

# **KAWERAU DISTRICT COUNCIL**



## **Annual Plan 2007/2008**

**Adopted on 26 June 2007**

# FREQUENTLY USED TERMS

**Activity** - A good or service provided to the Community by Council.

**Annual Plan** - A document adopted each year by Council that outlines its significant policies (including indicative costs and sources of funds) and the objectives and measures by which Council's performance in undertaking each of its significant activities will be judged.

**Annual Report** - A document that provides the public with information on the performance of the local authority during the year (both in financial and non-financial terms).

**Asset** - A resource controlled by Council. Generally accepted accounting practice defines assets as service potential or future economic benefits controlled by an entity as a result of past transactions or other past events.

**Community Outcome** - Things that the community thinks are important to its current and future social, economic, environmental and cultural well-being.

**Funding Impact Statement** - A document that sets out the funding mechanisms that Council will use, their level, and the reason for their selection.

**Generally Accepted Accounting Practice** - Approved financial reporting standards that apply to Council, or statements which are not approved, but which are appropriate to Council and have the authoritative support of the accounting profession in New Zealand.

**Long Term Council Community Plan** - A plan covering at least ten years that describes the activities that Council will engage in over the life of the plan, why Council plans to engage in those activities and how those activities will be funded.

**Service Levels** - The defined service requirements for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost of the service.

**Significance** - In relation to any issue before Council, significance means the degree of importance of the issue, as assessed by Council in terms of its likely impact on and likely consequences for the current and future well-being of the District, any persons who are likely to be particularly affected by, or interested in the issue and the financial and other costs of doing so.

**Significant** - In relation to any issue, significant means that the issue has a high degree of significance.

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# Section 1: General Information

# INTRODUCTION

Welcome to Council's 2007/08 Annual Plan.

The purpose of the Annual Plan is to:

- Describe the activities and their associated costs and funding of the Council, for 2007/08.
- Provide a basis of accountability of the Council to the Community.
- Provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by Council.

This Annual Plan covers year two of the ten-year timeframe covered by the 2006/07-2015/16 Long-Term Council Community Plan (LTCCP).

Council continues to hear positive messages about our District from many of you and our aim is to help make Kawerau an even greater place in which to live, work and play.

## **NOTABLE CHANGES FROM YEAR 2 OF COUNCIL'S 2006-2016 LONG-TERM COUNCIL COMMUNITY PLAN**

### **Wastewater Treatment**

Council is to undertake the treatment of its wastewater, which has, since the 1980's, been undertaken by Caxton and its successors. This requires an amendment to Council's 2006/07-2015/16 Long-Term Council Community Plan. The amendment is detailed at the end of this document.

### **Bay of Plenty Local Authority Shared Services Council Controlled Organisation (CCO)**

Local Authorities of the Bay of Plenty Region are to establish a new CCO which will be used as an umbrella company for the future development of shared services.

The specific objectives of the CCO will be decided each year in accordance with the constitution of the CCO and the Statement of Intent to be agreed between the Board of the CCO and the shareholders.

This Council will become a shareholder in the Local Authority Shared Services CCO.

It is expected that improved services at lower aggregate cost can be achieved by a number of local authorities participating in the purchase or development of the infrastructure for the service and the on-going operation of it. There are a number of services provided by local authorities, particularly involving information collection and management, where these benefits could be achieved.

## **Discretionary Expenditure Programme**

The 2007/2008 Discretionary Expenditure Programme is set out fully in section 4 of this Plan. As the title suggests, this type of expenditure is not essential, but highly desirable. The Discretionary Expenditure Programme gives Council the opportunity of improving or enhancing existing assets or services. The entire programme is being funded from general cash reserves and does not require any rates funding.

The Discretionary Expenditure Programme is decided on a year-by-year basis and is dependent upon the level of general cash reserves.

## **Asset Renewals**

The only new asset that is anticipated for 2007/08 is the new Spa Pool at the pool complex.

All other asset purchases are renewals of assets that have reached the end of their use life and their replacement will maintain existing levels of service.

## **Balanced Budget Requirement**

The Local Government Act 2002 requires that Council's projected operating revenues are set at a level sufficient to meet projected operating expenses each year. However, Council can set projected operating expenses at a different level from that required under this constraint, if it believes it is financially prudent to do so.

In 1998/99, Council decided, after consultation with the Community, that it would not fund depreciation on non-critical assets if there was no intention for them to be replaced. In establishing the level of funding for depreciation, Council resolved that depreciation will not be fully funded for roads that are subject to Land Transport NZ subsidies and for some buildings, which will not be replaced, at least as they are now.

The Accounting Policies in section 4 of this Plan set out the reasons for the non-funding of this depreciation.

## **Council's Financial Management**

Significant replacement of infrastructural assets will not occur until the years 2020-2030. Until this time, Council's cash balances will increase as the funding of depreciation leads to growth in Depreciation Reserves. These reserves are invested in accordance with Council's Investment Policy and will be retained for expenditure on asset replacement.

As the Depreciation Reserves grow, increased interest revenue from the investment of these reserves lowers the amount of depreciation funding that is required from General Rates.

## **Financial Information**

The prospective financial information contained in this Plan is based on assumptions that the Council reasonably expected to occur as at 31 March 2007. Actual results are likely to vary from the information presented and these variations may be material.

## **Rates**

### **General Rates**

A general rate levied on the capital value of each rateable property will continue to be charged. This rate generates the funds necessary to provide many of the Council services. In addition, Council will, once again levy a general uniform annual charge. The level of the charge (\$140 per rateable property including GST) is the same as previous years.

### **Separate Rates/Charges**

Council has confirmed that three separate rates (uniform annual charges) will continue to be levied as follows:

- Water Supply Service Charge - a separate uniform annual charge on each separately occupied or inhabited property to which Council supplies water, except for properties on metered water supply.
- Wastewater Service Charge - a separate uniform annual charge on each separately occupied or inhabited property that is connected to Council's wastewater disposal network.
- Refuse Collection Service Charge - a separate uniform annual charge on each separately occupied or inhabited property from which Council is prepared to remove refuse.

## **Overall Rating Position**

The preparation of the Annual Plan has been a challenging exercise for both Elected Members and Staff. The desire to see any rate increase kept to the lowest possible level has meant that all involved have worked hard to find more efficient ways of delivering services to the Community.

Based on the financial information contained in the estimates for 2007/2008, the following is a summary of the Council's rating requirements:

<b>Rates</b>	<b>2006/07</b>	<b>2007/08</b>	<b>Difference</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
General Rates	4,886,100	5,128,750	242,650	5.0%
<u>Uniform Annual Charges:</u>				
Water Supply	131,460	121,050	-10,410	-7.9%
Wastewater	68,900	131,890	62,990	91.4%
Refuse Collection	383,360	398,920	15,560	4.1%
	<b>5,469,820</b>	<b>5,780,610</b>	<b>310,790</b>	<b>5.7%</b>

The 5.7% rate increase includes increased costs due to the asset revaluation as at 1 July 2007 (1.9%), spa pool operating costs (0.4%), ultraviolet treatment plant operating costs (0.2%), election (0.3%), and other (2.9%).

### **Rates 2007/08**

#### **General Revaluation of the District**

Council is required to undertake a general revaluation of properties every three years and the latest of these was conducted in 2006. These valuations will be used for rating purposes, from 1 July 2007.

Values of properties in Kawerau District, particularly Land Values, have seen significant increases. Residential Capital Values have increased by an average of 122% and Land Values (sections) by 1445%. The large percentage increase in Land Values was due to the low existing level of values. Sections previously valued at \$1,500 to \$3,000 are now in the \$30,000 - \$50,000 range.

Capital Value increases ranged from 30% to 250%, with the majority in the 100% to 150% range and the average Capital Value (122% increase) is now \$130,000, excluding chattels.

The commercial/industrial sector showed lower growth, with movements varying, dependent on property type and location. On average, typical commercial/industrial properties increased in Capital Value by 45%.

Neither Council nor Quotable Value is responsible for the increases in property values; they are the result of the market recognising that Kawerau is a desirable place in which to buy and live. An increase in the value of a property does not necessarily result in an equivalent increase in the level of rates payable.

The valuation is used as the basis for distributing rates across properties in the District, but the amount of money that Council requires to raise by way of rates doesn't change just because property values have changed. The impact of the new valuation on an individual property's rates will depend on how that property's increase in value compares to the average increase for that type of property, e.g. if the value of your residence has increased by more than the average increase in a property of this type, then you may incur a higher than average increase in rates next year. Conversely, a lower than average increase in value will result in a lower than average increase in rates. The effect will also depend on the level of rate capping on residential properties which is currently \$2,180.

As a result of the very large increases in Land Values referred to above, it is likely that the biggest impact, in percentage terms, on actual rates payable will be experienced by owners of properties consisting of a section only, or with minimal building on it. However, the dollar value of any rates increase will be greatly outweighed by the increase in the value of your asset.

The following table illustrates the impact of the revaluation and the 5.7% total rate increase on a variety of property values.

Capital Value 2006/2007	Capital Value 2007/2008	Increase in Capital Value	Rates 2006/07	Rates 2007/08	Increase in Rates	%	Cost per Week 2006/07	Cost per Week 2007/08
<b>Residential</b>								
\$1,500	\$45,000	2900%	\$414	\$735	\$321	78%	\$8	\$14
\$30,000	\$84,000	180%	\$831	\$1,006	\$176	21%	\$16	\$19
\$40,000	\$101,000	153%	\$977	\$1,124	\$148	15%	\$19	\$22
\$50,000	\$121,000	142%	\$1,123	\$1,264	\$141	13%	\$22	\$24
\$61,250	\$143,000	133%	\$1,287	\$1,417	\$129	10%	\$25	\$27
\$70,000	\$150,000	114%	\$1,415	\$1,465	\$50	4%	\$27	\$28
\$80,000	\$160,000	100%	\$1,561	\$1,535	-\$27	-2%	\$30	\$30
\$90,000	\$175,000	94%	\$1,708	\$1,639	-\$68	-4%	\$33	\$32
\$100,000	\$185,000	85%	\$1,854	\$1,709	-\$145	-8%	\$36	\$33
\$110,000	\$205,000	86%	\$2,000	\$1,848	-\$152	-8%	\$38	\$36
\$120,000	\$220,000	83%	\$2,146	\$1,952	-\$194	-9%	\$41	\$38
\$130,000	\$240,000	85%	\$2,180	\$2,091	-\$89	-4%	\$42	\$40
\$140,000	\$240,000	71%	\$2,180	\$2,091	-\$89	-4%	\$42	\$40
\$150,000	\$255,000	70%	\$2,180	\$2,196	\$16	1%	\$42	\$42
\$160,000	\$275,000	72%	\$2,180	\$2,300	\$120	6%	\$42	\$44
\$170,000	\$295,000	74%	\$2,180	\$2,300	\$120	6%	\$42	\$44
\$180,000	\$310,000	72%	\$2,180	\$2,300	\$120	6%	\$42	\$44
\$190,000	\$315,000	66%	\$2,180	\$2,300	\$120	6%	\$42	\$44
\$200,000	\$325,000	63%	\$2,180	\$2,300	\$120	6%	\$42	\$44

Capital Value 2006/2007	Capital Value 2007/2008	Increase in Capital Value	Rates 2006/07	Rates 2007/08	Increase in Rates	%	Cost per Week 2006/07	Cost per Week 2007/08
<b>Commercial</b>								
\$25,000	\$41,000	64%	\$671	\$870	\$199	30%	\$13	\$17
\$50,000	\$80,000	60%	\$1,117	\$1,463	\$346	31%	\$21	\$28
\$100,000	\$160,000	60%	\$2,010	\$2,679	\$669	33%	\$39	\$52
\$200,000	\$315,000	58%	\$3,794	\$5,035	\$1,241	33%	\$73	\$97
\$500,000	\$800,000	60%	\$9,147	\$12,407	\$3,258	36%	\$176	\$239
\$1,000,000	\$1,500,000	50%	\$18,069	\$23,046	\$4,975	28%	\$347	\$443
\$2,500,000	\$2,825,000	13%	\$44,835	\$43,184	-\$1,656	-4%	\$862	\$830
\$11,890,000	\$15,000,000	26%	\$212,390	\$228,181	\$15,823	7%	\$4,084	\$4,388
\$12,300,000	\$16,500,000	34%	\$219,706	\$250,979	\$31,304	14%	\$4,225	\$4,827
\$24,300,000	\$31,200,000	28%	\$433,834	\$474,405	\$40,578	9%	\$8,343	\$9,123
\$75,000,000	\$84,000,000	12%	\$1,338,525	\$1,276,912	-\$61,707	-5%	\$25,741	\$24,556

The movement in capital value is based on the median for each value. That is, the new capital values for the 58 properties previously valued at \$60,000 range from \$103,000 to \$170,000 with the median value being \$134,000.

Capital Value 06/07	Capital Value 07/08	No. of Prop's	Increase in Capital Value	Rates 06/07	Rates 07/08	Increase in Rates	%	Cost per Week 06/07	Cost per Week 07/08
\$60,000	\$103,000	1	72%	\$1,269	\$1,138	-\$131	-10%	\$24	\$22
\$60,000	\$120,000	2	100%	\$1,269	\$1,257	-\$12	-1%	\$24	\$24
\$60,000	\$126,000	11	110%	\$1,269	\$1,298	\$29	2%	\$24	\$25
\$60,000	\$134,000	20	123%	\$1,269	\$1,354	\$85	7%	\$24	\$26
\$60,000	\$135,000	2	125%	\$1,269	\$1,361	\$92	7%	\$24	\$26
\$60,000	\$140,000	10	133%	\$1,269	\$1,396	\$127	10%	\$24	\$27
\$60,000	\$141,000	3	135%	\$1,269	\$1,403	\$134	11%	\$24	\$27
\$60,000	\$143,000	1	138%	\$1,269	\$1,417	\$148	12%	\$24	\$27
\$60,000	\$145,000	1	142%	\$1,269	\$1,431	\$161	13%	\$24	\$28
\$60,000	\$147,000	2	145%	\$1,269	\$1,444	\$175	14%	\$24	\$28
\$60,000	\$150,000	1	150%	\$1,269	\$1,465	\$196	15%	\$24	\$28
\$60,000	\$160,000	2	167%	\$1,269	\$1,535	\$266	21%	\$24	\$30
\$60,000	\$165,000	1	175%	\$1,269	\$1,570	\$301	24%	\$24	\$30
\$60,000	\$170,000	1	183%	\$1,269	\$1,604	\$335	26%	\$24	\$31

## **Community Consultation**

As a result of the consultation process, 19 submissions in total were received. The submissions covered a number of issues, including

- User fees and charges.
- Access issues for older people and people with disabilities.
- The establishment of the Bay of Plenty Shared Service Combined Council Controlled Organisation.
- Pool Hours.
- Town Security.
- Industrial and residential land availability.
- Transport Management.

Following consideration of the submissions received, Council decided to:

- Commit to representation on the Eastern Bay Access Committee to ensure issues of physical access are addressed for the Kawerau District.
- Become a shareholder in the Local Authority Shared Services CCO.
- Continue with the Industrial Land Study.
- Continue the implementation of Council's Regional Growth Strategy.

Council feels that the community consultation process (both formal and informal) has been very effective.

M J Campbell, JP  
**MAYOR**

R B George, CA  
**CHIEF EXECUTIVE OFFICER**

## **MISSION STATEMENT**

1. To provide a base within the District for the pulp, paper and timber industries and supporting activities and in particular, the best possible living environment for the employees of these industries, their families and all other residents.
2. To identify and respond to the needs and aspirations of the residents of the District and in particular, provide the required services and facilities to enhance the quality of life of all the District's residents.
3. To ensure that the independence of the District is maintained.
4. To promote the virtues of Kawerau and encourage industries of all types to the District.

## **STATEMENT OF PRINCIPLES**

### **To achieve its Mission, the Council will:**

1. Communicate and liaise with the major industries and other industrial and commercial interests located within the District and Local Authorities in the Bay of Plenty.
2. Maintain a flexible approach to the changing needs of the Kawerau Community and listen to and communicate with the Kawerau Community, in order to identify and evaluate the needs and aspirations of the residents of the District.
3. Engender an attitude of cost effectiveness, service and responsiveness to the Community.
4. Remain sensitive to and supportive of the cultural, social, educational and environmental issues affecting the District.
5. Adopt a realistic Long-Term Council Community Plan which will allow for the adequate maintenance of existing services and facilities.
6. Communicate with the residents of the District, information on the Council's present and future activities.
7. Liaise with the residents and the industries on environmental issues.
8. Maintain a fair system of rating to ensure that the District's facilities are maintained to the highest standard possible.
9. Communicate and liaise with Industries located outside the District, so as to promote Kawerau as a base to set up and trade from.

# COUNCIL & STAFF INFORMATION

The Council is made up of a Mayor and Councillors. A Committee has been established with full delegated authority to make most decisions.

