustainability, sustainable management and environmental management in the South Waikato.
- B. National waste levy:** To encourage a reduction in the amount of waste generated and disposed of in New Zealand, and to lessen the environmental harm of waste. Enabled by the Waste Minimisation Act 2008, funds are received from the Ministry of Environment and applied to waste minimisation activities and initiatives.
- C. Riverside Access:** To use the sale proceeds from some stopped roads to open up public access to the Waikato River in the South Waikato.
- D. Restricted Reserves:** Ensure that the targeted rates collected for these activities from specific groups of ratepayers are used for the supply of those services.

**RATES REVENUE**  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
General Rates	26,753	29,355	30,887	33,021	34,746	38,259	39,465	40,704	42,686	45,081	47,322
Targeted Rates	13,600	14,955	17,497	19,811	22,416	23,357	24,181	25,038	25,222	25,063	25,133
Less Rates charged to Council properties	(620)	(947)	(1,029)	(1,121)	(1,210)	(1,300)	(1,339)	(1,379)	(1,421)	(1,463)	(1,507)
<b>Total</b>	<b>39,733</b>	<b>43,363</b>	<b>47,355</b>	<b>51,711</b>	<b>55,952</b>	<b>60,316</b>	<b>62,307</b>	<b>64,363</b>	<b>66,487</b>	<b>68,681</b>	<b>70,948</b>

Note: Targeted rates for metered water supply are disclosed in fees and charges in the Prospective Statement of Comprehensive Revenue and Expense. Forecast amounts are:

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Targeted Rates for Metered Water Supply	355	549	561	574	587	600	613	625	637	650	662

**SUBSIDIES AND GRANTS**  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Capital Subsidies and Grants</b>											
NZTA Capital Subsidies	2,115	3,413	4,043	3,856	3,453	3,540	3,602	3,886	4,160	3,972	4,037
Other Capital Subsidies and Grants	-	-	1,800	-	626	-	-	-	-	-	-
	<b>2,115</b>	<b>3,413</b>	<b>5,843</b>	<b>3,856</b>	<b>4,079</b>	<b>3,540</b>	<b>3,602</b>	<b>3,886</b>	<b>4,160</b>	<b>3,972</b>	<b>4,037</b>
<b>Operating Subsidies and Grants</b>											
NZTA Operating Subsidies	2,483	3,739	4,004	4,192	4,235	4,428	4,458	4,539	4,662	4,710	4,767
National Waste Levy	450	405	405	405	405	405	405	405	405	405	405
Other Operating Subsidies and Grants	120	260	-	-	-	-	-	-	-	-	-
	<b>3,053</b>	<b>4,404</b>	<b>4,409</b>	<b>4,597</b>	<b>4,640</b>	<b>4,833</b>	<b>4,863</b>	<b>4,944</b>	<b>5,067</b>	<b>5,115</b>	<b>5,172</b>
<b>Total</b>	<b>5,168</b>	<b>7,817</b>	<b>10,252</b>	<b>8,453</b>	<b>8,719</b>	<b>8,373</b>	<b>8,465</b>	<b>8,830</b>	<b>9,227</b>	<b>9,087</b>	<b>9,209</b>

DEPRECIATION AND AMORTISATION  
For the year ending 30 June

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Governance	1,249	1,518	1,382	1,620	1,703	1,790	1,679	1,543	1,447	1,505	1,546
Leisure and Wellbeing	1,666	1,305	1,472	1,999	2,210	2,213	2,274	2,283	2,295	2,303	2,345
Regulatory	36	8	6	6	6	5	5	5	5	5	5
Solid Waste and Recycling	219	164	167	169	173	267	272	275	276	208	199
Stormwater	512	1,073	1,073	1,093	1,299	1,305	1,310	1,400	1,405	1,411	1,500
Strategy	11	-	-	-	-	-	-	-	-	-	-
Transport and Roding	4,112	6,131	6,330	6,569	6,804	7,018	7,382	7,592	7,802	8,024	8,252
Wastewater	1,639	2,594	2,673	2,785	3,268	3,323	3,408	3,653	3,776	3,812	4,047
Water supply	978	1,498	1,526	1,629	1,794	1,990	2,226	2,419	2,518	2,573	2,744
<b>Total</b>	<b>10,422</b>	<b>14,291</b>	<b>14,629</b>	<b>15,870</b>	<b>17,257</b>	<b>17,911</b>	<b>18,556</b>	<b>19,170</b>	<b>19,524</b>	<b>19,841</b>	<b>20,638</b>



# STATEMENT OF ACCOUNTING POLICIES

Tauāki mō ngā kaupapa here taurangi pūtea

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 have been prepared in accordance with NZ GAAP and they 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).

### Presentation Currency and Rounding

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

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) is 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 has 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 AND DEVELOPMENT CONTRIBUTIONS BORROWING COSTS

Financial and Development contributions are recognised as revenue when 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 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 Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by 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 a single step allocation model.

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.

