

# **KAWERAU DISTRICT COUNCIL**



## **Annual Plan 2008/2009**

**Adopted on 10 June 2008**

# 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 2008/09 Annual Plan.

The purpose of the Annual Plan is to:

- Describe the activities and their associated costs and funding of the Council, for 2008/09.
- 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 three 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 3 of Council's 2006-2016 Long-Term Council Community Plan (LTCCP)**

### Wastewater Treatment

As disclosed in the 2007/08 Annual Plan and Amendment to the 2006-2016 LTCCP, Council is to undertake the treatment of its wastewater, which has, since the 1980's, been undertaken by Caxton and its successors. This required an amendment to Council's 2006/07-2015/16 Long -Term Council Community Plan last year.

Funding required will increase over the next two years due to the commissioning of the new wastewater treatment plant. An increase of \$610,000 will occur between 2006/07 and 2008/09. Council will receive one-off funding of \$475,000 from Carter Holt Harvey as part of the settlement and it is intended to use these funds to phase in the resulting rate increase.

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Funding Required	550,290	754,980	1,159,300	1,142,600	1,166,030
Rates	550,290	649,980	770,300	1,047,600	1,166,030
Carter Holt Harvey	0	105,000	380,000	95,000	0
	<u>550,290</u>	<u>754,980</u>	<u>1,159,300</u>	<u>1,142,600</u>	<u>1,166,030</u>
<b>Increased Rate Funding</b>		99,690	129,320	268,300	118,430
		1.9%	2.2%	4.3%	1.8%

### The Sir James Fletcher Museum

The Sir James Fletcher Museum will be incorporated into the Library activity from January 2009. To date, the Museum has been run by the Sir James Fletcher Kawerau Historical Museum Trust. The Trust will retain some involvement in the operation of the Museum.

The financial implication of this is a rate increase of 0.45% (\$25,000) in 2008/09 and a further 0.45% (\$25,000) in 2009/10.

### Field Amenity Buildings

The Prideaux Park toilet block will be removed and a new toilet block be erected adjoining the Prideaux Park Pavilion. The existing toilet block is in poor condition. The cost of the new toilet block is \$50,000 and will be funded from Depreciation Reserves.

The Stoneham Park toilet block will also be removed as it is not being utilised.

### Town Hall

Subject to the success of a funding application to the Ministry of Youth Development, Kawerau Blue Light Ventures Inc. is to install two climbing walls in the Town Hall.

- A Top Rope Climbing Wall (13m high x 12m wide) on the east wall of the Town Hall.
- A Traversing Wall (13m high x 5m wide) on the north wall of the Town Hall.

Blue Light Ventures Inc. intends to hire the Town Hall on a regular basis. This will allow other hirers to still have access to the Town Hall.

### Regional Growth Strategy Implementation

In the 2006/2007 Long-Term Council Community Plan, funding for the Regional Growth Strategy implementation was provided for two years (2006/07 and 2007/08) from general reserves. To date, the following work has been undertaken:

- Taonga o te Whenua branding
- Events (Woodfest and Christmas in the Park)
- Marketing/public relations
- Tarawera River Project (Kayaking)
- Work with the Kawerau Business Association, Kawerau Tourism Trust and Kawerau Mountain Bike Club

As well as these ongoing projects, further work is also to be undertaken in the following areas to take advantage of the opportunities available to Kawerau:

- CBD Retail area
- Sports club consolidation
- Industrial land availability
- Residential land availability
- Lake restoration

This Plan includes funding of \$85,000 p.a. for the continuation of this work to be sourced from general rates.

### Other

Additional resources are provided in this Plan for the following:

- Implementation of the Building Act requirements.
- Environmental Health due to the anticipated enactment of the Food Bill.
- Strategic Planning including the development of the next Long Term Council Community Plan (2009 -2019).