**Mayor:** M J (Malcolm) Campbell, JP 323 7772  
0274 576 122  
[janette.jamieson@kaweraudc.govt.nz](mailto:janette.jamieson@kaweraudc.govt.nz)

**Deputy Mayor:** B H (Bernie) Joyes 322 8851 (res)  
021 031 3589  
[joyes@slingshot.co.nz](mailto:joyes@slingshot.co.nz)

**Councillors:** W K (Bill) Bain 322 8699 (res)  
027 355 3525  
[bainclan@xtra.co.nz](mailto:bainclan@xtra.co.nz)

D B (Dave) Cameron 323 7566 (res)  
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R J (Russell) Chase 323 7288 (res)  
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D F (Denis) Cotter 323 6444 (res)  
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B J (Berice) Julian 323 9190 (res)  
[berice@wave.co.nz](mailto:berice@wave.co.nz)

## Committee:

Regulatory & Services (Chairperson: Cr A J Holmes)

## Chief Executive Officer and Heads of Departments:

Chief Executive Officer R B (Russell) George, CA

Manager, Operations & Services T D (Tom) McDowall, BE (Civil), NZCE

Manager, Regulatory & Planning C W (Chris) Jensen

Manager, Finance & Community Services W G (Gilmour) Jamieson, CA (Scotland)

# Section 2: Community Outcomes

## Community Outcomes

Community Outcomes in the Plan are what the Community believes to be important towards its current and future social, economic, environmental and cultural well being.

Community Outcomes define the future of our District.

Community Outcomes are not Council outcomes, but belong to the Community. Council will work with other agencies and the Community to make the outcomes happen.

The Community Outcomes are:

- Clean, accessible, respected environment
- Strong and prosperous economy aligned to Community values
- Focused Community leadership and governance
- Education and training opportunities for all
- Safe, caring communities
- Healthy people and housing
- Reliable and affordable infrastructure
- Diverse, creative and vital communities
- Continued Independence and Viability

## What Council will do to Achieve the Outcomes

### Clean, accessible, respected environment

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
Environmental Services	Regulator - Council's Operative District Plan; Resource Consents
Environmental Services	Regulator - Building Consents
Water Supply	Provider - The provision of a potable water supply in compliance with resource consents and DWSNZ 2005 standards
Waste Management	Provider - The provision of a wastewater disposal system that enhances Community health and safety and the environment; the provision of a refuse collection and disposal system that will encourage a healthy, tidy and clean District; the provision and operation of refuse recycling initiatives to minimise waste to landfill for environmental benefits.
Leisure & Recreation	Provider - The provision of parks and reserves that enhance the health and well-being of the Community.

### Strong and prosperous economy aligned to community values

<i>Activity</i>	<i>Role/Action</i>
Democracy	
Economic Development	Funder - To promote the District by making available an event marketing fund of at least \$5,000 annually; to promote the District by making available rate remissions for developments; funding of \$5,000 p.a. to Toi EDA (the Regional Economic Development Agency ).
	Advocate - To ensure that there are sufficient suitably zoned and serviced industrial sites available in the District to meet current demand.
Environmental Services	Regulator - Council's Operative District Plan Resource Consents.
	Provider - Implementation of Regional Growth Advantage Strategy.

### Focused community leadership and governance

<i>Activity</i>	<i>Role/Action</i>
Democracy	Provider - Community leadership & governance

### Education and training opportunities for all

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
Leisure & Recreation	Provider - The provision of a suitable Library facility to enhance community knowledge and information opportunities.

### Safe, caring communities

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
	Funder of Neighbourhood Support
Environmental Services	Regulator - Building & Other Inspection, Environmental Health & Dog Control
Civil Defence	Provider - The delivery of Civil Defence measures, covering all aspects of preparation for, response to, and recovery from major emergencies within the District.
Community, Cultural & Social	Provider - The provision of specified community and social services to improve the social fabric of the Community.

### Healthy people and housing

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
Environmental Services	Regulator - Building Inspection & Environmental Health
Waste Management	Provider - The provision of a wastewater disposal system that enhances community health and safety and the environment; the provision of a refuse collection and disposal system that will encourage a healthy, tidy and clean District.
Leisure & Recreation	Provider - The provision of a year round swimming pool complex to contribute towards meeting the need to encourage the health and well-being of the Community; the provision of a Recreation Centre for public hire as a suitable venue for sporting and recreation activities; the provision of parks and reserves that enhance the health and well-being of the Community.

### Reliable and affordable infrastructure

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
Transport Management	Provider - Provision of the roading network and stormwater network.
Water Supply	Provider - Provision of the water supply network.
Waste Management	Provider - Provision of the wastewater network and refuse transfer station.

### Diverse, creative and vital communities

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
Leisure & Recreation	Provider - Provision of facilities to accommodate a wide range of sport and recreational activities.
Community, Cultural & Social	Funder - Administration of Creative NZ Funding applications.

### Continued Independence and Viability

<i>Activity</i>	<i>Role/Action</i>
Democracy	Advocate
	Provider - The provision of effective and efficient local government in the Kawerau District.

# Section 3: Groups of Activities

# DEMOCRACY

## Introduction

This activity covers the Mayor and Councillors performing their functions of creating and monitoring Council policy over the entire District.

The Democracy activity records the aims and performance of the political arm of Council which aims to represent the wishes of the people of Kawerau and make decisions on behalf of the Community. The Mayor and Councillors are elected by democratic vote triennially.

## Goals

- To conduct the affairs of the Council in a democratic and representative manner.
- To provide residents and ratepayers with quality democracy and representation.

## Community Levels of Service and Performance Measures (2006-16)

Level of Service	Performance Measure
The Kawerau Community receives quality democracy and representation.	To achieve a surveyed Community satisfaction level, for the performance of the Mayor and Councillors, better than 54%.
	To achieve a surveyed Community satisfaction level, for the "Way Rates are Spent", better than 70%.
	To hold at least 11 Council meetings during the financial year on advertised dates which meet the requirements of public notification laid down in Section 46 of the Local Government Official Information and Meetings Act 1987 and the Local Government Act 2002.
Newsletters and other material are provided to the public throughout the year.	Communication of Council's activities and proposals to the Kawerau Community by way of a Newsletter at least twice during the financial year.
The public is able to participate in decision making processes.	The completion of an annual planning process which meets the standards and time frame required by the Local Government Act 2002.

**Democracy Operating Expenditure and Income Statement**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs	448,190	418,970	452,270	469,720	442,930	477,900
Discretionary Operating Projects	0	0	0	7,000	0	0
Financial Costs						
- Depreciation	820	820	820	6,180	6,180	6,180
- Allocated Support Services	159,480	154,210	161,010	157,250	153,860	159,990
Total Operating Expenditure	<b>608,490</b>	<b>574,000</b>	<b>614,100</b>	<b>640,150</b>	<b>602,970</b>	<b>644,070</b>
<u>Revenue</u>						
General Rates	592,110	573,040	613,080	611,990	601,360	642,010
Interest Revenue	910	960	1,020	1,160	1,610	2,060
Other Revenue	15,470	0	0	20,000	0	0
Total Revenue	<b>608,490</b>	<b>574,000</b>	<b>614,100</b>	<b>633,150</b>	<b>602,970</b>	<b>644,070</b>
<u>Operating Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,000</b>	<b>0</b>	<b>0</b>

**Democracy Capital & Reserves Funding Requirements**

<u>Capital Expenditure</u>						
Operating Deficit	0	0	0	7,000	0	0
Total Funding Required	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,000</b>	<b>0</b>	<b>0</b>
<u>Funded By</u>						
Transfer from General Reserves	0	0	0	7,000	0	0
Total Funding	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,000</b>	<b>0</b>	<b>0</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# ECONOMIC DEVELOPMENT

## Introduction

This activity covers the delivery of Information Centre services, Industrial Development, Event Marketing, and Economic Development facilitation.

Council has agreed it should be in the business of economic development. Council has identified a number of economic expectations including an economy less dependent on the District's major industries and encouraging adding value to the region's natural resources.

Council believes that it should take a leadership role in local economic development initiatives and has committed itself "to promote the virtues of Kawerau and encourage industries of all types to the District" (item 4 of Mission Statement).

Council is of the opinion that the main focus of local economic development initiatives should be on promoting and encouraging industrial development. At the same time, marketing the District as a desirable place to live and developing and extending current event activities are also seen as having significant potential.

## Goals

- To enhance the quality of life in the Kawerau District by marketing and encouraging economic development.
- To assist in increasing opportunities for economic development in the District.

## Community Levels of Service and Performance Measures (2006-16)

Level of Service	Performance Measure
To enhance the quality of life of the Kawerau Community by marketing and encouraging economic development.	Information Centre open 364 days a year.
	Event Marketing Fund of \$5,000 p.a. available.
	Rate remissions for Developments Policy in place.
	Funding available for Toi EDA (the Regional Economic Development Agency).
	There are sufficient suitably zoned and serviced industrial sites available in the District to meet current demand.

### Economic Development Operating Expenditure and Income Statement

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs	44,140	45,410	46,620	48,520	49,970	51,410
Financial Costs						
- Allocated Support Services	15,710	16,700	16,590	16,250	17,360	17,200
Total Operating Expenditure	<b>59,850</b>	<b>62,110</b>	<b>63,210</b>	<b>64,770</b>	<b>67,330</b>	<b>68,610</b>
<u>Revenue</u>						
General Rates	59,850	62,110	63,210	64,770	67,330	68,610
Total Revenue	<b>59,850</b>	<b>62,110</b>	<b>63,210</b>	<b>64,770</b>	<b>67,330</b>	<b>68,610</b>
<u>Operating Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# ENVIRONMENTAL SERVICES

## Introduction

### Background

The Environmental Services group includes the following sub activities:

- Resource Management Planning
- Resource Management Consents
- Building & Inspection
- Environmental Health Services
- Dog Control
- Dog Registration

### Goal

To promote the sustainable development of the District and the health, safety and well being of its residents.

### Community Levels of Service and Performance Measures (2006-16)

Level of Service	Performance Measure
<u>Resource Management</u>	
Resource consent applications are processed in accordance with the District Plan and the Resource Management Act.	100% of all Resource Consent applications are processed within the timeframes set out in the Resource Management Act 1991.
	Resource consent conditions are monitored and compliance achieved within specified timeframes.
	Reviews and Changes are in accordance with statutory processes and deadlines.
<u>Building &amp; Inspection</u>	
Process building consents within statutory timeframes	95% of all Building Consent Applications relating to buildings within the District are processed (including inspection) within 20 days in accordance with the Building Act 2004 and Regulations.

<b>Level of Service</b>	<b>Performance Measure</b>
Process applications for licences and certificates under the Sale of Liquor Act 1989.	All Liquor Licences are issued in accordance with statutory timeframes.
Issuing of Project Information Memoranda, Code Compliance Certificates and Compliance Schedules on a timely basis.	All Project Information Memoranda, Code Compliance Certificates and Compliance Schedules are issued in accordance with statutory timeframes.
Wandering stock are removed promptly.	All stock removed within one hour of request.
Abandoned cars and litter are removed promptly.	Weekday daily patrols are carried out and abandoned cars and litter are removed within two days of notification, subject to compliance with statutory processes.
<u>Environmental Health</u>	
Nuisances to the Kawerau Community are minimised.	To achieve a surveyed Community satisfaction level, for Other Environment Services, better than 91%.
Ensure food premises maintain the high standard required for providing safe food.	To ensure that all food premises are inspected at least twice yearly by a professional qualified under the Environmental Health Officers Regulations 1993, in order to promote and enforce compliance with the standard required by the Food Hygiene Regulations 1974.
Investigate and resolve complaints about nuisances caused by dogs.	To achieve a surveyed Community satisfaction level, for Dog Control, better than 74%.  All complaints are actioned within 24 hours of receipt and records of all complaints and action taken are kept.
<u>Dog Control</u>	
Dog ranging service including after hours on-call response.	To undertake no less than 460 weekday and 340 after hours dog patrols per annum and to take action in accordance with statutory requirements and Council policies for all instances of non-compliance observed and recorded by the patroller.
Minimise the number of unregistered dogs in the District.	Door-to-door survey carried out annually.

Community satisfaction level based on the latest national average result from the National Research Bureau annual survey.

Council has broken its business down to activity level. In some cases, it has looked at activities from two points of view – availability of the service and use of the service. Activities have been broken into availability and use where they benefit different groups in the Community. In general, Council has assessed the availability of an activity as a public benefit and the use of an activity as a private benefit. Availability relates to the costs incurred to keep a service or asset in such a condition that it can become operational within a short start up period. Use relates to costs incurred as a result of the asset being used.

### Environmental Services (Availability) Operating Expenditure and Income Statement

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Resource Management	23,370	23,940	24,520	21,900	22,480	23,090
- Building & Other Inspection	87,110	89,260	91,770	115,630	102,190	118,090
- Environmental Health	28,870	29,540	30,440	32,370	33,130	34,170
- Dog Control	115,850	121,090	122,090	114,130	119,440	120,650
Total Direct Costs	255,200	263,830	268,820	284,030	277,240	296,000
Discretionary Operating Projects	84,000	0	0	144,000	55,000	30,000
Financial Costs						
- Depreciation	3,320	3,320	3,320	2,960	2,960	2,960
- Allocated Support Services	83,070	88,910	87,450	87,100	88,300	90,590
Total Operating Expenditure	<b>425,590</b>	<b>356,060</b>	<b>359,590</b>	<b>518,090</b>	<b>423,500</b>	<b>419,550</b>
<u>Revenue</u>						
General Rates	322,660	336,500	339,060	356,120	349,970	370,050
Interest Revenue	1,300	1,530	1,750	1,390	1,610	1,810
Other Revenue	2,060	2,120	2,180	2,000	2,060	2,120
Total Revenue	<b>326,020</b>	<b>340,150</b>	<b>342,990</b>	<b>359,510</b>	<b>353,640</b>	<b>373,980</b>
<u>Operating Shortfall (Surplus)</u>	<b>99,570</b>	<b>15,910</b>	<b>16,600</b>	<b>158,580</b>	<b>69,860</b>	<b>45,570</b>

**Environmental Services (Availability) Capital & Reserves Funding Requirements**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Operating Deficit	99,570	15,910	16,600	158,580	69,860	45,570
Total Funding Required	<b>99,570</b>	<b>15,910</b>	<b>16,600</b>	<b>158,580</b>	<b>69,860</b>	<b>45,570</b>
<u>Funded By</u>						
Transfer from General Reserves	99,570	15,910	16,600	158,580	69,860	45,570
Total Funding	<b>99,570</b>	<b>15,910</b>	<b>16,600</b>	<b>158,580</b>	<b>69,860</b>	<b>45,570</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Significant differences between the LTCCP and the Annual Plan are:

Direct costs:						
Building Control Authority Accreditation Audit Fees (Funded by General Rates)	0	0	0	16,000	0	12,800
Discretionary Operating Costs:						
District Plan Review Costs (Funded by Transfer from General Reserves)	0	0	0	55,000	55,000	30,000

### Environmental Services (Use) Operating Expenditure and Income Statement

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Resource Management	3,250	3,330	3,410	4,800	4,930	5,060
- Building & Other Inspection	40,000	41,040	42,030	39,590	40,680	41,760
- Environmental Health	42,440	43,600	44,710	58,710	60,340	61,980
- Dog Registration	18,590	19,050	19,550	18,690	19,190	19,730
Total Direct Costs	104,280	107,020	109,700	121,790	125,140	128,530
Financial Costs						
- Allocated Support Services	31,580	33,570	33,190	35,210	37,570	37,060
Total Operating Expenditure	<b>135,860</b>	<b>140,590</b>	<b>142,890</b>	<b>157,000</b>	<b>162,710</b>	<b>165,590</b>
<u>Revenue</u>						
General Rates	39,930	41,360	42,020	50,530	52,380	53,300
Other Revenue	117,400	121,010	123,800	119,850	123,690	126,770
Total Revenue	<b>157,330</b>	<b>162,370</b>	<b>165,820</b>	<b>170,380</b>	<b>176,070</b>	<b>180,070</b>
Operating Shortfall (Surplus)	<b>(21,470)</b>	<b>(21,780)</b>	<b>(22,930)</b>	<b>(13,380)</b>	<b>(13,360)</b>	<b>(14,480)</b>

**Environmental Services (Use) Capital & Reserves Funding Requirements**

<u>Capital Expenditure</u>						
Transfer to General Reserves	21,470	21,780	22,930	13,380	13,360	14,480
Total Funding Required	<b>21,470</b>	<b>21,780</b>	<b>22,930</b>	<b>13,380</b>	<b>13,360</b>	<b>14,480</b>
<u>Funded By</u>						
Operating Surplus	21,470	21,780	22,930	13,380	13,360	14,480
Total Funding	<b>21,470</b>	<b>21,780</b>	<b>22,930</b>	<b>13,380</b>	<b>13,360</b>	<b>14,480</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Environmental Services Depreciation Reserve**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	17,680	21,000	24,320	17,770	20,730	23,680
Annual Funding	2,020	1,790	1,570	1,570	1,570	1,140
Interest received	1,310	1,530	1,750	1,390	1,390	1,800
Asset Renewals	0	0	0	0	0	0
Closing Balance	<b>21,010</b>	<b>24,320</b>	<b>27,640</b>	<b>20,730</b>	<b>23,690</b>	<b>26,620</b>

# TRANSPORT MANAGEMENT

## Introduction

Council is responsible for the management of approximately 42km of road, 40km of which is sealed. The roading network also includes car parks, bridges, footpaths, culverts, street lights, kerb and channel, signs and markings.