## SINGLE STEP ALLOCATION OF INDIRECT COSTS

The cost of internal services not directly charged to activities is allocated based on a percentage basis relative to the size of the activity and function of the indirect cost support level.

## 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 may be depreciated or amortised while they are classified as held for sale.

### **Operational Assets**

These are tangible assets and include land, buildings, improvements, heritage assets, motor vehicles, major non infrastructural plant and equipment including swimming pools and library collections.

### **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. An asset class may be valued out of cycle if the fair value is expected to be materially different. 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, Motor Vehicles, Plant and Equipment, Furniture and Fittings, Street Furniture**

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

### **Land and Buildings**

Land and buildings including land underneath roads were revalued effective 30 June 2024 by CBRE Limited, 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 Operative District Plan. 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 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 cost 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 depending on the building.

## NON-SPECIALISED BUILDINGS

Non-specialised buildings are those where there are known and active markets e.g. 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 2024 at depreciated replacement value. The revaluation peer review was undertaken using external consultant, 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 2021 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 2024 (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.

## CLOSED LANDFILL

Closed landfill cells and sites, pipes and pumps are valued at cost less accumulated depreciation and any impairment costs. Non-specialised buildings are those where there are known and active markets e.g. residential houses, office buildings, industrial workshops, warehouses and residential flats. These have been valued at fair value using market-based sales evidence.

## ROADS, FOOTPATHS, STREETLIGHTS, LARGE CULVERTS AND BRIDGES

Roads, footpaths, streetlights, large culverts and bridges were revalued effective 30 June 2023 by Beca Projects 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 construction. 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 work 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 and water, 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, overengineering 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 asset register database using replacement unit costs based on actual costs from recent contracts and where required an inflation adjustment applied.

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 offsets 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 and Collection	5 - 10 years

## ROADING NETWORK

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

## SOLID WASTE

Closed Landfills, Pipes and Pumps	7 - 100 years
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## WASTEWATER SYSTEMS

Manholes	80 years
Treatment Plant	5 - 80 years



## STORMWATER SYSTEMS

Reticulated Pipework	50 - 90 years
Manholes and Cesspits	90 years
Detention Dams	60 years

## WATER SYSTEMS

Reticulated Pipework	55 - 95 years
Valves and Hydrants	80 years
Pump Stations	Up to 100 years (dependent on componentry)
Storage Tanks	25 - 80 years

## OTHER ASSETS

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.

## 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.

## 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.

## 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 Public Business Entity International Public Sector Accounting Standard (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 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 amortised cost', 'at fair value through profit or loss (FVTSD)', or 'fair value through other comprehensive revenue and expense (FVTOCRE)' as per PBE IPSAS 41. 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 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 including interest rate swaps to hedge exposure to foreign exchange fluctuations.

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.

## AMORTISED COST

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI) on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL).

Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

## IMPAIRMENT OF FINANCIAL ASSETS

At initial recognition of the financial asset, an entity recognises a loss allowance equal to 12 months expected credit losses which consist of expected credit losses from default events possible within 12 months from the entity's reporting date. An exception is purchased or originated credit impaired financial assets.

The impairment requirements are applied to:

Financial assets measured at amortised cost (including trade receivables)

Financial assets measured at FVTOCRE

Loan commitments at below market interest rate

Financial guarantees contracts which are not insurance contracts under the scope of PBE IFRS 4 Insurance Contracts

Lease Receivables

## FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTSD)

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and Council's management model for managing them.

## FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE (FVTOCRE)

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cashflows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cashflows and selling financial assets.

## 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 BORROWING

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.

## 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.

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from Council's operational activities and interest rate risks arising from Council's financing activities. In accordance with its Treasury Management Policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The associated gains or losses on derivatives that are not hedge accounted are recognised in surplus or deficit.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

The use of financial derivatives is governed by Council's policies as approved by Council resolution and provides written principles on the use of financial derivatives consistent with Council's risk management strategy.

## INVESTMENTS IN COUNCIL CONTROLLED ORGANISATIONS (CCO)

Council has an interest (2.7%) in a Council Controlled Organisation (CCO), the 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.

## FOREIGN CURRENCIES

All foreign currency transactions during the financial year are brought into 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 is 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 Department (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.

### PRESENTATION OF EMPLOYEE ENTITLEMENTS

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.

### Long Term Entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis using the service of professional actuaries. The actuarial calculations are based on an assumed salary increase of 4.3% (2023: 4.3%) per annum and a discount rate between 4.19% and 5.34% (2023: 4.19% - 5.34%) 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 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 staff prior to 1 April 1992 are eligible for long service leave unless excluded under individual employment contracts.



## 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
- Asset (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.

## COUNCIL CREATED RESERVES

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.

## ASSET (PROPERTY) REVALUATION RESERVES

Revaluation reserves arise from certain asset classes being revalued.

## GENERAL EQUITY (RETAINED EARNINGS)

General equity refers to reserves that do not fall into any of the three 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.