### **Asset Renewals**

All 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 Significant Forecasting Assumptions, Risks and Possible Implications 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**

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 2008/2009, the following is a summary of the Council's rating requirements:

<b>Rates</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Difference</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>
General Rates	5,129,350	5,410,170	280,820	5.5%
<u>Uniform Annual Charges:</u>				
Water Supply	121,050	125,120	4,070	3.4%
Wastewater	131,890	284,220	152,330	115.5%
Refuse Collection	398,920	414,690	15,770	4.0%
	<b>5,781,210</b>	<b>6,234,200</b>	<b>452,990</b>	<b>7.8%</b>

The 7.8% rate increase includes increased costs due to wastewater treatment (2.2%), regional growth strategy implementation (1.5%), increased compliance costs in the regulatory area (0.5%) and increased resources for strategic planning (1.1%).

The following tables compare 2007/2008 rates with the proposed rates for 2008/2009. The tables also show the weekly cost of each rate.

### **Capital value \$143,000 (typical property)**

<b>Rates</b>	<b>2007/08</b>	<b>2008/09</b>	<b>Cost per week</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
General Uniform Annual Charge	140.00	140.00	2.69
General Rates	994.99	1,030.60	19.82
<u>Targeted Rates (Uniform Annual Charges):</u>			
Water Supply	51.60	53.40	1.03
Wastewater	55.70	119.90	2.31
Refuse Collection	174.60	181.40	3.49
	<b>\$1,416.89</b>	<b>\$1,525.30</b>	<b>\$29.34</b>

Increase for a residential property with a capital value of \$143,000 is 7.65%

**Capital value \$200,000**

Rates	2007/08	2008/09	Cost per week
	\$	\$	\$
General Uniform Annual Charge	140.00	140.00	2.69
General Rates	1,391.60	1,441.40	27.72
<u>Targeted Rates (Uniform Annual Charges):</u>			
Water Supply	51.60	53.40	1.03
Wastewater	55.70	119.90	2.31
Refuse Collection	174.60	181.40	3.49
	<b>\$1,813.50</b>	<b>\$1,936.10</b>	<b>\$37.24</b>

Increase for a residential property with a capital value of \$200,000 is 6.76%.

**Capital value \$250,000**

Rates	2007/08	2008/09	Cost per week
	\$	\$	\$
General Uniform Annual Charge	140.00	140.00	2.69
General Rates	1,739.50	1,801.75	34.65
<u>Targeted Rates (Uniform Annual Charges):</u>			
Water Supply	51.60	53.40	1.03
Wastewater	55.70	119.90	2.31
Refuse Collection	174.60	181.40	3.49
	<b>\$2,161.40</b>	<b>\$2,296.45</b>	<b>\$44.17</b>

Increase for a residential property with a capital value of \$250,000 is 6.25%.

**Community Consultation**

As a result of the consultation process, a total of 32 formal submissions was received. The submissions covered a number of issues including:

- The proposal to incorporate the Sir James Fletcher Museum into the Library activity
- Winter pool hours
- Vandalism

- Toi Economic Development Agency
- The Central Business District
- The proposed rock climbing wall
- Maintenance of sports venues
- Playground equipment and facilities for children with disabilities
- Neighbourhood Support funding
- The library entrance
- Sport and active living
- Prideaux Park toilet facilities
- Acoustics in the Ron Hardie Recreation Centre
- Access for people with disabilities

Following consideration of the submissions received, Council decided to:

- Incorporate the Sir James Fletcher Museum into the Library activity
- Alter the winter pool hours from 11am–8pm to 10am–7pm
- Provide funding for the installation of a Liberty swing at the pool on the condition that the cost of the swing is funded by fundraising
- Upgrade the pool hoist for persons with a disability
- Provide ongoing financial support to Neighbourhood Support of \$9,000p.a. (indexed for inflation)

Council feels that the Community consultation process (both formal and informal) has been very effective and thanks those people and organisations that made submissions.