The stormwater system comprises a network of pipes, manholes and cesspits that collect stormwater from roads and transport it to a natural water course. The pipes sizes vary from 150mm to 1200mm.

Stormwater from sources other than the roads does not typically cause problems, as Kawerau District soils are very permeable and therefore stormwater infiltrates the ground rapidly. The stormwater from the network is disposed of in the Tarawera River, the Ruruanga Stream or the overflow stream. All the reticulation operates by gravity.

## Goals

- To provide and maintain a system of roads/footpaths for the safe and comfortable passage of vehicles, pedestrians, cyclists and other vulnerable road users (including mobility scooter) in and through the District.
- To dispose of stormwater in an environmental acceptable manner that has minimal impact on the Community.

## Community Levels of Service, Performance Measures, and Reporting Progress against Community Outcomes (2006-16)

Level of Service	Performance Measure
To provide and maintain an appropriate network of roading assets that includes the provision of access to all District properties.	To achieve a surveyed Community satisfaction level, for roading assets, better than 78%.

<b>Level of Service</b>	<b>Performance Measure</b>
To provide and maintain a system of roads/footpaths for the safe and comfortable passage of vehicles and pedestrians in and through the District.	A district wide average roughness rating of lower than 85 is achieved in the annual survey conducted by independent professionals in accordance with Land Transport NZ standards.
To provide safe roads.	No more than 2 notified accidents per year can be attributed to the condition of the road surface markings, road surface condition or street lighting as reported by the New Zealand Police.
	Roads are managed in accordance with Council's Safety Management System and the Eastern Bay of Plenty Safety Strategy, including associated implementation strategies.
No property affected by flooding.	No buildings constructed in accordance with design standards are inundated.

Community satisfaction level based on the latest national average result from the National Research Bureau annual survey.

### Transport Management Operating Expenditure and Income Statement

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Subsidised	178,520	182,810	186,840	197,320	202,430	207,500
- Non-Subsidised	377,180	383,770	390,240	377,440	380,120	384,760
Total Direct Costs	555,700	566,580	577,080	574,760	582,550	592,260
Discretionary Operating Projects	0	0	0	3,000	0	0
Financial Costs						
- Depreciation	697,750	697,750	697,750	654,130	654,150	654,140
- Allocated Support Services	193,180	202,600	201,460	196,050	199,870	198,710
Total Operating Expenditure	<b>1,446,630</b>	<b>1,466,930</b>	<b>1,476,290</b>	<b>1,427,940</b>	<b>1,436,570</b>	<b>1,445,110</b>
<u>Revenue</u>						
General Rates	783,530	788,700	783,620	766,410	763,730	758,220
Government Grants & Subsidies	229,620	235,350	240,560	266,690	250,000	256,270
Petrol Tax	61,560	63,040	64,430	60,000	61,560	63,100
Interest Revenue	58,780	69,140	79,290	61,620	70,480	79,320
Total Revenue	<b>1,133,490</b>	<b>1,156,230</b>	<b>1,167,900</b>	<b>1,154,720</b>	<b>1,145,770</b>	<b>1,156,910</b>
Operating Shortfall (Surplus)	<b>313,140</b>	<b>310,700</b>	<b>308,390</b>	<b>273,220</b>	<b>290,800</b>	<b>288,200</b>

Significant differences between the LTCCP and the Annual Plan are:

Direct costs:				
Increased Street Lighting (Funded 67% by Subsidy and 33% by General Rates)			20,000	20,000

## Transport Management Capital & Reserves Funding Requirements

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Asset Renewals	230,020	235,750	241,140	252,900	239,490	245,670
Discretionary Capital Projects	0	0	0	38,000	0	0
Operating Deficit	313,140	310,700	308,390	273,220	290,800	288,200
Total Funding Required	<b>543,160</b>	<b>546,450</b>	<b>549,530</b>	<b>564,120</b>	<b>530,290</b>	<b>533,870</b>
<u>Funded By</u>						
Transfer from General Reserves	0	0	0	30,950	0	0
Transfer from Depreciation Reserves	133,640	136,930	140,010	143,430	140,550	144,130
Total Funding	<b>133,640</b>	<b>136,930</b>	<b>140,010</b>	<b>174,380</b>	<b>140,550</b>	<b>144,130</b>
<u>Shortfall (Surplus)</u>	<b>409,520</b>	<b>409,520</b>	<b>409,520</b>	<b>389,740</b>	<b>389,740</b>	<b>389,740</b>
Depreciation Not Funded	409,520	409,520	409,520	389,740	389,740	389,740

Significant differences between the LTCCP and the Annual Plan are:

Asset Renewals:			
Increased Stormwater Pipe Renewals (Funded 67% by Subsidy and 33% by Depreciation Reserves)		19,540	0

### Depreciation Not Funded

In 1998/99, Council decided after consultation with the Community that depreciation will not be fully funded for roads that are subject to Land Transport NZ subsidies.

### Transport Management Depreciation Reserve

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	793,710	948,300	1,099,590	793,110	914,080	1,037,920
Annual Funding	229,450	219,090	208,940	202,780	193,920	185,090
Interest Received	58,780	69,140	79,290	61,620	70,480	79,320
Asset Renewals	(133,640)	(136,930)	(140,010)	(143,430)	(140,550)	(144,130)
Closing Balance	<b>948,300</b>	<b>1,099,600</b>	<b>1,247,810</b>	<b>914,080</b>	<b>1,037,920</b>	<b>1,158,190</b>

### Transport Management Capital Expenditure

<b>Subsidised</b>						
Kerb Replacement	25,650	26,270	26,850	25,650	26,320	26,980
Street Lighting Renewals	25,650	26,270	26,850	25,650	26,320	26,980
Roading Reseals	82,080	84,050	85,900	82,080	84,210	86,320
Pavement Surface	20,520	21,010	21,470	20,520	21,050	21,580
Stormwater Pipework Renewals	10,460	10,910	11,340	30,000	10,840	11,270
<b>Non-Subsidised</b>						
Footpath Repairs	51,300	52,530	53,690	50,000	51,300	52,580
Car Park Reseals	12,310	12,610	12,890	12,000	12,310	12,620
Rubbish Bin Replacements	2,050	2,100	2,150	2,000	2,050	2,100
Decorative Lights	0	0	0	3,000	3,090	3,180
Town Centre Security	0	0	0	2,000	2,000	2,060
Total Capital Expenditure	<b>230,020</b>	<b>235,750</b>	<b>241,140</b>	<b>252,900</b>	<b>239,490</b>	<b>245,670</b>
<b>Funded By:</b>						
Transfers from Depreciation Reserves	133,640	136,930	140,010	143,430	140,550	144,130
Government Grants & Subsidies	96,380	98,820	101,130	109,470	98,940	101,540
	<b>230,020</b>	<b>235,750</b>	<b>241,140</b>	<b>252,900</b>	<b>239,490</b>	<b>245,670</b>

# WATER SUPPLY

## Introduction

The water supply system comprises a network of springs, pumps, reservoirs and pipes that distribute potable water to over 2,400 households, 4 large industries and approximately 250 businesses, servicing a population of 6,921.

## Goal

To provide a quality water supply in sufficient quantities to meet reasonable community needs.

## Community Levels of Service, Performance Measures, and Reporting Progress against Community Outcomes (2006-16)

Level of Service	Performance Measure
To provide a quality water supply.	To achieve a surveyed Community satisfaction level, for water supply services, better than 82%.  Community satisfaction level based on the latest national average result from the National Research Bureau annual survey.
Human health is not compromised by the quality of water supplied.	To undertake bacteriological monitoring of the public water supply at a frequency of at least twice per month with no instances of non-compliance with New Zealand Drinking Water Standards 2005 (DWSNZ 2005).
Water is delivered to customers at a suitable pressure and flow.	To conduct daily samples, when the Town's total water consumption exceeds 12,000 m <sup>3</sup> /day, and have no instances where the tests, taken between 3.00 pm and 5.00 pm at Windley Place, Blundell Avenue and the Cemetery, show water pressure lower than 40 psi. (275 kPa).
Minimal disruptions to supply.	Number of unplanned shutdowns per year resulting in loss of supply to customers exceeding 4 hours; no more than 12 for reticulation; nil for pump stations & reservoirs.

The introduction of the Ultraviolet Treatment Plant will ensure the treatment of the source water. As no treatment of the reticulation is proposed other than when contamination occurs, it is not known what grading Council will achieve under the DWSNZ 2005. This will be reviewed for the 2009/10-2018/19 LTCCP when Council has been able to collect more data on any contamination incidences in the reticulation.

Council has broken its business down to activity level. In some cases, it has looked at activities from two points of view – availability of the service and use of the service. Activities have been broken into availability and use where they benefit different groups in the Community. In general, Council has assessed the availability of an activity as a public benefit and the use of an activity as a private benefit. Availability relates to the costs incurred to keep a service or asset in such a condition that it can become operational within a short start up period. Use relates to costs incurred as a result of the asset being used.

**Water Supply (Availability) Operating Expenditure and Income Statement**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs	303,660	308,560	312,300	308,130	307,470	312,890
Discretionary Operating Projects	0	0	0	0	0	0
Financial Costs						
- Depreciation	420,450	420,450	420,450	425,100	425,100	425,100
- Allocated Support Services	71,100	74,270	73,390	67,890	69,550	68,120
Total Operating Expenditure	<b>795,210</b>	<b>803,280</b>	<b>805,140</b>	<b>801,120</b>	<b>802,120</b>	<b>806,110</b>
<u>Revenue</u>						
General Rates	712,620	701,330	684,000	708,160	690,920	674,210
Interest Revenue	82,590	101,950	121,140	92,960	111,200	131,900
Total Revenue	<b>795,210</b>	<b>803,280</b>	<b>805,140</b>	<b>801,120</b>	<b>802,120</b>	<b>806,110</b>
<u>Operating Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Water Supply (Availability) Capital & Reserves Funding Requirements**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Asset Renewals	136,950	131,940	142,730	126,000	136,490	141,880
Total Funding Required	<b>136,950</b>	<b>131,940</b>	<b>142,730</b>	<b>126,000</b>	<b>136,490</b>	<b>141,880</b>
<u>Funded By</u>						
Transfer from Depreciation Reserves	136,950	131,940	142,730	126,000	136,490	141,880
Total Funding	<b>136,950</b>	<b>131,940</b>	<b>142,730</b>	<b>126,000</b>	<b>136,490</b>	<b>141,880</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Water Supply (Availability) Depreciation Reserve

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	1,083,400	1,366,910	1,655,420	1,098,370	1,397,470	1,686,080
Annual Funding	337,860	318,500	299,310	332,140	313,900	293,200
Interest received	82,590	101,950	121,140	92,960	111,200	131,900
Asset Renewals	(136,950)	(131,940)	(142,730)	(126,000)	(136,490)	(141,880)
Closing Balance	<b>1,366,900</b>	<b>1,655,420</b>	<b>1,933,140</b>	<b>1,397,470</b>	<b>1,686,080</b>	<b>1,969,300</b>

### Water Supply Capital Expenditure

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Pipework Replacement	116,110	121,100	125,870	111,000	120,320	125,100
Pump Refurbishment	5,210	0	5,620	5,000	0	5,580
Toby Replacements	5,210	5,420	5,620	5,000	5,390	5,600
Valve Refurbishment	5,210	5,420	5,620	5,000	5,390	5,600
Telemetry Refurbishment	5,210	0	0	0	5,390	0
Total Capital Expenditure	<b>136,950</b>	<b>131,940</b>	<b>142,730</b>	<b>126,000</b>	<b>136,490</b>	<b>141,880</b>

### Water Supply (Use) Operating Expenditure and Income Statement

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs	144,770	149,770	154,620	138,440	143,110	147,820
Financial Costs						
- Allocated Support Services	36,400	38,770	38,570	32,750	34,810	34,630
Total Operating Expenditure	<b>181,170</b>	<b>188,540</b>	<b>193,190</b>	<b>171,190</b>	<b>177,920</b>	<b>182,450</b>
<u>Revenue</u>						
Separate Rates	137,050	142,640	146,090	121,050	134,260	137,620
Other Revenue	44,120	45,900	47,100	39,870	43,660	44,830
Total Revenue	<b>181,170</b>	<b>188,540</b>	<b>193,190</b>	<b>160,920</b>	<b>177,920</b>	<b>182,450</b>
<u>Operating Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,270</b>	<b>0</b>	<b>0</b>

### Water Supply (Use) Capital & Reserves Funding Requirements

<u>Capital Expenditure</u>						
Operating Shortfall	0	0	0	10,270	0	0
Total Funding Required	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,270</b>	<b>0</b>	<b>0</b>
<u>Funded By</u>						
Transfer from General Reserves	0	0	0	10,270	0	0
Total Funding	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,270</b>	<b>0</b>	<b>0</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# WASTE MANAGEMENT

## Introduction

### Background

The Waste Management group includes the following sub activities:

- Wastewater Collection & Disposal
- Refuse Collection
- Refuse Disposal
- Zero Waste

Council provides systems of wastewater disposal, refuse removal, refuse disposal, and refuse recycling for the Kawerau Community. Without these services, it is likely that the state of the Community's health would decline.

### Goal

To provide a system of domestic wastewater collection and primary treatment, to minimise the presence of refuse within the District, and to minimise the amount of local waste which goes to landfill.

### Community Levels of Service and Performance Measures (2006-16)

Level of Service	Performance Measure
Provision of a domestic wastewater collection and primary treatment.	To achieve a surveyed Community satisfaction level, for wastewater, better than 82%.
Mains blockages and overflows are fixed promptly.	95% Urgent – (blockages) on-site within 4 hours of request. 95% Non-Urgent – (e.g. odours) on-site within 1 day.
Overflows are managed to acceptable environmental standards.	100% Compliance with Resource Consents.
No odours from the collection and primary treatment.	Less than 4 justifiable complaints about odours originating from collection system and primary treatment.

<b>Level of Service</b>	<b>Performance Measure</b>
<p>Provision of a cost effective refuse collection system that will encourage a healthy, clean and tidy District.</p> <p>Residual and recycled waste left at the kerbside in approved containers is collected weekly.</p> <p>Greenwaste left at the kerbside in approved containers is collected fortnightly.</p>	<p>To achieve a surveyed Community satisfaction level, for refuse collection, better than 81%.</p> <p>Less than 30 justified complaints of missed collection per annum.</p>
<p>Provision of cost effective refuse disposal that will encourage a healthy, clean and tidy District.</p>	<p>To achieve a surveyed Community satisfaction level, for refuse disposal, better than 65%.</p>
<p>Waste generated by the Community is disposed of safely.</p>	<p>100% compliance with resource consent conditions and monitoring requirements.</p>
<p>Provide information and education about waste minimisation opportunities.</p>	<p>To achieve the following reductions in the amount of local refuse being landfilled compared to that landfilled in the 3 months ended 30 June 2000 (benchmark measurement):</p> <ul style="list-style-type: none"> <li>• 3 months ended 30.06.08 - 70%</li> <li>• 3 months ended 30.06.09 - 72%</li> <li>• 3 months ended 30.06.10 – 73%</li> </ul>

Community satisfaction level based on the latest national average result from the National Research Bureau annual survey.

Council has broken its business down to activity level. In some cases, it has looked at activities from two points of view – availability of the service and use of the service. Activities have been broken into availability and use where they benefit different groups in the Community. In general, Council has assessed the availability of an activity as a public benefit and the use of an activity as a private benefit. Availability relates to the costs incurred to keep a service or asset in such a condition that it can become operational within a short start up period. Use relates to costs incurred as a result of the asset being used.