## INVESTMENT REVALUATION RESERVES

Investment revaluation reserves contain cumulative unrealised gains and losses in investments classified as 'available for sale'.

## 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.

### **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 expenditure 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.

### **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.

### **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.

## 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:

## 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 to the financial report.

## 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 assets 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.

# INDEPENDENT AUDITOR'S REPORT

Pūrongo a te kaiarotake



To the reader:

## **INDEPENDENT AUDITOR'S REPORT ON SOUTH WAIKATO DISTRICT COUNCIL'S 2024-34 LONG-TERM PLAN**

I am the Auditor-General's appointed auditor for South Waikato District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 2 September 2024.

### *Qualified Opinion*

In our opinion except for the effects of the matter described in the basis for qualified opinion section of our report:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 96 to 99 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

In accordance with clause 45 of Schedule 1AA of the Local Government Act 2002, the consultation document on the Council's plan did not contain a report from the Auditor-General. The consultation document is therefore unaudited. Our opinion on the plan does not provide assurance on the consultation document or the information that supports it.

Our opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

### *Basis for qualified opinion*

As outlined on page 139, the Council assumes that average inflation on its operating and capital costs will be in the 2 – 3 % range over the 10 years of the plan, which is based on the 2023 Local Government Cost Index (LGCI) inflation forecast. An interim 2024 LGCI inflation forecast, estimating increased levels of inflation and costs, was released in late July 2024. The Council has not considered the effect of this newer information on its inflation assumption.

Our work on the reasonableness of the inflation assumption was therefore limited. There were no satisfactory audit procedures that we could adopt to determine any adjustment required to the inflation assumption and the flow on effect this would have on the forecast financial information. However, as outlined on page 141, a small variance in the inflation rate could have a significant effect on the Council's operational and capital expenditure over the 10 years of the plan.

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

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We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

## *Emphasis of Matters*

Without modifying our opinion, we draw attention to the following disclosures.

### *Uncertainty over the delivery of the infrastructure capital programme*

Pages 28 and 29 outline that the Council is planning to spend \$270 million on capital expenditure over the next 10 years, mostly for its infrastructure capital programme. Although the Council has endeavored to budget for a programme that is deliverable, there is a high level of uncertainty that the capital projects will be completed as planned, due to constraints such as contractor availability (see page 32). If the Council is unable to deliver on projects as planned, it could have significant financial implications (see page 139).

### *Uncertainty over cost savings*

Page 140 outlines the Council's assumption of planned cost savings within the operational budget over the next 10 years. The savings stem from targeted investment in technology and improvements in business processes to be monitored over the period of the plan. The amount of cost savings and whether it will be achieved over the period of the plan are therefore uncertain. To the extent that the Council does not achieve the planned savings, future debt levels, service levels and/or rates rises could be affected.

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## *Responsibilities of the Council and auditor*

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

## *Independence and quality management*

We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Bruno Dente, Deloitte Limited

On behalf of the Auditor-General,

Hamilton, New Zealand

# APPENDICES

ASSUMPTIONS

PERFORMANCE MEASURES

POLICIES



# FORECASTING ASSUMPTIONS

## Ngā whakapae

South Waikato’s 10-Year plan make assumptions about the future of the activities we provide, assets we hold, issues that affect us, cost forecast and our ability to deliver our services. This section sets out the significant forecasting assumptions we’ve made and the associated risks that apply to Council-wide decisions.

### INFRASTRUCTURE ASSUMPTIONS

ASSUMPTION	IMPLICATION	SOURCE FOR ASSESSMENT OF IMPACT	UNCERTAINTY LEVEL	IMPACT ON FINANCIALS
Three Waters budgets - capital and operational - remain with Council for the term of this Long Term Plan.	There is less financial capacity to deliver other capital projects because Three Waters takes most of our debt capacity.	Central Government Legislation	Medium	Extreme
Waka Kotahi road funding rate will be fixed at 67% for each year of the ten years of the LTP.	Council’s share for the land transport programme has been budgeted as income in the LTP.	Waka Kotahi 2021-24 NLTP Funding Assistance Rates - National Land Transport Programme	Medium	Moderate
Asset data assumptions including lifecycle of significant assets contained in our asset management systems are valid. Where condition of assets are unknown, the Council has adopted standard life expectancy based on age and useful life rather than the condition of the asset.	This may result in higher expenditure to replace assets sooner than expected.	Asset Management Plans	Low	Moderate
Construction costs remain consistent with the Business Economic Research Limited (BERL) indices for construction costs.	During the annual plan process there is the opportunity to reassess forecasted budgets to mitigate the effects of this risk taking into account prevailing costs and BERL forecasts for inflation.	BERL	Medium	High
Operational and Maintenance costs remain consistent with the BERL indices for operating and maintenance cost movement.	Inflation factors have been applied to budgets over the next 10 years. During the annual plan process there is the opportunity to reassess forecasted budgets to mitigate the effects of this risk taking into account prevailing costs and BERL forecasts for inflation	BERL	Medium	High