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 (residential)  
021 031 3589  
[joyes@slingshot.co.nz](mailto:joyes@slingshot.co.nz)

**Councillors:** W G (Wes) Allen 323 9144 (residential)  
027 251 0800  
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R J (Russell) Chase 323 7288 (residential)  
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B J (Berice) Julian 323 9190 (residential)

A L (Anita ) Moore, QSM, JP 323 8704 (residential)  
027 290 3907  
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S H (Stephen) Tuhoro 323 9373 (residential)  
021 183 0597  
[tuhoro@ihug.co.nz](mailto:tuhoro@ihug.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

<b>Activity</b>	<b>Role/Action</b>
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

<b>Activity</b>	<b>Role/Action</b>
Democracy	Advocate
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

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

### Education and training opportunities for all

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

### Safe, caring communities

<b>Activity</b>	<b>Role/Action</b>
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

<b>Activity</b>	<b>Role/Action</b>
Democracy	Advocate
Environmental Services	Regulator - Building Inspection & Environmental Health
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.
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

<b>Activity</b>	<b>Role/Action</b>
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

<b>Activity</b>	<b>Role/Action</b>
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

<b>Activity</b>	<b>Role/Action</b>
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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs	418,970	452,270	482,210	374,400	380,930	430,360
Discretionary Operating Projects	0	0	0	0	0	0
Financial Costs						
- Depreciation	820	820	890	8,560	8,560	8,560
- Allocated Support Services	154,210	161,010	171,800	139,490	138,170	153,580
Total Operating Expenditure	<b>574,000</b>	<b>614,100</b>	<b>654,900</b>	<b>522,450</b>	<b>527,660</b>	<b>592,500</b>
<u>Revenue</u>						
General Rates	573,040	613,080	637,060	520,540	525,050	573,110
Interest Revenue	960	1,020	1,080	1,910	2,610	3,310
Other Revenue	0	0	16,760	0	0	16,080
Total Revenue	<b>574,000</b>	<b>614,100</b>	<b>654,900</b>	<b>522,450</b>	<b>527,660</b>	<b>592,500</b>
<u>Operating 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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs	45,410	46,620	47,770	65,660	66,930	68,480
Financial Costs						
- Allocated Support Services	16,700	16,590	17,010	24,460	24,270	24,440
Total Operating Expenditure	<b>62,110</b>	<b>63,210</b>	<b>64,780</b>	<b>90,120</b>	<b>91,200</b>	<b>92,920</b>
<u>Revenue</u>						
General Rates	62,110	63,210	64,780	90,120	91,200	92,920
Total Revenue	<b>62,110</b>	<b>63,210</b>	<b>64,780</b>	<b>90,120</b>	<b>91,200</b>	<b>92,920</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)**

<b>Level of Service</b>	<b>Performance Measure</b>
<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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Resource Management	23,940	24,520	25,120	83,950	116,580	119,420
- Building & Other Inspection	89,260	91,770	93,320	91,110	93,800	112,550
- Environmental Health	29,540	30,440	30,860	53,980	55,560	56,580
- Dog Control	121,090	122,090	133,860	122,400	127,540	128,120
Total Direct Costs	263,830	268,820	283,160	351,440	393,480	416,670
Discretionary Operating Projects	0	0	0	55,000	30,000	0
Financial Costs						
- Depreciation	3,320	3,320	3,580	2,920	2,920	3,110
- Allocated Support Services	88,910	87,450	92,170	118,450	128,590	133,830
Total Operating Expenditure	<b>356,060</b>	<b>359,590</b>	<b>378,910</b>	<b>527,810</b>	<b>554,990</b>	<b>553,610</b>
<u>Revenue</u>						
General Rates	336,500	339,060	357,560	454,580	506,140	533,980
Interest Revenue	1,530	1,750	1,980	1,790	2,040	2,280
Other Revenue	2,120	2,180	2,230	2,060	2,100	2,150
Total Revenue	<b>340,150</b>	<b>342,990</b>	<b>361,770</b>	<b>458,430</b>	<b>510,280</b>	<b>538,410</b>
<u>Operating Shortfall (Surplus)</u>	<b>15,910</b>	<b>16,600</b>	<b>17,140</b>	<b>69,380</b>	<b>44,710</b>	<b>15,200</b>