**Waste Management (Availability) Operating Expenditure and Income Statement**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Wastewater	241,430	244,140	247,310	309,330	315,210	321,340
- Refuse Disposal	28,780	27,210	27,220	30,330	30,350	30,400
- Zero Waste	376,740	386,630	395,730	346,500	358,130	367,190
Total Direct Costs	646,950	657,980	670,260	686,160	703,690	718,930
Financial Costs						
- Depreciation	261,800	261,800	261,800	383,290	383,290	383,290
- Interest Expenditure	46,590	45,440	28,550	49,350	49,040	31,640
- Allocated Support Services	159,940	167,340	164,250	159,720	168,430	165,720
Total Operating Expenditure	<b>1,115,280</b>	<b>1,132,560</b>	<b>1,124,860</b>	<b>1,278,520</b>	<b>1,304,450</b>	<b>1,299,580</b>
<u>Revenue</u>						
General Rates	986,910	995,020	979,120	969,550	1,112,480	1,141,740
Interest Revenue	70,670	78,190	84,800	80,280	97,850	114,440
Other Revenue	57,700	59,350	60,940	41,000	42,200	43,400
Total Revenue	<b>1,115,280</b>	<b>1,132,560</b>	<b>1,124,860</b>	<b>1,090,830</b>	<b>1,252,530</b>	<b>1,299,580</b>
Operating Shortfall (Surplus)	<b>0</b>	<b>0</b>	<b>0</b>	<b>187,670</b>	<b>51,920</b>	<b>0</b>

Significant differences between the LTCCP and the Annual Plan are:

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Increased Wastewater Costs (per LTCCP Amendment) (Funded from General Reserves in 2007/2008 and General Rates in 2008/2009 and 2009/2010):						
Direct Costs				76,000	78,860	81,750
Depreciation				111,670	111,670	111,670

**Waste Management (Availability) Capital & Reserves Funding Requirements**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Asset Renewals	35,080	35,040	34,890	41,030	35,010	34,920
Loan Repayments	0	225,000	0	0	225,000	0
Transfers to Sinking Funds	51,090	47,110	42,210	51,090	47,110	42,210
Operating Deficit	0	0	0	187,670	51,920	0
Total Funding Required	<b>86,170</b>	<b>307,150</b>	<b>77,100</b>	<b>279,790</b>	<b>359,040</b>	<b>77,130</b>
<u>Funded By</u>						
Transfers from Sinking Funds	0	225,000	0	0	225,000	0
Transfers from Depreciation Reserves	86,170	82,150	77,100	92,120	82,110	77,130
Transfer from General Reserves	0	0	0	187,670	51,930	0
Total Funding	<b>86,170</b>	<b>307,150</b>	<b>77,100</b>	<b>279,790</b>	<b>359,040</b>	<b>77,130</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Waste Management (Use) Operating Expenditure and Income Statement**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Wastewater	61,520	63,480	65,370	296,920	306,770	316,740
- Refuse Collection	358,350	362,620	366,780	358,320	362,770	367,240
- Refuse Disposal	209,780	215,860	221,680	207,200	213,410	219,600
Total Direct Costs	629,650	641,960	653,830	862,440	882,950	903,580
Financial Costs						
- Allocated Support Services	158,740	166,560	163,520	204,410	215,320	212,280
Total Operating Expenditure	<b>788,390</b>	<b>808,520</b>	<b>817,350</b>	<b>1,066,850</b>	<b>1,098,270</b>	<b>1,115,860</b>
<u>Revenue</u>						
General Rates	44,870	45,670	45,850	44,330	45,120	45,350
Separate Rates	480,860	490,980	494,380	530,810	787,700	799,320
Other Revenue	318,810	327,820	336,460	329,460	339,170	348,830
Community Enhancement Fund	4,140	4,140	4,140	4,140	4,140	4,140
Total Revenue	<b>848,680</b>	<b>868,610</b>	<b>880,830</b>	<b>908,740</b>	<b>1,176,130</b>	<b>1,197,640</b>
Operating Shortfall (Surplus)	<b>(60,290)</b>	<b>(60,090)</b>	<b>(63,480)</b>	<b>158,110</b>	<b>(77,860)</b>	<b>(81,780)</b>

Significant differences between the LTCCP and the Annual Plan are:

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Increased Wastewater Costs (per LTCCP Amendment) (Funded from General Reserves in 2007/2008 and General Rates in 2008/2009 and 2009/2010):						
Direct Costs				235,400	243,490	251,700

**Waste Management (Use) Capital & Reserves Funding Requirements**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Operating Shortfall	0	0	0	158,110	0	0
Transfer to General Reserves	60,290	60,090	63,480	0	77,860	81,780
Total Funding Required	<b>60,290</b>	<b>60,090</b>	<b>63,480</b>	<b>158,110</b>	<b>77,860</b>	<b>81,780</b>
<u>Funded By</u>						
Operating Surplus	60,290	60,090	63,480	0	77,860	81,780
Transfer from General Reserves	0	0	0	158,110	0	0
Total Funding	<b>60,290</b>	<b>60,090</b>	<b>63,480</b>	<b>158,110</b>	<b>77,860</b>	<b>81,780</b>
<u>Shortfall (Surplus)</u>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Waste Management Depreciation Reserve**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	546,710	733,430	920,190	563,510	865,770	1,174,060
Annual Funding	218,710	206,060	193,410	331,990	309,900	287,560
Interest Received	43,090	55,740	63,390	51,300	73,390	95,710
Asset Renewals	(35,080)	(35,040)	(34,890)	(41,030)	(35,010)	(34,920)
Sinking Fund Payments	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Closing Balance	<b>733,430</b>	<b>920,190</b>	<b>1,107,100</b>	<b>865,770</b>	<b>1,174,060</b>	<b>1,482,410</b>

**Waste Management Capital Expenditure**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Pump Aerators	0	0	3,370	0	0	3,360
Refurbish Pump	0	4,340	0	0	4,310	0
Pipework Replacements	27,780	28,530	29,270	27,760	28,540	29,320
Milliscreen Bearings	2,090	2,170	2,250	2,080	2,160	2,240
Refurbish Telemetry	5,210	0	0	5,200	0	0
Transfer Station Rooding	0	0	0	6,000	0	0
<b>Total Capital Expenditure</b>	<b>35,080</b>	<b>35,040</b>	<b>34,890</b>	<b>41,030</b>	<b>35,010</b>	<b>34,920</b>

# LEISURE & RECREATION

## Introduction

The Leisure & Recreation group includes the following sub activities:

- Library
- Swimming Pools
- Public Halls & Facilities (Recreation Centre, Town Hall, Concert Chamber, Town Centre Toilets)
- Parks & Reserves (Sports Fields, Passive Reserves, Road Berms, Street Trees, Bedding Displays, Playgrounds)

Council has historically provided a wide range of leisure and recreation services. Although there is no legal requirement to provide them, Council believes that such services are expected by the Community.

The level of quality and extent of these services that are provided by Council directly improves the quality of life of all the people of Kawerau in some way.

## Goal

To provide the following facilities for leisure and recreation activities:

- Library
- Swimming Pool
- Public Halls
- Parks & Reserves

## Community Levels of Service and Performance Measures (2006-16)

Level of Service	Performance Measure
To provide a Public Library.	<p>To make the Library available for 50 weeks of the year minimum during the following hours:</p> <ul style="list-style-type: none"> <li>• Monday to Friday 10am – 5pm</li> <li>• Saturday 10am – 1pm</li> </ul>
Acquiring, maintaining and providing the Community with appropriate access to the library collections and services.	To achieve a surveyed Community satisfaction level, for the Library, better than 92%.
To provide a Swimming Pool Complex that enhances leisure opportunities.	<p>To achieve a surveyed Community satisfaction level, for the pool, better than 70%.</p> <p>To make a Swimming Pool Complex available for use 48 weeks of the year minimum.</p> <p>To carry out daily water quality checks in the main pool while the pool facilities are available for public use and achieve 95% compliance with Part 1 NZS 5826.</p>
Three Community halls available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers.	<p>To achieve a surveyed Community satisfaction level, for Public Halls, better than 65%.</p> <p>To provide 3 Community Halls that are available for use 50 weeks of the year.</p>
Town Centre Toilets open 7 days a week from 8am – 4pm.	Town Centre Toilets manned 7 days a week.
Provision of sports fields and passive recreational reserve areas.	To achieve a surveyed Community satisfaction level, for Parks & Reserves, better than 94%.

Maintain sports fields to the requirements that each code demands (costs above basic passive reserve maintenance standards are charged to the sports clubs).	To receive two favourable reports from the New Zealand Turf Culture Institute on the condition of the sports fields and suitability of the playing surfaces for each sport code being catered for in winter and summer.
Public toilets are provided in high use areas.	Public toilets available when booked.
The District's street trees are maintained in a safe, healthy and sustainable condition.	No instances of street trees being managed in contravention of Council policy or good practice.
Road Berms are mowed on a regular basis.	Grass on road berms is no longer than 80mm at any time during the year.
Attractive bedding displays in the District.	Flowering bedding displays provided in high profile areas twice a year.

Community satisfaction level based on the latest national average result from the National Research Bureau annual survey.

Council has broken its business down to activity level. In some cases, it has looked at activities from two points of view – availability of the service and use of the service. Activities have been broken into availability and use where they benefit different groups in the Community. In general, Council has assessed the availability of an activity as a public benefit and the use of an activity as a private benefit. Availability relates to the costs incurred to keep a service or asset in such a condition that it can become operational within a short start up period. Use relates to costs incurred as a result of the asset being used.

**Leisure & Recreation (Availability) Operating Expenditure and Income Statement**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Library	168,360	172,700	199,640	173,270	171,760	199,140
- Swimming Pools	110,240	106,950	107,540	112,240	116,540	119,850
- Public Halls & Facilities	118,210	114,510	133,390	102,740	104,680	123,470
- Parks & Reserves	892,990	901,650	902,690	912,150	901,320	904,790
Total Direct Costs	1,289,800	1,295,810	1,343,260	1,300,400	1,294,300	1,347,250
Discretionary Operating Projects	0	0	0	5,000	0	0
Financial Costs						
- Depreciation	364,550	370,350	370,350	366,280	376,280	376,280
- Interest Expenditure	63,210	64,790	60,090	53,680	68,240	63,770
- Allocated Support Services	322,160	333,180	333,030	305,980	313,190	314,200
Total Operating Expenditure	<b>2,039,720</b>	<b>2,064,130</b>	<b>2,106,730</b>	<b>2,031,340</b>	<b>2,052,010</b>	<b>2,101,500</b>
<u>Revenue</u>						
General Rates	1,949,650	1,966,060	1,998,250	1,892,960	1,943,690	1,980,950
Interest Revenue	35,470	43,690	50,850	42,070	51,520	59,770
Other Revenue	4,120	4,240	4,350	38,750	4,120	4,240
Total Revenue	<b>1,989,240</b>	<b>2,013,990</b>	<b>2,053,450</b>	<b>1,973,780</b>	<b>1,999,330</b>	<b>2,044,960</b>
<u>Operating Shortfall (Surplus)</u>	<b>50,480</b>	<b>50,140</b>	<b>53,280</b>	<b>57,560</b>	<b>52,680</b>	<b>56,540</b>

Significant differences between the LTCCP and the Annual Plan are:

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Other Revenue: Funding for Monika Lanham Reserve Restoration and Redevelopment from Environment BOP's Environmental Enhancement Fund through Community Groups						
				34,750	0	0

**Leisure & Recreation (Availability) Capital & Reserves Funding Requirements**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Asset Renewals	282,750	95,990	146,410	245,710	97,980	147,260
Discretionary Capital Projects	0	0	0	10,000	0	0
Loan Repayments	9,630	61,850	112,570	9,630	61,850	112,570
Transfers to Sinking Funds	28,860	29,200	26,060	22,550	22,440	18,580
Operating Deficit	50,480	50,140	53,280	57,560	53,270	56,930
<b>Total Funding Required</b>	<b>371,720</b>	<b>237,180</b>	<b>338,320</b>	<b>345,450</b>	<b>234,950</b>	<b>334,950</b>
<u>Funded By</u>						
Transfers from Sinking Funds	0	50,000	100,000	0	50,000	100,000
Internal Loans	123,480	0	0	123,360	0	0
Transfers from Depreciation Reserves	175,580	114,520	165,660	131,980	109,830	159,830
Transfer from General Reserves	0	0	0	15,000	0	0
<b>Total Funding</b>	<b>299,060</b>	<b>164,520</b>	<b>265,660</b>	<b>270,340</b>	<b>159,830</b>	<b>259,830</b>
<u>Shortfall (Surplus)</u>	<u><b>72,660</b></u>	<u><b>72,660</b></u>	<u><b>72,660</b></u>	<u><b>75,110</b></u>	<u><b>75,120</b></u>	<u><b>75,120</b></u>
Depreciation Not Funded	72,660	72,660	72,660	75,110	75,120	75,120

**Leisure & Recreation (Use) Operating Expenditure and Income Statement**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Library	62,210	63,730	65,160	62,060	63,640	65,250
- Swimming Pools	135,470	143,970	147,490	141,060	144,920	148,830
- Public Halls & Facilities	76,970	79,160	81,250	81,660	83,990	86,330
Total Direct Costs	274,650	286,860	293,900	284,780	292,550	300,410
Financial Costs						
- Allocated Support Services	87,370	92,980	92,470	85,670	90,030	89,730
Total Operating Expenditure	<b>362,020</b>	<b>379,840</b>	<b>386,370</b>	<b>370,450</b>	<b>382,580</b>	<b>390,140</b>
<u>Revenue</u>						
General Rates	30,690	32,080	32,760	31,880	32,930	33,570
Other Revenue	29,120	29,910	30,460	29,790	30,760	31,520
Community Enhancement Fund	302,210	317,850	323,150	308,780	318,890	325,050
Total Revenue	<b>366,050</b>	<b>384,040</b>	<b>390,670</b>	<b>370,450</b>	<b>382,580</b>	<b>390,140</b>
Operating Shortfall (Surplus)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Leisure & Recreation Depreciation Reserve**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	310,240	426,570	609,750	356,540	520,620	711,940
Annual Funding	267,110	262,880	252,130	259,630	256,820	244,690
Interest Received	24,800	34,830	45,590	31,520	44,340	56,470
Asset Renewals	(168,900)	(107,840)	(158,980)	(127,100)	(109,830)	(159,830)
Sinking Fund Payments	(6,680)	(6,680)	(6,680)	0	0	0
Closing Balance	<b>426,570</b>	<b>609,760</b>	<b>741,810</b>	<b>520,620</b>	<b>711,940</b>	<b>853,240</b>

**Leisure & Recreation Capital Expenditure**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Library	45,560	46,130	57,180	57,330	51,280	47,850
Swimming Pools	153,840	10,570	19,510	158,380	10,570	19,550
Public Halls & Facilities	55,160	15,950	47,700	10,000	15,950	47,780
Parks & Reserves	28,190	23,340	22,020	20,000	20,180	32,080
Total Capital Expenditure	<b>282,750</b>	<b>95,990</b>	<b>146,410</b>	<b>245,710</b>	<b>97,980</b>	<b>147,260</b>

# OTHER NON-SIGNIFICANT ACTIVITIES

## Introduction

### Background

The Other Non-Significant Activities group includes the following sub activities:

- Pensioner Housing (these units are leased to, and managed by the Mountain View Rest Home)
- Civil Defence Emergency Management
- Community Cultural & Social
- Cemetery
- Commercial Rental Buildings (Bus Station Building and Tarawera Mall Shop)
- Vandalism

## Community Levels of Service and Performance Measures

Level of Service	Performance Measure
Maintain effective plans and processes to help the Community avoid, mitigate, respond to, and recover from, emergencies.	<p>The following Disaster recovery Plans are in place:</p> <ul style="list-style-type: none"> <li>• Bay of Plenty Emergency Management Plan</li> <li>• Community Disaster Recovery Plan</li> <li>• Business (Council) Disaster Recovery Plan</li> </ul>
Creative New Zealand Funding.	Creative New Zealand funds distributed.
School Holiday Programmes.	Four school holiday programmes delivered.
Provision of Domestic Violence programme.	Delivery of the Domestic Violence programme.
Council provides a cemetery that accommodates the burial needs of the Community.	<p>To achieve a surveyed Community satisfaction level, for the Cemetery, better than 94%.  <i>Community satisfaction level based on the latest national average result from the National Research Bureau annual survey.</i></p>
	Nil complaints received relating to burial services.
Vandalism is attended to on a timely basis.	<p>High profile and/or offensive graffiti is removed within 4 hours of Council becoming aware of it. All other graffiti is removed within 7 days.</p>
	<p>Vandalism of Council property is attended to within 2 days of Council becoming aware of it.</p>