## INFRASTRUCTURE ASSUMPTIONS

ASSUMPTION	IMPLICATION	SOURCE FOR ASSESSMENT OF IMPACT	UNCERTAINTY LEVEL	IMPACT ON FINANCIALS
There are no disasters that require additional funding to reinstate assets.	There is a low risk of a disaster occurring during the 10-year period which may require additional funding to reinstate assets.	Management	Low	High
There are no pandemic events which delay projects/ programmes.	There is a medium risk of a continuation of COVID-19 and/or a recurrence of another global pandemic which affects programme activity.	Crisis Management Plan	Medium	Moderate
Adequate resources, staff and contractors, are available to deliver our programme of work.	Council is planning on the basis that staff will be available to carry out assigned duties and contractors are available and able to provide services.	Infometrics	Medium	High
The effects of climate change will be low over the planning period.	The likely effects of climate change have been factored into our forward planning of our infrastructure.	Waikato Regional Infrastructure Technical Specification (RITS)	Medium	Moderate
Changes to the level of service are expected to be minor.	A significant change to the level of service will require a review of the Council's operating and capital budgets and may have implications for the Council's infrastructure strategy to assess the impact on infrastructure.	Council	Medium	Low
South Waikato has a slightly younger average population age (37.1 years) than the national average (38.1 years) with our Māori population also being younger (26.2 years) than the national average (27.2 years) and we anticipate that this will remain over this LTP period.	Larger working age population, however, we will still need to assess the need for age-friendly services and infrastructure.	Statistics New Zealand	Low	Moderate
Council holds industrial and residential land and some buildings that have been purchased as part of our programme to stimulate Economic Development in the future. It is anticipated that some of these properties and other properties and land will be purchased, developed and sold at market value during the period of the LTP.	Funds are budgeted for the purchase, sale and development of current land and property.	LTP 2024-34	High	High

## FINANCIAL ASSUMPTIONS

ASSUMPTION	IMPLICATION	SOURCE FOR ASSESSMENT OF IMPACT	UNCERTAINTY LEVEL	IMPACT ON FINANCIALS
Resourcing, staffing (FTEs) and contractors, requirement will change over the life of the Long Term Plan.	Cost will move in line with changes in the market offset by a small reduction as a result of productivity efficiency.	Executive Management Business Support	Medium	Moderate
That funding is available to borrow from LGFA for asset replacement.	Delivery of Council's infrastructure asset replacement will be significantly compromised.	LGFA	Low	High
The cost of energy is going to increase.	This will have financial impacts on the majority of Council's operations, roading, provision of drinking water, the disposal of waste (solid and water), and the operation of Council's facilities.	BERL	Medium	Moderate
Rating revenue is expected to increase during the period of the Long Term Plan.	It is assumed that this will increase by 0.3% per annum.	Management assessment based on historical data	Low	Low
Average inflation on operating and capital costs will be in the 2-3 % range over the forecast period.	This will impact on Council's operating costs. Recent economic data including draft BERL 2024 indicators show some slow moderation in inflation movement. However, these can be volatile and difficult to predict so no adjustment has been made. This assumption has a high level of uncertainty. The risk is inflation could be higher or lower than predicted which will impact on revenue, expenditure and debt. The impacts are explained in the sensitivity analysis.	BERL	High	Moderate
Interest on borrowing will be in the range of 4.15% to 5% for the forecast period.	Any significant change to interest costs will impact Council's operating costs especially as the Council plans to increase borrowings over the forecast period.	BERL	Medium	Moderate
Earning on investment income will be around 4% for the forecast period.	This will have a minimal impact as the Council moves away from investment funding for capital reserves to a more holistic approach.	Pricewaterhouse Coopers (PwC) Advisors	Medium	Low
Capital projects will be completed when predicted in the Asset Management Plans.	If capital projects are not completed when predicted ie if they have to be brought forward or delayed, then there are significant financial implications.	Asset Management Plans	High	Moderate
The timing of debt required for the delivery of capital projects and the amount of depreciation recorded is adjusted to reflect the capital programme over the life of the Long Term Plan.	If capital projects are not completed when predicted ie if they have to be brought forward or delayed, then there are significant financial implications in relation to the timing of borrowings and depreciation.	Management assessment based on historical data	Low	Moderate