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Operating Deficit	15,910	16,600	17,140	69,380	44,710	15,200
Total Funding Required	<b>15,910</b>	<b>16,600</b>	<b>17,140</b>	<b>69,380</b>	<b>44,710</b>	<b>15,200</b>
<u>Funded By</u>						
Transfer from General Reserves	15,910	16,600	17,140	69,380	44,710	15,200
Total Funding	<b>15,910</b>	<b>16,600</b>	<b>17,140</b>	<b>69,380</b>	<b>44,710</b>	<b>15,200</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: Resource Management – Future Growth Advantage Strategy Implementation (Funded by General Rates)	0	0	0	59,000	91,050	93,210
Direct costs: Building Control Authority Accreditation Audit Fees (Funded by General Rates)	0	0	0	0	0	17,150
Direct Costs: Environmental Health – Increased legal compliance costs and liquor licensing costs (Funded by General Rates)	0	0	0	25,000	25,000	25,000
Discretionary Operating Costs: District Plan Review Costs (Funded by Transfer from General Reserves)	0	0	0	55,000	30,000	0

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Resource Management	3,330	3,410	3,480	6,390	6,540	6,700
- Building & Other Inspection	41,040	42,030	42,970	75,930	77,670	79,510
- Environmental Health	43,600	44,710	45,760	67,080	68,540	70,140
- Dog Registration	19,050	19,550	19,940	18,420	18,870	19,270
Total Direct Costs	107,020	109,700	112,150	167,820	171,620	175,620
Financial Costs						
- Allocated Support Services	33,570	33,190	33,940	54,130	53,670	53,990
Total Operating Expenditure	<b>140,590</b>	<b>142,890</b>	<b>146,090</b>	<b>221,950</b>	<b>225,290</b>	<b>229,610</b>
<u>Revenue</u>						
General Rates	41,360	42,020	43,010	67,620	68,590	69,920
Other Revenue	121,010	123,800	126,750	168,710	171,410	174,890
Total Revenue	<b>162,370</b>	<b>165,820</b>	<b>169,760</b>	<b>236,330</b>	<b>240,000</b>	<b>244,810</b>
<u>Operating Shortfall (Surplus)</u>	<b>(21,780)</b>	<b>(22,930)</b>	<b>(23,670)</b>	<b>(14,380)</b>	<b>(14,710)</b>	<b>(15,200)</b>

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Transfer to General Reserves	21,470	21,780	22,930	14,380	14,710	15,200
Total Funding Required	<b>21,470</b>	<b>21,780</b>	<b>22,930</b>	<b>14,380</b>	<b>14,710</b>	<b>15,200</b>
<u>Funded By</u>						
Operating Surplus	21,470	21,780	22,930	14,380	14,710	15,200
Total Funding	<b>21,470</b>	<b>21,780</b>	<b>22,930</b>	<b>14,380</b>	<b>14,710</b>	<b>15,200</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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	21,000	24,320	27,640	20,600	23,520	26,440
Annual Funding	1,790	1,570	1,590	1,120	890	830
Interest received	1,530	1,750	1,990	1,800	2,040	2,280
Asset Renewals	0	0	0	0	0	0
Closing Balance	<b>24,320</b>	<b>27,640</b>	<b>31,220</b>	<b>23,520</b>	<b>26,450</b>	<b>29,550</b>

Significant differences between the LTCCP and the Annual Plan are:

Direct costs: Building & Other Inspection costs driven by increased building activity in the District (Funded by General Rates 20% and Fees & Charges 80%)	0	0	0	35,000	35,000	35,000
Direct Costs: Environmental Health costs driven by increased premises in the District (Funded by General Rates 50% and Fees & Charges 50%)	0	0	0	25,000	25,000	25,000