### Other Activities Operating Expenditure and Income Statement

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Expenditure</u>						
Direct Costs						
- Pensioner Housing	5,100	5,240	5,330	6,770	6,960	7,150
- Community, Cultural & Social	8,610	8,800	9,030	9,430	9,670	9,940
- Civil Defence	20,820	21,050	21,440	21,260	21,520	21,920
- Cemetery	29,040	29,730	31,750	29,050	31,060	30,590
- Commercial Rental Buildings	6,230	4,220	4,300	4,170	4,230	4,310
- Vandalism	51,550	53,040	54,470	51,550	53,100	54,640
- Sundry	(3,850)	(9,190)	(3,050)	1,740	(2,380)	3,460
Total Direct Costs	117,500	112,890	123,270	123,970	124,160	132,010
Discretionary Operating Projects	0	0	0	7,000	0	0
Financial Costs						
- Depreciation	48,730	48,730	48,730	46,170	46,170	46,170
- Interest Expenditure	110	90	80	2,280	2,090	1,910
- Allocated Support Services	19,770	20,180	20,280	18,870	20,140	19,540
Total Operating Expenditure	<b>186,110</b>	<b>181,890</b>	<b>192,360</b>	<b>198,290</b>	<b>192,560</b>	<b>199,630</b>
<u>Revenue</u>						
General Rates	(97,160)	(105,020)	(102,400)	(160,190)	(161,060)	(161,840)
Government Grants & Subsidies	7,130	7,320	7,490	7,900	7,590	7,790
Interest Revenue	39,970	40,780	42,130	79,510	80,120	81,260
Other Revenue	130,020	132,890	135,370	148,050	149,570	151,790
Total Revenue	<b>79,960</b>	<b>75,970</b>	<b>82,590</b>	<b>75,270</b>	<b>76,220</b>	<b>79,000</b>
<u>Operating Shortfall (Surplus)</u>	<b>106,150</b>	<b>105,920</b>	<b>109,770</b>	<b>123,020</b>	<b>116,340</b>	<b>120,630</b>

### Other Activities Capital & Reserves Funding Requirements

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<u>Capital Expenditure</u>						
Asset Renewals	105,540	192,460	311,720	90,840	177,800	311,460
Loan Repayments	450	470	480	450	470	480
Operating Deficit	106,150	105,920	109,770	123,020	116,340	120,630
Total Funding Required	<b>212,140</b>	<b>298,850</b>	<b>421,970</b>	<b>214,310</b>	<b>294,610</b>	<b>432,570</b>
<u>Funded By</u>						
Transfers from Depreciation Reserves	105,990	192,930	312,200	91,290	178,270	311,940
Transfer from General Reserves	66,190	65,960	69,810	83,080	76,400	80,690
Total Funding	<b>172,180</b>	<b>258,890</b>	<b>382,010</b>	<b>180,880</b>	<b>260,770</b>	<b>398,880</b>
<u>Shortfall (Surplus)</u>	<b>39,960</b>	<b>39,960</b>	<b>39,960</b>	<b>39,940</b>	<b>39,940</b>	<b>39,940</b>
Depreciation Not Funded	39,960	39,960	39,960	39,940	39,940	39,940

### Other Activities Depreciation Reserve

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	181,250	268,290	268,400	309,890	402,500	408,200
Annual Funding	177,930	174,870	178,740	158,250	154,650	158,830
Interest Received	15,100	18,170	14,300	25,650	29,330	25,100
Asset Renewals	(105,990)	(192,930)	(312,200)	(91,290)	(178,270)	(311,930)
Closing Balance	<b>268,290</b>	<b>268,400</b>	<b>149,240</b>	<b>402,500</b>	<b>408,200</b>	<b>280,170</b>

**Leisure & Recreation Capital Expenditure**

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Information Technology	50,730	55,380	60,600	51,710	40,970	60,110
Plant (vehicles, mowers, etc)	34,020	132,750	246,890	33,990	132,500	247,110
Depot & District Office	20,790	4,330	4,230	5,140	4,330	4,230
<b>Total Capital Expenditure</b>	<b>105,540</b>	<b>192,460</b>	<b>311,720</b>	<b>90,840</b>	<b>177,800</b>	<b>311,460</b>

# Section 4: Total Council Projected Financial Statements

# SIGNIFICANT FORECASTING ASSUMPTIONS, RISKS AND POSSIBLE IMPLICATIONS

Financial estimates form part of the Annual Plan. These estimates are based on assumptions about future conditions and events, which may or may not occur. A financial estimate's quality is therefore dependent on the appropriateness, completeness and reasonableness of the underlying assumptions as well as on the underlying information. Actual results may differ from these assumptions and variations may be material.

The following assumptions underlying the preparation of these forecasts were made in preparing this plan:

## 1. Useful lives of significant assets

	<b>Est'd Economic Life</b>
<b><u>Operational</u></b>	
Buildings	40 years
Computer/Electronic Office Equipment	3-8 years
Furniture & Equipment	5 years
Plant (vehicles)	5 years
Library Lending Matter (excluding special collections)	7 years
<b><u>Infrastructural</u></b>	
<u>Transport Management:</u>	
Street lighting	6-30 years
Kerb, channel & footpath	15-100 years
Pavement surface	1-13 years
Pavement structure	12-71 years
Pavement formation	100 years
Stormwater	5-70 years
<u>Water Supply:</u>	
Collection & Storage	5-79 years
Local Distribution	5-79 years
<u>Wastewater:</u>	
Reticulation system	5-62 years
Pumping and Treatment	5-64 years
<b><u>Restricted</u></b>	
Buildings & Other	40 years

## **2. Sources of Funds for Future Replacement of Significant Assets**

Some buildings are non-strategic and the level of utilisation in many cases is significantly below availability. As a result, it is unlikely that they would be replaced in their present form. Also, their replacement may be by rented accommodation or by buildings funded by way of loans.

The advantage of not funding depreciation on these buildings is that the Community is not rated for depreciation on assets that are unlikely to be replaced with buildings of equivalent value.

The buildings that are unlikely to be replaced in their present form are Council Buildings (including Town Hall, Concert Chamber, Library and Offices), Tarawera Park Amenity Building, Recreation Centre, Swimming Pool, Depot and Pensioner Housing.

## **3. Projected Growth Change Factors (Population, Development)**

Kawerau District is experiencing and is expected to continue to experience zero to very low growth in demand for additional infrastructural services. This is based on there being a number of vacant sections in the town that have been constructed some years ago and still have no buildings on them. Even if these sections were occupied, the existing infrastructural network will cope with the additional demand.

Growth is monitored on an “on going” basis to determine any impending additional demand on infrastructural services.

## **4. Cost Factors (Inflation)**

The forecasts in this plan have been adjusted for inflation using the following forecasts of price level change adjustors prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL).

### **Adjustors: % per annum change**

<b>Year Ending</b>	<b>Road</b>	<b>Property</b>	<b>Water</b>	<b>Energy</b>	<b>Staff</b>	<b>Other</b>
June 07	2.5	2.8	3.9	3.8	2.5	3.0
June 08	2.6	2.8	3.8	3.7	2.5	3.0
June 09	2.5	2.8	3.7	3.6	2.5	2.9

## **5. Land Transport NZ Subsidy Rates**

Land Transport NZ contributes significantly to the costs of maintaining and renewing the roads. The assumption has been made that when roads are due for renewal, Land Transport will contribute towards the cost on the currently agreed rate of 67%. There is a possibility that this may not occur, but that likelihood is considered to be small. The budgeted Land Transport Subsidies for the period of this plan average \$258,000. Each 1% movement in the subsidy rates would have a \$4,000 effect on the estimated subsidy.

The Land Transport NZ subsidy rate for 2007/08 is 67%. It is anticipated that this rate will continue.

Sensitivity in subsidy revenue to a 5% change in subsidy rates (\$'000):

Risk - Change in rate  
Likelihood - Moderate  
Impact - See table below

<b>07/08</b>	<b>08/09</b>	<b>09/10</b>
\$17	\$18	\$18

## **6. Revaluation of Non-Current Assets**

Council's current accounting policy is that Infrastructural assets (including land and buildings) are revalued on a 3-yearly basis. The last revaluation was as at 1 July 2004. Under the current policy, a revaluation will occur as at 1 July 2007.

The effect of the revaluations has been estimated using the forecasts of price level change adjustors prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL).

## **7. Forecast Return on Investments**

The investment interest rates on invested funds assumed for the 3-year planning period are shown in the table below:

<b>Year</b>	<b>07/08</b>	<b>08/09</b>	<b>09/10</b>
Interest Rate	7.5%	7.5%	7.5%
Total Investments (\$'000)	\$3,650	\$4,550	\$5,300

These are based on interest rates on current investments as at June 2007.

Risk - Change in rate  
Likelihood - Moderate  
Impact - See table below

Sensitivity in interest revenue to a 1% change in interest rates (\$'000):

07/08	08/09	09/10
\$37	\$46	\$53

### 8. Expected Interest Rates on Borrowing

Council uses its reserves and external borrowing to fund new capital projects.

Internal borrowing is utilised where there is no foreseeable requirement for the original purpose of the reserve funds during the term of the internal loan.

The primary objective of funding internally is to use its reserves efficiently and create operational savings by eliminating the interest rate margin between separately investing and borrowing externally.

It is anticipated that all borrowing will be done internally from depreciation reserves during the life of the Plan. The expected interest rates on borrowing are therefore based on the forecast interest rates for investments.

Year	07/08	08/09	09/10
Interest Rate	7.5%	7.5%	7.5%
Total Borrowing (\$'000)	\$1,263	\$880	\$869

Risk - Change in rate  
 Likelihood - Moderate  
 Impact - See table below

Sensitivity in interest expense to a 1% change in interest rates (\$'000):

07/08	08/09	09/10
\$13	\$9	\$9

## **STATEMENT OF ACCOUNTING POLICIES**

### **Reporting Entity**

Kawerau District Council is a local authority in terms of the Local Government Act 2002 and designates itself to be a Public Benefit Entity with the primary objective of providing goods and services for the benefit of its Community rather than for a financial return. The purpose of prospective financial statements in the Annual Plan is to provide users with information about the core services that Council intends to provide to ratepayers, the expected cost of those services and, as a result, how much Council requires by way of rates to fund the intended levels of service.

### **Statement of Compliance and Basis of Preparation**

The prospective financial statements have been prepared in compliance with New Zealand Generally Accepted Accounting Practices (NZ GAAP), in a format consistent with the standards issued by the Institute of Chartered Accountants of New Zealand and are compliant with Section 111 of the Local Government Act 2002. In preparing these prospective financial statements, Kawerau District Council has adopted New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) for the first time, and has adopted all allowable reporting exemptions available to Public Benefit Entities.

The prospective financial statements are presented in New Zealand Dollars (NZD).

### **Measurement Base**

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of certain classes of fixed assets.

The preparation of financial statements that conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets that are not readily apparent from other sources.

Estimates and assumptions are reviewed on an ongoing basis and revisions to the accounting estimates recognised in the period of the revision, or in that period and any future periods that are affected by the revision. It should be noted that actual results may vary from these estimates.

The accounting policies set out below will be applied consistently to all periods presented in the prospective financial statements and in preparing an opening IFRS Balance Sheet as at 1 July 2005 for the purposes of transition to IFRS.

## ACCOUNTING POLICIES

The following accounting policies have been adopted in the presentation of the prospective financial statements.

### 1. INVESTMENTS

Investments are valued at fair value and interest is recognised and credited to investment accounts when earned.

### 2. STOCK

Stock includes all goods held for the purpose of eventual consumption. Stocks are valued at the lower of cost (FIFO) and market value.

### 3. GST

GST has been excluded from all figures in these accounts except debtors and creditors.

### 4. FIXED ASSETS

Fixed Assets are classified into:

**Operational**                      *Operational Fixed Assets are tangible assets used in the operational activities of Council.*

**Infrastructural**                *Infrastructural Fixed Assets are the fixed utility systems that provide a continuing service to the community and are not generally regarded as tradeable.*

**Restricted**                      *Restricted Fixed Assets cannot be disposed of because of legal or other restrictions and provide a benefit or service to the Community.*

#### Valuation of Assets

Land buildings and infrastructural assets are revalued every 3 years. This will occur as at 1 July 2007.

#### Valuation of Operational Assets

Land is stated at valuation (1 July 2004). These valuations have been undertaken and confirmed as appropriate for financial reporting by CB Richard Ellis, (Registered Valuers) in accordance with FRS3 and are determined every three years. The basis of valuation is fair value.

Buildings held at 1 July 2004 have been valued by CB Richard Ellis. The basis of valuation is fair value for non-specialised buildings and depreciated replacement cost for specialised buildings. Specialised buildings are those buildings that rarely, if ever, sell on the open market due to their uniqueness and therefore cannot reliably be valued using market based evidence.

Vehicles are stated at cost, less accumulated depreciation.

Plant, machinery, computer equipment, office equipment and furniture and fittings are stated at cost, less accumulated depreciation.

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers). Library additions have been at cost, less accumulated depreciation.

#### Valuation of Infrastructural Assets

Infrastructural assets include the roading network and land, water and sewerage services and stormwater systems.

Infrastructural assets other than land and buildings held at 1 July 2004 have been valued at depreciated replacement cost by CB Richard Ellis.

Urban portions of the state highway network are not recognised as assets in the financial statements.

Reserve land and land under roads have been valued by CB Richard Ellis using rural land rates.

#### Valuation of Restricted Assets

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

Restricted assets held at 1 July 2004 have been valued on the same basis as operational land and buildings by CB Richard Ellis.

Additions are recorded at cost.

#### **Asset Revaluations**

Revaluations are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Income Statement.

#### **Decreases in the value of a class of assets**

Where no revaluation reserve exists for that class of asset then the movement is expensed through the Income Statement.

If a revaluation reserve exists for that class of asset then the reserve is reduced. Where the decrease exceeds the existing reserve, the reserve is eliminated and the balance of the decrease expensed through the Income Statement.

#### **Increases in the value of a class of assets**

To the extent that an increase on revaluation reverses a previous revaluation deficit that was recognised through the Income Statement, the increase is recognised through the Income Statement.

Any increase in excess of that is applied in creating a new revaluation reserve for that class of asset.

Where a revaluation reserve exists for a class of asset, the movement is applied to increase that reserve.

### Depreciation of Fixed Assets

	Est'd Economic Life	Depr'n Rate	Method
<b><u>Operational</u></b>			
Buildings	40 years	2.5%	SL
Computer/Electronic Office Equipment	3-8 years	12.5 - 33.3%	SL
Furniture & Equipment	5 years	20%	DV
Plant (vehicles)	5 years	20%	DV
Library Lending Matter (excluding special collections)	7 years	15%	DV
<b><u>Infrastructural</u></b>			
<b><u>Roading:</u></b>			
Street lighting	6-30 years	3.3-16%	SL
Kerb, channel & footpath	15-100 years	1.0-6.7%	SL
Pavement surface	1-13 years	7.7-100%	SL
Pavement structure	12-71 years	1.4-8.3%	SL
Pavement formation	100 years	-	
Stormwater	5-70 years	1.4-20%	SL
<b><u>Water Supply:</u></b>			
Collection & Storage	5-79 years	1.3-20%	SL
Local Distribution	5-79 years	1.3-20%	SL
<b><u>Wastewater:</u></b>			
Reticulation system	5-62 years	1.6-20%	SL
Pumping & Treatment	5-64 years	1.6-20%	SL
<b><u>Restricted</u></b>			
Buildings & Other	40 years	2.5%	SL

Pavement structure and formation are not depreciated.

\*1 SL The method used in calculating depreciation is known as the straight line method.

\*2 DV The method used in calculating depreciation is known as the diminishing value method.

## **Assets under Construction**

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

### **5. DEBTORS**

Accounts receivable are stated at expected realisable value after providing for doubtful and uncollectable debts.

### **6. SUPPORT ACTIVITY COSTS**

Support Activity Costs are allocated to significant activities on the basis of relative total direct costs.

### **7. REVENUE RECOGNITION**

Council recognises Land Transport New Zealand roading subsidies as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled. Rates revenue is recognised in the year in which it is struck.

### **8. FINANCIAL INSTRUMENTS**

Council includes all financial instrument arrangements in the Statements of Account using the concepts of accrual accounting. Revenues and expenses in relation to all financial instruments are recognised in the Income Statement.

These instruments arise as a result of everyday operations and include cash and bank investments, debtors, creditors and term debt. Financial instruments are disclosed at their fair values.

### **9. RATEPAYER EQUITY**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The components of equity are:

- Accumulated funds
- Council-created reserves
- Restricted reserves
- Asset revaluation reserves

#### **Reserves**

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

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or third party. Transfers from these reserves may be

made only for certain specified purposes or when certain specified conditions are met.

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

#### **10. EMPLOYEE ENTITLEMENTS**

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Annual leave and long service leave have been calculated on an actual entitlement basis at current rates of pay. Retirement gratuities have been calculated on an actuarial basis.

#### **11. BUDGET FIGURES**

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with accounting policies adopted by the Council for the preparation of the financial statements.

#### **12. COST OF SERVICE STATEMENTS**

The Cost of Service Statements, as provided in the Statement of Service Performance, report the net cost of service for significant activities of the Council, and are represented by the costs of providing the service, less all revenue that can be allocated to these activities.

#### **13. OPERATING LEASES**

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

#### **14. FINANCE LEASES**

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. Finance leases consist of hire purchase contracts and are capitalised using the Rule of 78 as this basis is a close approximation of the present value of the minimum lease payments. Leased assets and corresponding lease liabilities are recognised in the Balance Sheet. The leased assets are depreciated over the period the Council is expected to benefit from their use.

#### **15. STATEMENT OF CASH FLOWS**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all sources and record the cash payments made for the supply of goods and services. Agency transactions (the

collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

## **16. LANDFILL POST CLOSURE**

Council has an obligation to ensure the ongoing maintenance and monitoring services at its landfill site after closure.