## FINANCIAL ASSUMPTIONS

ASSUMPTION	IMPLICATION	SOURCE FOR ASSESSMENT OF IMPACT	UNCERTAINTY LEVEL	IMPACT ON FINANCIALS
Where projects require a resource consent, new or renewed, this will be obtained without incurring significant costs of compliance.	Consenting authorities may decline consents or impose less affordable conditions than we had anticipated.	Management assessment based on historical data	Low	Moderate
A productivity efficiency dividend of 1% per annum has been modelled and incorporated into budgets equating to approximately \$29m of cost savings over the life of the LTP. These savings stem from targeted investment in technology and business process improvement which will be actively monitored and reported on. Projects such as Council's Knowledge Base and ChatBot will radically change the way we work and interact with our customers and stakeholders.	Cost escalation will decrease over the life of the Long Term Plan. Although targeted investment plans are to be put in place, operational efficiencies are yet to be achieved and if planned savings are not met this could impact future debt levels, rates increases or levels of service.	Executive Management	Medium	High
Council will revalue its land and buildings and most classes of infrastructural assets on a three yearly basis.	Revaluation increments could either differ in value from the estimates in this model, or the timing could differ due to the fair value requirement of the accounting standards. Either of these situations will result in the Statement of Financial Position values differing from expectation and there will be flow-on impact on the levels of depreciation expense which are generally rates funded.	BERL	Medium	Moderate
Council will receive all property sale proceeds of \$8.6m as expected from the sale of industrial land as part of the Economic Development project schedule in year one of the Long Term Plan.	If sale proceeds are not received as scheduled, Council will need to increase debt to cover the costs that the proceeds would fund.	Management assessment based on historical data	Low	Low

## ECONOMIC AND RATING TRENDS

ASSUMPTION	IMPLICATION	SOURCE FOR ASSESSMENT OF IMPACT	UNCERTAINTY LEVEL	IMPACT ON FINANCIALS
Foreign Exchange fluctuations are negligible over the life of the LTP (ie, there is no net Foreign Exchange / shift in NZD value relative to world currencies) over the life of the LTP.	Fluctuations in (for example) NZD-USD rates affect imports, cloud services and other technology.	Pricewaterhouse Coopers (PwC) Advisors	High	Low
The number of rating units do not increase at the same rate as the expected small increase in population growth of 1%.	It is assumed that the number of rating units are adjusted to allow for changes to current rating units and is estimated to be at 0.7%.	Management assessment based on historical data	High	Low
With the expected small increase in population (1% average change over the last 5 years as per the Estimated Resident Population for Territorial Authority Areas data supplied by Stats NZ), subdivision and building development is expected to be consistent with growth trends.	There is likely to be a small to moderate increase in the number of rateable properties or ratepayers each year. This is also expected to increase demand for Council services.	Stats NZ	High	Low

## SENSITIVITY ANALYSIS

### INFLATION

A variance in the LGCI (Local Government Cost Index) operating expenditure rate of inflation by 1% would impact the budget by approximately \$390,000 in year 1 (including staff costs), with a total impact of \$25.8 million across the 10 years of the LTP. A similar variance in the capital expenditure inflation rate would impact the capital programme by approximately \$325,000 in year 1, with a total impact of \$9.1 million across the 10 years of the LTP. Should actual inflation be lower than budgeted, Council will use surpluses to repay debt. Any increases to actual inflation would be addressed through the Annual Plan process where Council would review the appropriateness of rates, operating and capital spend, to mitigate the risk of breaching the net debt to revenue limit.

An interim 2024 version of the LGCI inflation forecast was released in late July 2024. The final 2024 LGCI report will be available by 31 October 2024. The interim report has forecast higher inflation levels than the assumptions used in the financial information within this LTP (based on the final 2023 report). The average per annum increases in the forecast of inflation across operating costs and revenues, personnel costs, and capital costs is approximately 0.7%. This is less than the 1% per annum change quantified in the above sensitivity analysis.

We have retained the 2023 LGCI forecasts as our inflation assumption due to the uncertain nature of the forecasts, the fact that it is an interim report and therefore subject to further update, and its accuracy is within a reasonable margin for error. If the higher inflation rates do materialise throughout the LTP period, Council would remain comfortably within the Local Government Funding Agency's net debt to revenue limit (175%) with a peak of 161%.

### INTEREST

A 1% variance to interest rates would increase or decrease interest costs by approximately \$370,000 in year 1, with a total impact of \$11.3 million across the 10 years of the LTP.

# PERFORMANCE MEASURES

Ngā inenga whakahirahira



The South Waikato District Council is committed to upholding its responsibilities.

These measures ensure that Council operations are transparent, efficient and aligned with our vision, goals and statutory requirements, ultimately benefitting the community.

The Council has revisited and reviewed its performance measures from previous Long Term Plans and have reduced the number of measures to make them more meaningful and useful for users.

The baseline data for the performance measures is as per the latest result in the 2022-23 year. Where a measure is new, the Council may not have comparative data from prior years to use as a baseline. Where able, they will use relative statistics data and surveys to form the comparative basis.