# 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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Subsidised	182,810	186,840	190,590	202,440	208,510	213,930
- Non-Subsidised	383,770	390,240	396,560	352,810	395,940	399,710
Total Direct Costs	566,580	577,080	587,150	555,250	604,450	613,640
Financial Costs						
- Depreciation	697,750	697,750	754,120	731,810	731,810	796,260
- Allocated Support Services	202,600	201,460	208,150	211,670	225,540	230,030
Total Operating Expenditure	<b>1,466,930</b>	<b>1,476,290</b>	<b>1,549,420</b>	<b>1,498,730</b>	<b>1,561,800</b>	<b>1,639,930</b>
<u>Revenue</u>						
General Rates	788,700	783,620	830,530	799,480	848,530	873,900
Government Grants & Subsidies	235,350	240,560	245,570	258,930	273,660	280,840
Petrol Tax	63,040	64,430	65,720	61,560	63,410	65,060
Interest Revenue	69,140	79,290	90,720	83,040	90,930	103,510
Total Revenue	<b>1,156,230</b>	<b>1,167,900</b>	<b>1,232,540</b>	<b>1,203,010</b>	<b>1,276,530</b>	<b>1,323,310</b>
Operating Shortfall (Surplus)	<b>310,700</b>	<b>308,390</b>	<b>316,880</b>	<b>295,720</b>	<b>285,270</b>	<b>316,620</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	20,000

**Transport Management Capital & Reserves Funding Requirements**

	2006/07-2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Asset Renewals	235,750	241,140	246,160	374,340	312,020	304,640
Operating Deficit	310,700	308,390	316,880	295,720	285,270	316,620
Total Funding Required	<b>546,450</b>	<b>549,530</b>	<b>563,040</b>	<b>670,060</b>	<b>597,290</b>	<b>621,260</b>
<u>Funded By</u>						
Transfer from Depreciation Reserves	136,930	140,010	142,870	264,040	191,270	180,730
Total Funding	<b>136,930</b>	<b>140,010</b>	<b>142,870</b>	<b>264,040</b>	<b>191,270</b>	<b>180,730</b>
<u>Shortfall (Surplus)</u>	<b>409,520</b>	<b>409,520</b>	<b>420,170</b>	<b>406,020</b>	<b>406,020</b>	<b>440,530</b>
Depreciation Not Funded	409,520	409,520	420,170	406,020	406,020	440,530

Significant differences between the LTCCP and the Annual Plan are:

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<i>Asset Renewals:</i>						
Increased Reseals				11,000	11,000	11,000
Increased Street Lighting				20,000	20,000	20,000
Increased Pavement Treatment				10,000	10,000	10,000
Increased Rubbish Bins				10,000	10,000	10,000
Replace Decorative Lights (Christmas)				3,090	0	0
Town Centre Video Cameras				3,000	0	0
Handrail/Steps - Massey Street Walkway				23,000	0	0
Replace Town Centre Cobblestones				10,000	10,000	5,000
Replace Town Centre Decorative Lights				10,000	10,000	0
Replace Library Ramp/Steps				5,000	0	0
Liverpool Street Concrete Infill				7,000	0	0
Kerbing - Plunket Street/New World				10,000	0	0
Bollards - Pool Car Park				20,000	0	0
Lights - Car Park behind Caymans				12,000	0	0
				\$154,090	\$71,000	\$56,000

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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	948,300	1,099,590	1,247,810	987,120	1,048,870	1,183,390
Annual Funding	219,090	208,940	243,220	242,750	234,860	252,240
Interest Received	69,140	79,290	90,720	83,040	90,930	103,510
Asset Renewals	(136,930)	(140,010)	(142,870)	(264,040)	(191,270)	(180,730)
Closing Balance	<b>1,099,600</b>	<b>1,247,810</b>	<b>1,438,880</b>	<b>1,048,870</b>	<b>1,183,390</b>	<b>1,358,410</b>