The estimated length of time needed for post closure care is 20 years.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is Council's public debt weighted average interest rate.

## **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in Accounting Policies.

## PROSPECTIVE INCOME STATEMENT

### 2006/07-2015/16 LTCCP

### 2007/08 Annual Plan

	07/08	08/09	09/10	07/08	08/09	09/10
<b>Revenue</b>						
General Rates	5,732,010	5,758,840	5,805,860	5,649,430	5,821,880	5,935,360
Separate Rates						
- Water Supply	137,050	142,640	146,090	121,050	134,260	137,620
- Wastewater	77,040	79,950	81,720	131,890	381,590	391,160
- Refuse Collection	403,820	411,030	412,660	398,920	406,110	408,160
Eliminations	(510,590)	(512,150)	(513,640)	(520,680)	(523,070)	(525,470)
Total Rates	5,839,330	5,880,310	5,932,690	5,780,610	6,220,770	6,346,830
Government Grants & Subsidies	236,750	242,670	248,050	274,590	257,590	264,060
Petrol Tax	61,560	63,040	64,430	60,000	61,560	63,100
Interest Revenue	289,690	336,240	380,980	358,990	414,390	470,560
Other Revenue	718,820	723,240	740,660	768,770	735,230	753,500
Eliminations	(363,790)	(365,360)	(344,860)	(356,820)	(372,050)	(351,160)
<b>Total Revenue</b>	<b>6,782,360</b>	<b>6,880,140</b>	<b>7,021,950</b>	<b>6,886,140</b>	<b>7,317,490</b>	<b>7,546,890</b>
<b>Expenditure</b>						
Democracy	608,490	574,000	614,100	640,150	602,970	644,070
Economic Development	59,850	62,110	63,210	64,770	67,330	68,610
Environmental Services	561,450	496,650	502,480	675,090	586,210	585,140
Transport Management	1,446,630	1,466,930	1,476,290	1,427,940	1,436,560	1,445,100
Water Supply	976,380	991,820	998,330	972,320	980,040	988,570
Waste Management	1,903,670	1,941,080	1,942,210	2,345,360	2,402,720	2,415,440
Leisure & Recreation	2,401,750	2,443,970	2,493,100	2,401,770	2,434,560	2,491,630
Other Activities	186,110	181,890	192,360	198,290	192,560	199,630
Eliminations	(874,380)	(877,510)	(858,500)	(877,500)	(895,120)	(876,630)
<b>Total Expenditure</b>	<b>7,269,940</b>	<b>7,280,940</b>	<b>7,423,580</b>	<b>7,848,190</b>	<b>7,807,830</b>	<b>7,961,590</b>
<b>Operating Shortfall</b>	<b>487,580</b>	<b>400,800</b>	<b>401,630</b>	<b>962,050</b>	<b>490,340</b>	<b>414,670</b>
Rate Increase	9.1%	6.8%	0.7%	5.7%	7.6%	2.0%
Depreciation	1,797,420	1,803,220	1,803,220	1,884,110	1,894,110	1,894,110
Interest Expense	110	90	80	110	90	80

## CAPITAL & RESERVES FUNDING REQUIREMENTS

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<b><u>Capital Expenditure</u></b>						
Asset Renewals	790,340	691,180	876,890	756,480	686,770	881,190
Discretionary Capital Projects	0	0	0	48,000	0	0
Loan Repayments	10,080	287,320	113,050	10,080	287,320	113,050
Operating Deficit	487,580	400,800	401,630	962,050	490,340	414,670
Transfers to General Funds	15,570	15,910	16,600	14,580	14,860	15,560
Transfers to Sinking Funds	79,950	76,310	68,270	74,430	70,110	61,050
<b>Total Funding Required</b>	<b>1,383,520</b>	<b>1,471,520</b>	<b>1,476,440</b>	<b>1,865,620</b>	<b>1,549,400</b>	<b>1,485,520</b>
<b><u>Funded By</u></b>						
Loans	123,480	0	0	123,360	0	0
Transfers from Sinking Funds	0	275,000	100,000	0	275,000	100,000
Transfers from General Reserves	99,570	15,910	16,600	651,870	121,790	45,460
Transfers from Depreciation Reserves	638,330	658,470	837,700	585,610	647,820	835,170
<b>Total Funding</b>	<b>861,380</b>	<b>949,380</b>	<b>954,300</b>	<b>1,360,840</b>	<b>1,044,610</b>	<b>980,730</b>
<b><u>Shortfall (Surplus)</u></b>	<b>522,140</b>	<b>522,140</b>	<b>522,140</b>	<b>504,780</b>	<b>504,790</b>	<b>504,790</b>
Depreciation Not Funded	522,140	522,140	522,140	504,780	504,790	504,790

## PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Opening Balance	44,311,520	49,521,610	49,120,810	47,679,170	52,403,170	51,912,830
Net Deficit	(487,580)	(400,800)	(401,630)	(962,050)	(490,340)	(414,760)
Asset Revaluation	5,697,670	0	0	5,686,050	0	0
<b><u>Closing Balance</u></b>	<b>49,521,610</b>	<b>49,120,810</b>	<b>48,719,180</b>	<b>52,403,170</b>	<b>51,912,830</b>	<b>51,498,160</b>

## PROSPECTIVE BALANCE SHEET

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<b><u>ASSETS</u></b>						
<b><u>Current Assets</u></b>						
Bank Account	801,410	4,172,430	4,900,560	44,290	53,520	92,860
Short Term Deposits	2,455,760	0	0	3,650,000	4,550,000	5,300,000
Debtors	843,770	843,770	843,770	614,750	615,220	615,220
Prepayments	118,060	118,060	118,060	83,400	83,400	83,400
Stock	42,970	42,970	42,970	42,970	42,970	42,970
<b>Total Current Assets</b>	<b>4,261,790</b>	<b>5,177,230</b>	<b>5,905,360</b>	<b>4,435,410</b>	<b>5,345,110</b>	<b>6,134,450</b>
<b><u>Non Current Assets</u></b>						
Investments	71,040	71,040	71,040	31,160	31,160	31,160
Fixed Assets	46,677,440	45,357,920	44,224,110	49,455,770	48,053,290	46,845,230
<b>Total Non Current Assets</b>	<b>46,748,480</b>	<b>45,428,960</b>	<b>44,295,150</b>	<b>49,486,930</b>	<b>48,084,450</b>	<b>46,876,390</b>
<b><u>Total Assets</u></b>	<b>51,010,450</b>	<b>50,606,190</b>	<b>50,200,510</b>	<b>53,922,340</b>	<b>53,429,560</b>	<b>53,010,840</b>

**LIABILITIES****Current Liabilities**

Creditors	665,490	665,490	665,490	850,140	850,140	850,140
Liabilities Accrued	115,350	115,350	115,350	82,220	82,690	79,120
Employee Entitlements	145,030	145,030	145,030	138,190	138,190	138,190
Revenue Received in Advance	218,180	218,180	218,180	206,690	206,690	206,690
Public Debt	470	480	500	470	480	500
<b>Total Current Liabilities</b>	<b>1,144,520</b>	<b>1,144,530</b>	<b>1,144,550</b>	<b>1,277,710</b>	<b>1,278,190</b>	<b>1,274,640</b>

**Non Current Liabilities**

Employee Entitlements	190,160	190,160	190,160	87,300	87,300	87,300
Provision for Landfill	151,850	148,860	145,290	151,850	149,410	149,410
Public Debt	2,310	1,830	1,330	2,310	1,830	1,330
<b>Total Non Current Liabilities</b>	<b>344,320</b>	<b>340,850</b>	<b>336,780</b>	<b>241,460</b>	<b>238,540</b>	<b>238,040</b>

**TOTAL LIABILITIES**

<b>1,488,840</b>	<b>1,485,380</b>	<b>1,481,330</b>	<b>1,519,170</b>	<b>1,516,730</b>	<b>1,512,680</b>
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**NET ASSETS**

<b>49,521,310</b>	<b>49,120,810</b>	<b>48,719,180</b>	<b>52,403,170</b>	<b>51,912,830</b>	<b>51,498,160</b>
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**RATEPAYER EQUITY**

Accumulated Funds	29,247,970	28,231,960	27,232,160	31,783,810	30,021,530	29,461,900
Council Created Reserves	3,778,350	4,592,340	5,222,230	4,140,490	5,067,320	5,801,570
Restricted Funds	323,980	125,200	93,480	319,180	664,290	75,000
Asset Revaluation Reserve	16,171,310	16,171,310	16,171,310	16,159,690	16,159,690	16,159,690
<b>Total Ratepayer Equity</b>	<b>49,521,310</b>	<b>49,120,810</b>	<b>48,719,180</b>	<b>52,403,170</b>	<b>51,912,830</b>	<b>51,498,160</b>

## FUNDING IMPACT STATEMENT

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<b>Revenue</b>						
General Rates	5,732,010	5,758,840	5,805,860	5,649,430	5,821,880	5,935,360
Separate Rates						
- Water Supply	137,050	142,640	146,090	121,050	134,260	137,620
- Wastewater	77,040	79,950	81,720	131,890	381,590	391,160
- Refuse Collection	403,820	411,030	412,660	398,920	406,110	408,160
Eliminations	(510,590)	(512,150)	(513,640)	(520,680)	(523,070)	(525,470)
Total Rates	5,839,330	5,880,310	5,932,690	5,780,610	6,220,770	6,346,830
Government Grants & Subsidies	236,750	242,670	248,050	274,590	257,590	264,060
Petrol Tax	61,560	63,040	64,430	60,000	61,560	63,100
Interest Revenue	289,690	336,240	380,980	358,990	414,390	470,560
Other Revenue	718,820	723,240	740,660	768,770	735,230	753,500
Eliminations	(363,790)	(365,360)	(344,860)	(356,820)	(372,050)	(351,160)
<b>Total Revenue</b>	<b>6,782,360</b>	<b>6,880,140</b>	<b>7,021,950</b>	<b>6,886,140</b>	<b>7,317,490</b>	<b>7,546,890</b>

### General Rates

General Uniform Annual Charge	\$140	\$140	\$140	\$140	\$140	\$140
Per separately used or inhabited part of a rating unit	2,842	2,842	2,842	2,844	2,844	2,844
Total revenue from the GUAC	\$397,880	\$397,880	\$397,880	\$398,160	\$398,160	\$398,160

The purpose of the general uniform annual charge is to more evenly spread the effect of general rates on all ratepayers. The higher the general uniform annual charge, the higher the rates on lower valued properties. The general uniform annual charge level of \$140 has been selected because Council believes this produces the fairest and most equitable overall result for the Community.

The objective of Council's system of differential rating is primarily to retain a ratio between commercial and industrial ratepayers on the one hand and residential ratepayers on the other. The rates set on capital value will be apportioned on a ratio of 55:45 (Commercial/Industrial: Residential)

Residential Rates (incl GST)	2,464,298	2,477,091	2,500,140	2,680,852	2,768,155	2,825,604
Residential (per \$ of Capital Value)	1.5698	1.5779	1.5925	0.6957	0.7204	0.7367

Commercial/Industrial Rates (incl GST)	3,011,920	3,027,555	3,055,727	3,276,597	3,383,300	3,453,516
Commercial/Industrial (per \$ of Capital Value)	1.9166	1.9265	1.9445	1.5199	1.5741	1.6094
<b><u>Separate Rates</u></b>						
Water Rate (per connected property)	\$58.40	\$60.80	\$62.20	\$51.60	\$57.20	\$58.60
<i>The water supply target rate funds the use costs related to the water supply service.</i>						
Wastewater Rate (per connected property)	\$32.50	\$33.80	\$34.50	\$ 55.70	\$ 161.20	\$ 165.20
<i>The wastewater target rate funds the use costs related to the wastewater collection and disposal service.</i>						
Refuse Collection (per serviced property)	\$175.80	\$179.00	\$179.70	\$ 174.60	\$ 177.80	\$ 178.70
<i>The refuse collection target rate funds the costs related to the refuse collection service.</i>						
<b><u>Residential Rate Cap</u></b>	\$2,330	\$2,350	\$2,370	\$2,300	\$2,480	\$2,530

## PROSPECTIVE STATEMENT OF CASH FLOWS

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<b><u>Cash Flow from Operating Activities</u></b>						
<b>Cash will be provided from:</b>						
General Rates	5,221,420	5,246,690	5,292,220	5,128,750	5,298,810	5,409,890
Separate Rates	617,910	633,620	640,470	651,860	921,960	936,940
Government Grants & Subsidies	236,750	242,670	248,050	274,590	257,590	264,060
Other Fees & Charges	526,390	531,150	548,870	577,150	544,020	562,680
Interest Income	179,890	226,010	292,340	253,790	295,110	373,320
	<b>6,782,360</b>	<b>6,880,140</b>	<b>7,021,950</b>	<b>6,886,140</b>	<b>7,317,490</b>	<b>7,546,890</b>
<b>Cash will be spent on:</b>						
Payments to Suppliers and Employees	5,277,000	5,273,140	5,416,370	5,781,400	5,720,930	5,875,800
Interest paid on Debt	110	90	80	110	90	80
	<b>5,277,110</b>	<b>5,273,230</b>	<b>5,416,450</b>	<b>5,781,510</b>	<b>5,721,020</b>	<b>5,875,880</b>
<b><u>Net Cash Flow from Operations</u></b>	<b>1,505,250</b>	<b>1,606,910</b>	<b>1,605,500</b>	<b>1,104,630</b>	<b>1,596,470</b>	<b>1,670,010</b>
<b><u>Cash Flow from Investing Activities</u></b>						
<b>Cash will be spent on:</b>						
Purchase of Fixed Assets	790,340	691,180	876,890	804,480	686,770	881,190
<b><u>Net Cash Flow from Investing Activities</u></b>	<b>(790,340)</b>	<b>(691,180)</b>	<b>(876,890)</b>	<b>(804,480)</b>	<b>(686,770)</b>	<b>(881,190)</b>
<b><u>Cash Flow from Financing Activities</u></b>						
<b>Cash will be spent on:</b>						
Debt Repayment	450	470	480	450	470	480
<b><u>Net Cash Flow from Financing Activities</u></b>	<b>(450)</b>	<b>(470)</b>	<b>(480)</b>	<b>(450)</b>	<b>(470)</b>	<b>(480)</b>
<b><u>TOTAL CASH INFLOW/(OUTFLOW)</u></b>	<b>714,460</b>	<b>915,260</b>	<b>728,130</b>	<b>299,700</b>	<b>909,230</b>	<b>789,340</b>
<b>Plus Projected Opening Cash Balances as at 1 July</b>	<b>2,542,710</b>	<b>3,257,170</b>	<b>4,172,430</b>	<b>3,394,590</b>	<b>3,694,290</b>	<b>4,603,520</b>
<b>Projected Closing Cash Balances as at 30 June</b>	<b>3,257,170</b>	<b>4,172,430</b>	<b>4,900,560</b>	<b>3,694,290</b>	<b>4,603,520</b>	<b>5,392,860</b>

## REVENUE BY SIGNIFICANT ACTIVITY

<u>Activity</u>	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Democracy	16,380	960	1,020	21,160	1,610	2,060
Economic Development	0	0	0	0	0	0
Environmental Services	120,760	124,660	127,730	123,240	127,360	130,700
Transport Management	349,960	367,530	384,280	388,310	382,040	398,690
Water Supply	236,760	290,490	314,330	253,880	289,120	314,350
Waste Management	928,040	956,340	976,580	981,550	1,266,920	1,305,990
Leisure & Recreation	67,710	77,840	85,660	110,610	86,400	95,530
Other Activities	177,120	180,990	184,990	235,460	237,280	240,840
Eliminations	(363,790)	(365,360)	(344,860)	(356,820)	(372,050)	(351,160)
	<b>1,560,940</b>	<b>1,633,450</b>	<b>1,729,730</b>	<b>1,757,390</b>	<b>2,018,680</b>	<b>2,137,000</b>
General Rates	5,221,420	5,246,690	5,292,220	5,128,750	5,298,810	5,409,890
Total Revenue	<b>6,782,360</b>	<b>6,880,140</b>	<b>7,021,950</b>	<b>6,886,140</b>	<b>7,317,490</b>	<b>7,546,890</b>
Rate Increase	<b>9.1%</b>	<b>6.8%</b>	<b>0.7%</b>	<b>5.7%</b>	<b>7.6%</b>	<b>2.0%</b>

## COMMUNITY ENHANCEMENT POLICY COSTS

The Community Enhancement Policy aims to assist and encourage Kawerau people to use various Council services. Council will set aside a budget in each LTCCP and Annual Plan for assisting and encouraging people to use various Council services. The Community Enhancement budget will be funded through general rates. Monies will be allocated from this budget to finance:

- Subsidised access to the Library for Kawerau people.
- Free access to the Town Centre Toilets.
- Subsidised access to the Swimming Pool.
- Partial waivers of rentals of the Town Hall, Concert Chambers, Recreation Centre and the Passive Reserves for groups who achieve the Outcomes desired by this policy.
- All administration costs of the Creative New Zealand Community Funding Scheme, other than authorised advertising.
- Free access to the Refuse Disposal Site for people acting charitably.