## TRANSPORT AND ROADING SERVICES

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	BASELINE LATEST RESULT 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
Council maintains its sealed road surface to allow users to travel efficiently to their desired destinations and as part of its renewal targets set by the Asset Management Plan.	The three-year rolling average of annual resurfacing completed is no less than 6% of the networks total seal area.	Three-year rolling average of 4.9%	6%	
	The percentage of vehicle kilometres travelled on smooth sealed local roads is at least 80%.	87%	80%	
Users of our roading network can expect their enquiries and service requests relating to the roading network to be responded to in a timely manner.	Council will respond to 95% of all urgent service requests within two working days of notice.	100%	95%	
	Council will respond to 90% of all non-urgent service requests within ten working days of notice.	94%	90%	
Council continues to provide a safer roading network.	The change from the previous financial year in the number of fatalities (2023 yr 1 fatality) and serious injury crashes (2023 yr 7 serious injuries) on the local road network expressed as a number.	1 crash resulting in a fatality. 7 crashes resulting in serious injuries.	Zero	
Council has a footpath network that allows its users to travel safely and easily to their desired destination	An annual audit of at least 10% of the footpath network will be undertaken each year.	10%	10%	
	90% of the footpath network that was audited should have a displacement (trip hazard) of less than 15mm.	99.7%	90%	

## SOLID WASTE AND RECYCLING

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	BASELINE LATEST RESULT 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
To promote environmental sustainability and reduce the environmental impact of waste, the Council will implement targeted education and support initiatives aimed at increasing the percentage of waste diverted from landfill by increasing environmentally sustainable waste practices across the District.	Percentage of waste material diverted from the landfill.	New Measure	45%	65%
	Waste Minimisation messaging and initiatives are promoted District wide through multimedia communications.	New Measure	12	15
	South Waikato kerbside collection service, users rate overall satisfaction of 75% or above annually.	0% - Noted as a transitional phase evaluating appropriateness of the form of community engagement.	75%	75%

## WATER SUPPLY

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	BASELINE LATEST RESULT 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
<p>Council operates and maintains four urban and two rural water supplies. This includes 10 reservoirs, 10 bore water pumps and 228 km of pipes. Council ensures that residents, who are serviced by Council's water supply, have high-quality water available at all times, for drinking and to meet other household and business needs. Council is responsible for looking after the network and making sure all statutory requirements and environmental standards are met.</p>	To the extent to which Council's drinking water supply complies with the required parts of the NZ Drinking Water Quality Assurance Rules	New Measure	All schemes are compliant with the rules.	
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median response times measured:  Respond to 'urgent callouts' - 95% within one hour.	Median response time of 35 minutes	≤ 1 hour	
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median response times measured:  Respond to 'non-urgent callouts' - 95% within 5 working days.	New Measure	≤ 5 working days	
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median resolution times measured:  Resolve 'urgent callouts' - 95% within 24 hours.	79.79% responded to within 24 hours.	≤ 24 hours	
	Where Council attends to water supply issues resulting from a fault or interruption in the Council's water supply system, the median resolution times measured:  Resolve 'non-urgent callouts' - 95% within 10 working days.	New Measure	≤ 10 working days	
	The total number of complaints about any of the following water supply issues: a) Drinking water clarity, b) Drinking water taste, c) Drinking water odour, d) Drinking water pressure/flow, and e) continuity of supply does not exceed one complaint per 1,000 connections to Council's water supply system.	Zero complaints	<1 per 1,000	
	The water loss from Council's reticulation network will be no more than 20%. Method for calculation based on Water New Zealand and DIA guidelines based on system size minimum night flow (MNF) verification against water balance of the total annual system input.	20%	≤ 20%	
	The average amount of water consumed per resident per day is less than 500 litres.	381 litres	< 500 litres	



## WASTEWATER

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	BASELINE LATEST RESULT 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
<p>Council maintains about 167km of wastewater reticulation and 18 pumping stations. Each year the wastewater network carries about 55,430 cubic metres of wastewater to the Council's treatment plants. Council will operate its wastewater treatment systems in an environmentally responsible manner and ensure that it complies with the conditions of the resource consents it holds with the Waikato Regional Council.</p>	<p>Compliance with resource consents for discharge from Council's sewerage system measured by the number of:</p> <ul style="list-style-type: none"> <li>(a) abatement notices</li> <li>(b) infringement notices</li> <li>(c) enforcement orders, and</li> <li>(d) convictions,</li> </ul> <p>received by the territorial authority in relation to those resource consents.</p>	Zero	Zero	
<p>Residents can expect a reticulated wastewater treatment system that is reliable and does not fail unnecessarily. If interruptions to the wastewater reticulation system occur, residents can expect timely responses.</p>	<p>The total number of complaints received about any of the following:</p> <ul style="list-style-type: none"> <li>wastewater odour,</li> <li>wastewater system faults,</li> <li>wastewater system blockages and</li> </ul> <p>Council's response to any of these issues expressed as one per 1,000 connections to Council's wastewater system.</p>	Zero	≤ 7	
	<p>Where Council attends to wastewater overflows resulting from a blockage or other fault in the Council's wastewater system, the median response times are measured:</p> <p>Respond - 95% within one hour</p>	85.71%	95%	
	<p>Where Council attends to wastewater overflows resulting from a blockage or other fault in the Council's wastewater system, the median resolution times are measured:</p> <p>Resolve - 95% within 24 hours.</p>	100%	95%	
	<p>The total number of dry weather overflows* from the public wastewater system shall not exceed three per 1,000 wastewater connections from the wastewater system.</p> <p>A dry weather overflow is when a blockage causes wastewater in the reticulated system to spill to the environment.</p>	14	≤ 21	