### Funding of Activities

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
<b><u>Funding Transfers to:</u></b>						
Refusal Disposal	4,140	4,140	4,140	4,140	4,140	4,140
Library	70,660	72,840	73,820	68,770	70,910	72,110
Swimming Pool	159,794	170,862	173,761	164,520	169,900	173,250
Town Centre Toilets	35,190	36,430	37,150	37,850	39,220	40,070
<b><u>Funding Targeted Waivers to:</u></b>						
Recreation Centre	15,987	16,512	16,821	16,470	16,990	17,310
Town Hall	9,160	9,455	9,636	9,830	10,160	10,360
Concert Chamber	11,415	11,763	11,959	11,340	11,710	11,950
	<b>306,345</b>	<b>322,002</b>	<b>327,286</b>	<b>312,920</b>	<b>323,030</b>	<b>329,190</b>

## CAPITAL PROGRAMME

	2006/07-2015/16 LTCCP			2007/08 Annual Plan		
	07/08	08/09	09/10	07/08	08/09	09/10
Transport Management	230,020	235,750	241,140	252,900	239,490	245,670
Water Supply	136,950	131,940	142,730	126,000	136,490	141,880
Waste Disposal	35,080	35,040	34,890	41,030	35,010	34,920
Leisure & Recreation	282,750	95,990	146,410	245,710	97,980	147,260
Non-Significant Activities	105,540	192,460	311,720	90,840	177,800	311,460
	<b>790,340</b>	<b>691,180</b>	<b>876,890</b>	<b>756,480</b>	<b>686,770</b>	<b>881,190</b>
<u>Funded By:</u>						
Government Subsidies	96,380	98,820	101,130	109,470	98,940	101,540
Depreciation Reserves	693,960	592,360	775,760	647,010	578,830	779,650
	<b>790,340</b>	<b>691,180</b>	<b>876,890</b>	<b>756,480</b>	<b>686,770</b>	<b>881,190</b>

Capital expenditure is funded from Depreciation Reserves for those activities where depreciation is funded.

Depreciation on some buildings is not fully funded and therefore capital expenditure on these assets is funded from general rates. The buildings where depreciation is not fully funded are Council Buildings (including Town Hall, Concert Chamber, Library and Offices), Tarawera Park Amenity Building, Recreation Centre, Swimming Pool, Depot and Pensioner Housing.

Subsidised Rooding Expenditure is subsidised by Land Transport NZ. A detailed breakdown of the capital items is in the Activity sections of this Plan.

## DISCRETIONARY PROJECTS 2007/2008

Activity/Project	Budget \$
<b>Democracy</b>	
Elected Members' Contingency Fund	\$5,000
Christmas Lights Prize	\$2,000
<b>Environmental Services</b>	
Regional Growth Advantage Strategy	\$84,000
District Plan Review	\$55,000
Heritage Study	\$5,000
<b>Transport Management</b>	
Town Centre Security	\$13,000
Plunket Street Footpath Extension	\$10,000
Street Light Upgrades	\$15,000
Alleyway Closures	\$3,000
<b>Leisure &amp; Recreation</b>	
Concert Chamber Sound System	\$7,000
Irrigation System Ron Hardie Recreation Centre Gardens	\$3,000
Plant Pest Removal from Private Property	\$5,000
Eastern Bay Physical Activity Strategy Implementation	\$7,000
<b>Total Approved Discretionary Projects</b>	<b><u>\$214,000</u></b>
<b>Source of Funds</b>	
General Reserves	\$203,500
Land Transport NZ Subsidy	\$10,500
	<b><u>\$214,000</u></b>

## DISCRETIONARY PROJECTS 2008/2009

<b>Activity/Project</b>	<b>Budget \$</b>
<b>Environmental Services</b>	
District Plan Review	<u>\$55,000</u>
<b>Total Approved Discretionary Projects</b>	<b><u>\$55,000</u></b>
<b>Source of Funds</b>	
General Reserves	<u>\$55,000</u>
	<b><u>\$55,000</u></b>

## DISCRETIONARY PROJECTS 2009/2010

<b>Activity/Project</b>	<b>Budget \$</b>
<b>Environmental Services</b>	
District Plan Review	<u>\$30,000</u>
<b>Total Approved Discretionary Projects</b>	<b><u>\$30,000</u></b>
<b>Source of Funds</b>	
General Reserves	<u>\$30,000</u>
	<b><u>\$30,000</u></b>

# Section 4: Policies

## **4.1 EQUAL EMPLOYMENT OPPORTUNITIES PROGRAMME**

The Employer is committed to the principle of equal opportunity in the recruitment, employment, training and promotion of its employees. The Employer will provide a positive environment and will implement a purposeful programme of action to ensure that business activities are carried out with an awareness of and intent to eliminate discrimination in the areas of race, colour, ethnic or national origin, gender, religion, political beliefs, marital status, family responsibilities, sexual orientation, disability or age.

## **4.2 RATING**

### **INTRODUCTION**

Council sets the following rates to fund its operations:

- General
- Water
- Wastewater
- Refuse Collection

Council also levies and collects rates on behalf of the Bay of Plenty Regional Council.

### **Notes**

- All "rates" and "uniform annual charges" quoted are GST inclusive.
- All other figures are GST exclusive.
- The rates quoted are indicative figures only. The actual rates will not be known until Council's rating information database is finalised and the LTCCP or Annual Plan is finally approved by Council.

### **GENERAL RATES**

Council's general rates are funded through a General Uniform Annual Charge on each separately occupied or inhabited property and rates charged on capital value in accordance with Council's Differential Rating System.

The purpose of the general uniform annual charge is to more evenly spread the effect of general rates on all ratepayers. The higher the general uniform annual charge, the higher the rates on lower valued properties. The general uniform annual charge level of \$140 has been selected because Council believes this produces the fairest and most equitable overall result for the community.

## **General Rates - Differential Rating**

Council levies its general rates on a differential basis under the Local Government (Rating) Act 2002. Council introduced Differential Rating with effect from 1 April 1978.

The objective of Council's system of differential rating is primarily to retain a ratio between commercial and industrial ratepayers on the one hand and residential ratepayers on the other. The 2007/2008 rates set on capital value will be apportioned on a ratio of 55:45 (Industrial/Commercial: Residential) ie **Industrial/Commercial** - Properties in all other zones of Council's Operative District Plan. **Residential** - Properties zoned "Residential", "Rural Lifestyle" and "Reserve" in terms of Council's Operative District Plan.

## **General Rates - Rates Relief for Developments**

Council has a Policy for Rates Relief to "increase the long term economic development and well-being of the District of Kawerau".

The policy defines what is meant by "development" and identifies considerations which Council may take into account when deciding on any application for relief.

An unabridged copy of Council's Rates Relief Policy is included in this plan under the Policies section.

## **Water Rates**

Council's Water Rate is a separate uniform annual charge on each separately occupied or inhabited property to which Council supplies water, except for properties on metered water supply.

### **Water by Meter Charges**

Properties on metered water supply are charged per cubic metre of water used. This is charged on a quarterly basis with a minimum charge of \$20.00 (GST inclusive).

## **Wastewater Rates**

Council's Wastewater Rate is a separate uniform annual charge on each separately occupied or inhabited property that is connected to Council's wastewater disposal network.

## **Refuse Collection Rates**

Council's Refuse Collection Rate is a separate uniform annual charge on each separately occupied or inhabited property from which Council is prepared to remove refuse.

## LEVYING & COLLECTING

All rates are set and charged for the year from 1 July 2007 to 30 June 2008:

The due and penalty dates for the 2007/2008 instalments are as follows:

	DUE DATE
Instalment 1	Friday 24 August 2007
Instalment 2	Friday 23 November 2007
Instalment 3	Friday 22 February 2008
Instalment 4	Friday 23 May 2008

## PENALTIES

An instalment penalty will be charged, at the above penalty dates, amounting to 10% of the current instalment remaining unpaid at those dates.

Two further penalties will be charged, on 1 October 2007 and on 1 April 2008 amounting to 10% of the total rates levied in previous rating years and remaining unpaid at those dates.

## 4.3 RATE REMISSION POLICY

### Background

Council's rating system is based on capital value. In the case of residential rating units this led to residential rating units with high capital values incurring annual rates of up to \$3,000. Council believes that this is an unfair burden on a group of ratepayers, which discourages the building of new homes in the District.

### Objectives

The objective of this policy is to cap residential rates at \$2,000 per rating unit for the 2005/06 rating year by way of a rate remission. For each subsequent year, the level of cap will rise by the percentage increase in Total Rates.

### Conditions & Criteria

All residential rating units that incur rates above the cap will have the excess rates remitted automatically. The cap applies to the sum of the general rate, general uniform annual charge and the separate rates. However, the charge for additional residual refuse bins will not be remitted.

## **4.4 REVENUE & FINANCING POLICY**

### **INTRODUCTION**

#### **Purpose**

The Revenue and Financing Policy explains “who pays and why”. It explains how Council’s activities are funded.

This policy has been developed to meet the requirements of the Local Government Act 2002 (LGA 2002).

Council has broken its business down to activity level. In some cases, it has looked at activities from two points of view - availability of the service and use of the service. Activities have been broken into availability and use where they benefit different groups in the Community. In general, Council has assessed the availability of an activity as a public benefit and the use of an activity as a private benefit.

Availability relates to the costs incurred to keep a service or asset in such a condition that it can become operational within a short start up period. For example, keeping the library book stock up to date, replacement, cataloguing.

Use relates to costs incurred as a result of the asset being used. For example, staff costs of issuing books.

#### **Legislative Requirements under the Local Government Act 2002**

The LGA 2002 sets out a two-stage consideration process.

The first stage is to determine, for each activity to be funded, appropriate funding sources having regard to:

- The Community Outcomes to which the activity primarily contributes; and
- The distribution of benefits amongst the Community as a whole, any identifiable part of the Community, and individuals; and
- The period in or over which those benefits are expected to occur; and
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The second stage is to take the combined results of the allocations from the first stage and to assess the overall impact of that on “the current and future social, economic, environmental, and cultural well-being of the Community”.

## **Period of Benefits**

The legislative requirement to assess the period over which the benefits from each activity will flow, aids in identifying the period over which the operating and capital expenditure should be funded.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded annually.

Assets provide benefits over more than one year. Benefits are derived over the useful life of each asset. Useful lives range from a few years in the case of computer equipment through to many decades for infrastructural assets such as the water supply network. This introduces the concept of intergenerational equity whereby costs of any expenditure should be recovered at the time the benefits of that expenditure accrue. This is particularly relevant for larger assets such as the wastewater, stormwater, transport management and water supply networks.

To ensure that each year's ratepayers pay for the benefits that are received, the depreciation charges, which are associated with an asset, are funded by that year's ratepayers. This results in infrastructural costs being spread more evenly across the life of the asset and different ratepayers who benefit from it. The costs of reducing existing debt are also relevant in this concept. Interest charges (representing the cost of capital) that are associated with an asset are funded by that year's ratepayers.

Intergenerational equity applies to the following activities:

- Transport Management
- Water Supply Availability
- Wastewater Availability
- Refuse Disposal Availability

## **Funding of Capital Expenditure**

“Capital” expenditure that needs to be funded relates predominantly to three things – the purchase of new assets, the replacement of existing assets and the repayment of loan principal on debt previously raised by Council.

Depreciation Reserves are funded from general rates that are collected to fund Depreciation.

Capital expenditure is funded from Depreciation Reserves for those activities where depreciation is funded.

The LGA 2002 requires that operating revenues in any one financial year should be set at an adequate level to meet all projected operating expenses. The Act states that expenditure must include the cost of depreciation.

Depreciation on some assets is not fully funded and therefore capital expenditure on these assets is funded from general rates.

Some buildings are non-strategic and the level of utilisation in many cases is significantly below availability. As a result, it is unlikely that they would be replaced in their present form.

The buildings that are unlikely to be renewed in their present form are Council Buildings (including Town Hall, Concert Chamber, Library and Offices), Tarawera Park Amenity Building, Recreation Centre, Swimming Pool, Depot and Pensioner Housing.

Significant capital expenditure will not occur until the years 2020-2030 due to the life of assets and the fact that the majority of infrastructural assets in the District were constructed in the 1950's and 1960's.

### **Funding Sources**

The LGA 2002 permits Council to use the following funding mechanisms when funding operating and capital expenditure:

- General Rates
- Targeted Rates
- Fees and Charges
- Interest and Dividends from Investments
- Borrowing
- Proceeds from Asset Sales
- Development Contributions
- Financial Contributions under the Resource Management Act 1991
- Grants and Subsidies
- Any other source (including reserves).

## **ASSESSMENT OF FUNDING SOURCES BY ACTIVITY**

### **Funding of Operating Expenses**

The following section of this document sets out each of Council's activities and discusses the matters required by the LGA 2002 regarding the appropriate source of funding for operating expenses for each activity.

The assessment of funding sources by activity can be found under the relevant activity in the Groups of Activities section of this Plan.

# **COMMUNITY ENHANCEMENT POLICY**

## **Aim**

To enhance the well-being of Kawerau people by assisting and encouraging them to use various Council services<sup>1</sup>.

## **Principles**

- Empowering people and families to take responsibility for themselves.
- Inability to pay for various services should not stop or restrict access to those services.
- Assistance from Council will only be available after other sources of assistance have been exhausted.
- Non-residents of Kawerau should pay for access to some services on a full user pays basis.

## **Desired Visions**

To promote well-being of Kawerau people:

- By supporting opportunities for entertainment and for building a sense of community.
- By encouraging the use of community amenities.
- By providing them with:
  - Facilities they can be proud of.
  - A safe and secure community.
- By creating opportunities for education and betterment for all Kawerau people.

## **Special Groups**

Students, the unemployed and the impaired.

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<sup>1</sup> Various Council Services This relates to those services described in the "How Does Council Provide This Assistance" section of this policy.

## Desired Outcomes

To attend to people's needs:

- By providing them with appropriate toilet facilities.
- By providing them with places where they can socialise, recuperate, relax and engage in mental and physical exercise.

To attend to the need for people acting charitably<sup>2</sup> to dispose of litter, refuse and unwanted material.

## Special Groups

The impaired, their families, travellers and shoppers.

The elderly, those suffering injury or poor health and the impaired.

## How Does Council Provide This Assistance?

Council will set aside a budget in each LTCCP and Annual Plan for assisting and encouraging people to use various Council services. The Community Enhancement budget will be funded through general rates. Monies will be allocated from this budget to finance:

- Subsidised access to the Library for Kawerau people.
- Free access to the Town Centre Toilets.
- Subsidised access to the Swimming Pool.
- Partial waivers of rentals of the Town Hall, Concert Chambers, Recreation Centre and Passive Reserves for groups who achieve the Outcomes desired by this policy.
- All administration costs of the Creative New Zealand Community Funding Scheme, other than authorised advertising.
- Free access to the Refuse Disposal Site for people acting charitably.

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<sup>2</sup> People Acting Charitably

Council will adopt rules for the issue of special cards to approved applicants. These cards will allow free access to the refuse disposal site.

## **ASSESSMENT OF THE OVERALL IMPACT OF ALLOCATION OF REVENUE NEEDS**

The LGA 2002 requires Council, once it has carried out an assessment of appropriate funding sources by activity, to consider the overall impact of these on the current and future social, economic, environmental and cultural well-being of the Community.

### **Summary – Allocation of Costs**

<b>Significant Activity</b>	<b>Funding Ratio</b>	
	<b>Public Benefit %</b>	<b>Private Benefit %</b>
<b>Democracy</b>	100	0
<b>Economic Development</b>	100	0
<b>Environmental Services</b>		
Resource Management - Planning Availability	100	0
Resource Management - Planning Use	100	0
Resource Management - Consents	30	70
Building & Inspection Availability	100	0
Building & Inspection Use	20	80
Environmental Health Availability	100	0
Environmental Health Use	50	50
Dog Control	100	0
Dog Registration	0	100
<b>Transport Management</b>	100	0
<b>Water Supply</b>		
Water Supply Availability	100	0
Water Supply Use	0	100
<b>Waste Management</b>		
Wastewater Availability	100	0
Wastewater Use	0	100
Refuse Collection	10	90
Refuse Disposal Availability	100	0
Refuse Disposal Use	0	100
Zero Waste	100	0
<b>Leisure &amp; Recreation</b>		
Library Availability	100	0
Library Use	0	100
Swimming Pools Availability	100	0
Swimming Pools Use	0	100
Public Halls		
Recreation Centre Availability	100	0
Recreation Centre Use	30	70
Town Hall Availability	100	0
Town Hall Use	30	70
Concert Chamber Availability	100	0

Significant Activity	Funding Ratio	
	Public Benefit %	Private Benefit %
Parks & Reserves		
Sports Fields	100	0
Passive Reserves	100	0
Road Berms	100	0
Street Trees	100	0
Annual Bedding Displays	100	0
Playgrounds	100	0
<b>Other</b>		
Pensioner Housing	0	100
Civil Defence	100	0
Community, Cultural & Social	Availability	0
Community, Cultural & Social	Use	90
Cemetery	Availability	0
Cemetery	Use	100
Commercial Rental Buildings	0	100

**Summary – Mix of Funding Mechanisms for the District**

Significant Activity		Public Benefit	Private Benefit
<b>Democracy</b>		General Rates	
<b>Economic Development</b>		General Rates	
<b>Environmental Services</b>			
Resource Management - Planning	Availability	General Rates	
Resource Management - Planning	Use	General Rates	
Resource Management - Consents		General Rates	User Fees & Charges
Building & Inspection	Availability	General Rates	
Building & Inspection	Use	General Rates	User Fees & Charges
Environmental Health	Availability	General Rates	
Environmental Health	Use	General Rates	User Fees & Charges
Dog Control		General Rates	
Dog Registration			User Fees & Charges
<b>Transport Management</b>		General Rates	
<b>Water Supply</b>			
Water Supply	Availability	General Rates	
Water Supply	Use		Separate Rate and User Fees & Charges

<b>Significant Activity</b>		<b>Public Benefit</b>	<b>Private Benefit</b>
<b>Waste Management</b>			
Wastewater	Availability	General Rates	
Wastewater	Use		Separate Rate and User Fees & Charges
Refuse Collection		General Rates	Separate Rate
Refuse Disposal	Availability	General Rates	
Refuse Disposal	Use		User Fees & Charges <sup>1</sup>
Zero Waste		General Rates	
<b>Leisure &amp; Recreation</b>			
Library	Availability	General Rates	
Library	Use		User Fees & Charges <sup>1</sup>
Swimming Pools	Availability	General Rates	
Swimming Pools	Use		User Fees & Charges <sup>1</sup>
Public Halls			
Recreation Centre	Availability	General Rates	
Recreation Centre	Use	General Rates	User Fees & Charges <sup>1</sup>
Town Hall	Availability	General Rates	
Town Hall	Use	General Rates	User Fees & Charges <sup>1</sup>
Concert Chamber	Availability	General Rates	
Concert Chamber	Use	General Rates	User Fees & Charges <sup>1</sup>
Town Centre Toilets	Availability	General Rates	
Town Centre Toilets	Use		User Fees & Charges <sup>1</sup>
Parks and Reserves			
Sports Fields		General Rates	
Passive Reserves		General Rates	
Road Berms		General Rates	
Street Trees		General Rates	
Annual Bedding Displays		General Rates	
Playgrounds		General Rates	
<b>Other</b>			
Pensioner Housing			User Fees & Charges
Civil Defence		General Rates	
Community, Cultural & Social	Availability	General Rates	
Community, Cultural & Social	Use		User Fees & Charges <sup>1</sup>
Cemetery	Availability	General Rates	
Cemetery	Use		User Fees & Charges
Commercial Rental Buildings			User Fees & Charges

<sup>1</sup> Within the parameters of the Community Enhancement Fund

## **4.5 OTHER POLICIES**

Copies of the following Council Policies are available upon request from Council's District Office:

- Significance
- Partnerships With The Private Sector Policy
- Liability Management Policy
- Investment Policy
- Financial Contributions Policy
- Rates Remission And Postponement For Maori Freehold Land Policy
- Rates Relief For Developments Policy

**AMENDMENTS TO  
COUNCIL'S  
2006/07-2015/16  
LONG-TERM COUNCIL  
COMMUNITY PLAN**

## **AMENDMENTS TO COUNCIL'S 2006/07-2015/16 LONG-TERM COUNCIL COMMUNITY PLAN**

The following amendments apply to Council's 2006/07-2015/16 Long-Term Council Community Plan:

- A definition of a "separately rateable unit" and
- A new wastewater treatment plant to undertake post-primary treatment of the District's wastewater.

### **Definition of a "separately rateable unit"**

Council's general rates are funded through a General Uniform Annual Charge on each separately occupied or inhabited property and rates charged on capital value in accordance with Council's Differential Rating System.

*Separately usable and habitable portion* — this refers to the ability to use a part or parts of the rating unit as an independent residence; or in the case of a rating unit used for commercial or industrial business, the ability to use part or parts of the rating unit for independent trading operations. In a residential situation, a separately usable or habitable portion will only be classified if all of the following apply - separate cooking facilities, separate living facilities, separate toilet and bathroom facilities and a separate external entrance. In a business situation, a separately usable or habitable portion will be classified where the property has been set-up to accommodate, or is accommodating, separate lessees, tenants, or the like, operating separate businesses from the same rating unit.

### **New Wastewater Treatment Plant to Undertake Post- Primary Treatment of the District's Wastewater**

#### **Purpose**

The purpose of this amendment to Council's 2006-2016 Long-Term Council Community Plan is to incorporate the operation of a new wastewater treatment plant from 1 July 2007.

#### **Introduction**

##### *Caxton Agreement*

Council currently has an agreement with Caxton Paper Mills Limited (Caxton). Since 1989, Carter Holt Harvey Limited (CHH) has performed Caxton's obligations to take the District's effluent in perpetuity, at no cost to Council. The agreement (commonly referred to as the "Caxton Agreement") was entered into between Caxton Paper Mills Limited (Caxton) and the then Kawerau Borough Council (Council). Under the

agreement Caxton acquired land owned by Council so that Caxton could expand its existing effluent treatment plant (which was adjacent to the then current Council effluent treatment plant) and undertake for Council the treatment of its District effluent. The Caxton agreement envisaged that treated effluent would be discharged into the Tarawera River.

### *Tarawera River Management Plan*

In, or around 1994, CHH began pursuing a proposal to cease discharging effluent into the Tarawera River and instead proposed to pipe the effluent and spread it to land through its own forests. The catalyst behind this proposal was proposed changes to the Tarawera River Management Plan which would prohibit the discharge of effluent from human sewage into the river after the year 2000. Unfortunately, the discharge to land proposal did not proceed, as CHH was unable to obtain the requisite consents from landowners.

The Tarawera River Management Plan became operative on 1 February 2004. As anticipated, the Plan prohibits the discharge of human sewage or contaminant derived from human sewage in to the Tarawera River. CHH has reached agreement with Environment Bay of Plenty (EBOP) to be out of the river by May 2007, based on a new plant being developed.

### *Termination of the "Caxton Agreement"*

Early in 2005, CHH approached Council to initiate discussions with a view to replacing the Caxton Agreement with a new arrangement. CHH claimed that the Caxton Agreement has been frustrated by the prohibition of the discharge of human effluent into the Tarawera River in the Tarawera River Management Plan. A frustrated contract is rendered unenforceable by the law in order to avoid the obvious injustice that would otherwise result from compelling parties to undertake something radically different from what they originally promised to do.

Council has rejected CHH's claim that the Caxton Agreement has come to an end. It says that CHH brought this situation on itself by its decision not to oppose the inclusion of the prohibition on the discharge of human waste into the Tarawera River Management Plan. However, the Council recognises that the Water Consent, which is essential to the existence and enforceability of the Caxton Agreement, expires in 2012 in any event and at that time CHH would have a strong arguable case for claiming that the Caxton Agreement was frustrated.

After careful consideration, Council decided that, rather than wait to 2012, it would take up CHH's invitation to negotiate a new arrangement by which the Council will take over the treatment of the District sewage. As part of this arrangement, CHH will provide the Council with a new treatment plant and the land on which the plant is situated. It is estimated that the land has a value of \$1,100,000 and the new plant including commissioning costs will cost \$3,300,000.

### **Description of Amendment**

The terms of the new agreement were negotiated during a one day mediation between Council and CHH before Mr Warren Sowerby in 2006. A Memorandum of Understanding was signed between Council and CHH whereby:

- CHH will upgrade the existing treatment plant to treat the District's effluent.
- CHH and Council will obtain the necessary resource consents with each party paying an equal share of the costs of obtaining those consents.
- CHH will transfer the land and upgraded effluent plant to Council.
- CHH will pay \$475,000 (plus GST if any) to Council.
- On completion of the transfer, the Caxton Agreement will be terminated.

*Type of Plant*

Three types of plant were considered:

1. A Nitrogen removal plant. This consists of a reactor that removes nitrogen from the effluent. The solids are then removed and disposed of. The liquid is disposed through the Rapid Infiltration Basins after ultraviolet disinfection. This process produces a very high effluent quality.
2. Advanced Primary Treatment (APT) using chemical coagulants to remove solids or a Sequencing Batch Reactor incorporating primary and secondary treatment. Effluent from either of these options will be disposed in the Rapid Infiltration Basins.
3. Oxidation ponds. These achieve reasonably good quality effluent. However, they produce odours under some conditions and require more land than the other methods.

The estimated costs of the three options at the time of the mediation are as follows:

<b>Cost</b>	<b>Nitrogen Removal</b>	<b>APT</b>	<b>Oxidation Pond</b>
Capital Cost	\$5,530,000	\$2,420,000	\$3,640,000
Annual Costs			
• Operating Costs	\$407,300	\$318,800	\$170,000
• Depreciation	\$196,200	\$82,000	\$56,580
Total Annual Costs	\$603,500	\$400,800	\$226,580
Nitrogen Removal	Yes	No	No
Social Impact	Low	Moderate	High

CHH commissioned NIWA and Scion to make an independent scientific assessment on the probable impacts of nitrogen discharged from the Kawerau treatment plant on the Tarawera River. The report concluded that they could find no case for advanced nitrogen removal from the Kawerau District discharge on scientific grounds.

The social impact of the pond option relates to the large area of ponds and potential odour and insect nuisance to neighbours (especially in the summer), should management of the ponds fail.

The social impact of the APT option relates to the risks of odour and insects on the RIBs as a result of discharging only primary treated effluent.

Given the conclusions reached in the NIWA report on the effects of nitrogen discharged from the Kawerau sewage treatment plant on dissolved oxygen in the Tarawera River, Council representatives agreed to advance the APT option provided it met the requirements of the Regional Council.

### **Reasons for the Amendment**

The options that Council considered were to:

- (a) Agree to the mediated settlement; or
- (b) Litigate. If Council were to decline the settlement, it is likely that CHH would issue a notice that due to the frustration of the agreement, it would cease to treat the effluent. This would lead to litigation being initiated. However, regardless of the outcome of the litigation, the Council considers that as the Water Discharge Rights would have expired in 2012 in any event, the Council would struggle to enforce it beyond that date. It is therefore highly likely that the Council will be required to assume responsibility for the treatment of District sewage within the next 5 to 6 years. Any litigation based on the expiry of the Water Discharge Rights would carry the same risks and disadvantages as exist at the present time.

#### *Agreeing to the mediated settlement*

Advantages:

- Taking over the wastewater disposal removes all of the uncertainty regarding the enforceability of the Caxton Agreement. The Council will no longer be dependent on CHH or subject to any uncertainties regarding that company's future direction.
- CHH will provide the Council with the land and a new plant at its own cost (valued at approximately \$1.1m and \$3.3m respectively) and make a contribution of \$475,000 (plus GST) towards future operating costs.
- The costs of litigation will be high.
- There is always the risk that a court may not reach the same conclusion that Council and its legal advisers have come to.

Disadvantages:

- It disturbs a very satisfactory arrangement, which is beneficial to Council.
- It will result in ratepayers incurring operating costs in the future.

#### *Litigation*

Advantages:

- If the Council is successful, CHH will be required to continue treating District sewage until at least 2012.

Disadvantages:

- Council would be involved in a prolonged court battle with an estimated timeframe of 2 years.
- There is always the risk that a court may not reach the same conclusion that Council and its legal advisers have come to.
- Legal costs are estimated to be \$3,000,000 for both parties. Even if Council won the case a substantial portion of these costs would not be recovered. If Council lost the case, and had costs awarded against it, it could be liable for a significant portion of the \$3,000,000.
- At some stage in the foreseeable future it is likely that the Council will be required to treat District sewage and will need to fund the purchase of a treatment plant and the land on which it is situated, without any contribution from CHH.

**Amendment**

Carter Holt Harvey Limited will upgrade the existing effluent plant, transfer the land and upgraded effluent plant to Kawerau District Council, and pay \$475,000 (plus GST) to Kawerau District Council.

On completion of the transfer, the Effluent Agreement between Kawerau District Council and Carter Holt Harvey Limited dated November 1986 will be terminated.

**Significant Forecasting Assumptions, Risks and Possible Implications**

The following assumptions underlying the preparation of these forecasts were made in preparing this amendment:

Useful lives of significant assets

	<b>Est'd Economic Life</b>
<b><u>Operational</u></b>	
Mechanical Equipment	50 years
Electronic Equipment	8 years
Electrical Equipment	20 years

Cost Factors (Inflation)

The forecasts in this plan have been adjusted for inflation using the following forecasts of price level change adjustors prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL).

### Adjustors: % per annum change

Year Ending	Property	Water	Energy	Staff	Other
June 07	2.8	3.9	3.8	2.5	3.0
June 08	2.8	3.8	3.7	2.5	3.0
June 09	2.8	3.7	3.6	2.5	2.9

#### Revaluation of Non-Current Assets

Council's current accounting policy is that Infrastructural assets (including land and buildings) are revalued on a 3-yearly basis. The last revaluation was as at 1 July 2004. Under the current policy, a revaluation will occur as at 1 July 2007.

The effect of the revaluations has been estimated using the forecasts of price level change adjustors prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL).

### Impact of Amendment on Waste Management (Availability) Operating Expenditure and Income Statement

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Expenditure</b>										
Direct Costs	0	76,000	78,860	81,750	85,510	88,470	91,450	94,440	97,430	100,410
Financial Costs										
- Depreciation	0	111,670	111,670	111,670	124,570	124,570	124,570	137,790	137,790	137,790
Total Operating Expenditure	<b>0</b>	<b>187,670</b>	<b>190,530</b>	<b>193,420</b>	<b>210,080</b>	<b>213,040</b>	<b>216,020</b>	<b>232,230</b>	<b>235,220</b>	<b>238,200</b>
<b>Revenue</b>										
General Rates	0	0	138,600	193,420	210,080	213,040	216,020	232,230	235,220	238,200
Other Revenue	0	187,670	51,930	0	0	0	0	0	0	0
Total Revenue	<b>0</b>	<b>187,670</b>	<b>190,530</b>	<b>193,420</b>	<b>210,080</b>	<b>213,040</b>	<b>216,020</b>	<b>232,230</b>	<b>235,220</b>	<b>238,200</b>

### Impact of Amendment on Waste Management (Use) Operating Expenditure and Income Statement

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Expenditure</b>										
Direct Costs	0	235,400	243,490	251,700	261,190	269,560	277,920	286,270	294,590	302,870
Total Operating Expenditure	<b>0</b>	<b>235,400</b>	<b>243,490</b>	<b>251,700</b>	<b>261,190</b>	<b>269,560</b>	<b>277,920</b>	<b>286,270</b>	<b>294,590</b>	<b>302,870</b>
<b>Revenue</b>										
Separate Rate	0	0	243,490	251,700	261,190	269,560	277,920	286,270	294,590	302,870
Other Revenue	0	235,400	0	0	0	0	0	0	0	0
Total Revenue	<b>0</b>	<b>235,400</b>	<b>243,490</b>	<b>251,700</b>	<b>261,190</b>	<b>269,560</b>	<b>277,920</b>	<b>286,270</b>	<b>294,590</b>	<b>302,870</b>
LTCCP Wastewater Rate (per connected property)	\$29.10	\$32.50	\$33.80	\$34.50	\$35.50	\$36.60	\$37.30	\$38.20	\$39.10	\$39.60
Amended Wastewater Rate (per connected property)	\$29.10	\$55.70	\$161.20	\$165.20	\$172.00	\$177.90	\$182.70	\$188.90	\$195.10	\$199.30

The increase in the Wastewater Rate per property in 2007/08 relates to increased Allocated Support Services in the Wastewater Use activity. Support Services are allocated across activities based on each activity's proportion of total Direct Costs. The increase in the Separate Rate is offset by a corresponding decrease in General Rates across other activities.

### Impact of Amendment on Rates

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
General Rates	0	0	138,600	193,420	210,080	213,040	216,020	232,230	235,220	238,200
Separate Rate – Wastewater	0	0	243,490	251,700	261,190	269,560	277,920	286,270	294,590	302,870
<b>Total Rates</b>	<b>0</b>	<b>0</b>	<b>382,090</b>	<b>445,120</b>	<b>471,270</b>	<b>482,600</b>	<b>493,940</b>	<b>518,500</b>	<b>529,810</b>	<b>541,070</b>
% Increase	0.0%	0.0%	6.5%	1.1%	0.4%	0.2%	0.2%	0.4%	0.2%	0.2%