## STORMWATER

LEVELS OF SERVICE	PERFORMANCE MEASURE [MANDATORY]	BASELINE LATEST RESULTS 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
Council effectively manages stormwater and maintains 123 km of pipes that make up the stormwater networks so that there is no flooding of habitable dwellings under a storm event less than a 1% Annual Exceedance Probability.	The number of flood events that occur in the District.	2	< 5	
	For each flood event, the number of habitable floors affected, per 1000 properties connected to the territorial authority's stormwater system.	Zero	< 7	
The network complies with all statutory requirements and that public health and safety risks are minimised. This work includes maintaining the network and monitoring stormwater for contaminants to ensure harmful contaminants do not enter waterways.	The total number of complaints received does not exceed one complaint per 1,000 connections to Council's stormwater system.	Zero	< 7	
	The median response times for callouts in response to a fault or interruption to Council's stormwater reticulation system does not exceed four hours of notice during a flood event. A flood event causes flooding to compliant rateable habitable dwellings in urban areas due to exceeding the capacity of the stormwater system.	1 event that exceeded the 4 hour response time expectation	≤ 4 hours	≤ 2 hours
	Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	Zero	Zero	
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	Zero	Zero	
	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	Zero	Zero	
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	Zero	Zero	



## LEISURE AND WELLBEING SERVICES

ACTIVITY AND LEVELS OF SERVICE	PERFORMANCE MEASURE	BASELINE LATEST RESULTS 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
<b>PARKS AND RESERVES</b>				
Maintain appealing, safe parks and reserves that balance visual amenity, environmental wellbeing, safety, and community use.	Users of South Waikato parks and reserves rate the overall satisfaction level at an average of 85% or above annually.	0% - Noted as a transitional phase evaluating appropriateness of the form of community engagement.	≥85%	
<b>COMMUNITY FACILITIES</b>				
Council owns and operates the District's indoor heated pool complex (South Waikato Indoor Pools) in Tokoroa and, during the summer months, outdoor pools in Putāruru and Tīrau. These facilities provide a range of aquatic recreational opportunities that cater for the needs of a wide range of people - from young children and their parents, youth, swimming clubs and school groups to retired people and individuals wanting exercise.	South Waikato pools facility users (Tokoroa, Putāruru and Tīrau) rate their overall satisfaction at 90% or above at the end of the summer period.	0% - Noted as a transitional phase evaluating appropriateness of the form of community engagement.	≥90%	
That Council provides libraries which are community spaces that provide users with access to lifelong learning, social interaction and the ability to access educational and cultural organisations and material.	South Waikato Library customers rate overall satisfaction at 95% or above annually.	0% - Noted as a transitional phase evaluating appropriateness of the form of community engagement.	95%	
<b>COMMUNITY DEVELOPMENT</b>				
Council is involved in community development to facilitate and support cohesive and strong connections between community groups and partners to strengthen our cultural diversity and vibrancy.	Residents' satisfaction with a range of Council-organised community programmes and events is rated satisfied or above through the annual residents' survey.	0% - Noted as a transitional phase evaluating appropriateness of the form of community engagement.	≥80%	≥90%
Youth in our District are supported in employment and education.	Number of registered young people in the District are placed into employment, training or education opportunities.	New Measure	4 per month or 48 per year	4 per month or 48 per year

## GOVERNANCE SERVICES

ACTIVITY AND LEVELS OF SERVICE	PERFORMANCE MEASURE	BASELINE LATEST RESULTS 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
<b>EMERGENCY MANAGEMENT</b>				
Council plans and prepares for a Civil Defence emergency within the District. Council trains staff in order to increase response capability in the event of a Civil Defence emergency.	The evaluation of an annual exercise (or Emergency Operations Centre activation within 6 months of a planned exercise) as a measure of effectiveness of training.	New Measure	≥60% Yr 1 ≥65% Yr 2 ≥70% Yr 3	≥70%
Council works with regional partners to promote and offer education and awareness programmes within the community to improve our collective readiness for natural hazards and emergencies.	Percent of respondents to the Annual Survey are prepared for an emergency.	New Measure	≥50% Yr 1 ≥53% Yr 2 ≥55% Yr 3	≥60%

## STRATEGY SERVICES

ACTIVITY AND LEVELS OF SERVICE	PERFORMANCE MEASURE	BASELINE LATEST RESULTS 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
That the public can expect to contribute to the development of Annual Plans and Long Term Plans and that these documents meet statutory requirements so that they can access information about the Council business in a timely manner.	Annual Plans and Long Term Plans will be adopted in compliance with the requirements and deadlines of the Local Government Act 2002.	100%	100%	

## REGULATORY

ACTIVITY AND LEVELS OF SERVICE	PERFORMANCE MEASURE	BASELINE LATEST RESULTS 2022-23	TARGETS	
			YEARS 1-3	YEARS 4-10
RESOURCE MANAGEMENT				
To promote sustainable management of the District's natural and physical resources through the processing of resource consents.	Consents are processed within the statutory timeframe.	86%	100%	100%
BUILDING CONTROL				
To maintain Building Consent Authority accreditation and to ensure that building work that is completed is safe and complies with the requirements of the legislation.	Council will maintain accreditation as a Building Consent Authority	Maintained Accreditation	Maintain Accreditation	Maintain Accreditation
Council works with applicants to meet the Building Act requirements within a timely manner.	Building consents are processed within statutory timelines (20 working days).	97.16%	100%	100%
COMPLIANCE				
We will provide animal control services to minimise the danger, distress, and nuisance caused by dogs and wandering stock and to ensure all known dogs are recorded and registered.	100% of urgent* animal service requests are attended to within one hour on 24/7 basis.  *Urgent means wandering stock on roads, roaming or aggressive or attacking dogs	100%	100%	100%
HEALTH AND ALCOHOL				
Provide health and licensing services and provide general protection to public health and safety.	Of the premises registered under the Food Act 2014 that have selected South Waikato District Council as their Verification Agency, 100% will be verified in accordance with legislative requirements.	100%	100%	100%
Ensure alcohol licensing complies with statutory and licensing provisions.	100% of all licensed premises will be inspected annually.	100%	100%	100%

# POLICIES

Ngā kaupapa here



This section contains the Policies that guide Council decision making and the management of Council business as required by the Local Government Act 2002. The Policies are:

Significance and Engagement Policy

Revenue and Financing Policy

Rates Postponement Policy

Rates Remission Policy

Development and Financial Contributions Policy

Rates Remission and Postponement on Māori Freehold Land Policy

Treasury Management Policy

## SIGNIFICANCE AND ENGAGEMENT POLICY

This Policy provides guidance on how and when Council should engage with its community on significant issues, proposals, assets, decisions or activities.

The purpose of a Significance and Engagement Policy is

- a) to enable the local authority and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions, and activities;
- b) to provide clarity about how and when communities can expect to be engaged in decisions about different issues, proposals, assets, or other matters; and
- c) to inform the local authority from the beginning of a decision-making process about -
  - i. The extent of any public engagement that is expected before a particular decision is made; and
  - ii. The form or type of engagement required.

In this Long Term Plan, Council has rewritten this Policy to make it fit for purpose in the current economic environment. A key change to this Policy was removing the 5% threshold of total operating expenditure triggering consultation.

Though removed, this does not change Council's requirement and discretion to assess consultation on significant matters.

## REVENUE AND FINANCING POLICY

This Policy identifies how Council allocates the costs of its activities against available sources of funds, including rates and charges. It lets our communities know what is paid out of rates and when users need to pay for services and any other source of funds that help to deliver our services. In this Long Term Plan, Council has rewritten this Policy to make it clearer and more consistent with better practices. Changes included:

- Removing set percentages for our services
- Operations funded by rates alone
- Decision tree for projects funded
- Debt funding use
- Removing some targeted rates

## RATES POSTPONEMENT POLICY

This Policy identifies when a ratepayer may apply to have the payment of rates delayed due to personal circumstances.

There are no substantive changes to this Policy in this Long Term Plan.

## RATES REMISSION POLICY

This Policy outlines specific financial assistance and relief to community, sporting and other organisations to assist in maintaining and enhancing community wellbeing. There are no substantive changes to this Policy in this Long Term Plan.

## DEVELOPMENT AND FINANCIAL CONTRIBUTIONS POLICY

This Policy outlines Council’s approach to funding development infrastructure needed to meet demands on assets and services due to population and business growth. The Policy is intended to ensure we recover a fair and equitable portion of capital costs of the infrastructure needed to support development.

There are no substantive changes to this Policy in this Long Term Plan.

## RATES REMISSION AND POSTPONEMENT ON MĀORI FREEHOLD LAND POLICY

This policy outlines how Council may assist Māori freehold land ratepayers experiencing extreme financial circumstances that affect their ability to pay rates through rates remission or postponement.

In this Long Term Plan, Council has amended this Policy to enable users of Māori Freehold Land, usually neighbouring farmers, to apply for a partial rates remission where a small block of land is used as part of a farm and has a higher rating valuation than it would if it were part of the farm property itself.

## TREASURY MANAGEMENT POLICY

This Policy outlines approved policies and procedures in respect of all treasury activities to be undertaken by Council. This enables treasury risks within the South Waikato District to be prudently managed. There are no substantive changes to this Policy in this Long Term Plan.

To view the full Revenue and Financing Policy, go to The Long Term Plan Volume 2.

All other Council policies referred to here, go to

[www.southwaikato.govt.nz/our-council/strategies-plans-policies-bylaws/plans/long-term-plan](http://www.southwaikato.govt.nz/our-council/strategies-plans-policies-bylaws/plans/long-term-plan)





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