### Transport Management Capital Expenditure

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b>Subsidised</b>						
Kerb Replacement	26,270	26,850	27,390	26,320	27,110	27,810
Street Lighting Renewals	26,270	26,850	27,390	43,320	44,620	45,780
Roading Reseals	84,050	85,900	87,620	95,000	97,850	100,390
Pavement Surface	21,010	21,470	21,900	30,000	30,900	31,700
Stormwater Pipework Renewals	10,910	11,340	11,760	-	10,640	10,970
<b>Non-Subsidised</b>						
Footpath Repairs	52,530	53,690	54,760	51,300	52,840	54,210
Car Park Reseals	12,610	12,890	13,150	12,310	12,680	13,010
Rubbish Bin Replacements	2,100	2,150	2,190	12,000	12,360	12,680
District Seating	0	0	0	1,000	1,020	1,040
Direction & Location Signs	0	0	0	0	2,000	2,050
Replace Decorative Lights (Christmas)	0	0	0	3,090	0	0
Town Centre Video Cameras	0	0	0	3,000	0	0
Handrail/Steps - Massey Street Walkway	0	0	0	23,000	0	0
Replace Town Centre Cobblestones	0	0	0	10,000	10,000	5,000
Replace Town Centre Decorative Lights	0	0	0	10,000	10,000	0
Replace Library Ramp/Steps	0	0	0	5,000	0	0
Liverpool Street Concrete Infill	0	0	0	7,000	0	0
Kerbing - Plunket Street/New World	0	0	0	10,000	0	0
Bollards - Pool Car Park	0	0	0	20,000	0	0
Lights - Car Park behind Caymans	0	0	0	12,000	0	0
<b>Total Capital Expenditure</b>	<b>235,750</b>	<b>241,140</b>	<b>246,160</b>	<b>374,340</b>	<b>312,020</b>	<b>322,640</b>

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Funded By:</u>						
Transfers from Depreciation Reserves	136,930	140,010	142,870	264,040	191,270	180,730
Government Grants & Subsidies	98,820	101,130	103,290	110,300	120,750	141,910
	<b>235,750</b>	<b>241,140</b>	<b>246,160</b>	<b>374,340</b>	<b>312,020</b>	<b>322,640</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 3.00pm and 5.00pm 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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs	308,560	312,300	348,550	316,930	320,820	324,590
Financial Costs						
- Depreciation	420,450	420,450	468,870	419,790	419,790	464,700
- Allocated Support Services	74,270	73,390	82,470	79,620	78,390	78,940
Total Operating Expenditure	<b>803,280</b>	<b>805,140</b>	<b>899,890</b>	<b>816,340</b>	<b>819,000</b>	<b>868,230</b>
<u>Revenue</u>						
General Rates	701,330	684,000	757,930	652,830	635,870	659,930
Interest Revenue	101,950	121,140	141,960	163,510	183,130	208,300
Total Revenue	<b>803,280</b>	<b>805,140</b>	<b>899,890</b>	<b>816,340</b>	<b>819,000</b>	<b>868,230</b>
Operating Shortfall (Surplus)	<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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Asset Renewals	131,940	142,730	129,220	149,710	134,150	132,840
Total Funding Required	<b>131,940</b>	<b>142,730</b>	<b>129,220</b>	<b>149,710</b>	<b>134,150</b>	<b>132,840</b>
<u>Funded By</u>						
Transfer from Depreciation Reserves	131,940	142,730	129,220	149,710	134,150	132,840
Total Funding	<b>131,940</b>	<b>142,730</b>	<b>129,220</b>	<b>149,710</b>	<b>134,150</b>	<b>132,840</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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	1,366,910	1,655,420	1,933,140	1,833,120	2,103,190	2,388,820
Annual Funding	318,500	299,310	326,910	256,280	236,660	256,400
Interest Received	101,950	121,140	141,960	163,510	183,130	208,300
Asset Renewals	(131,940)	(142,730)	(129,220)	(149,710)	(134,150)	(132,840)
Closing Balance	<b>1,655,420</b>	<b>1,933,140</b>	<b>2,272,790</b>	<b>2,103,190</b>	<b>2,388,820</b>	<b>2,720,690</b>

### Water Supply Capital Expenditure

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Pipework Replacement	121,100	125,870	117,600	120,320	118,100	121,770
Pump Refurbishment	0	5,620	0	5,000	5,350	0
Toby Replacements	5,420	5,620	5,810	5,390	5,350	5,540
Valve Refurbishment	5,420	5,620	5,810	11,000	5,350	5,530
Ph Monitoring Pump	0	0	0	8,000	0	0
Total Capital Expenditure	<b>131,940</b>	<b>142,730</b>	<b>129,220</b>	<b>149,710</b>	<b>134,150</b>	<b>132,840</b>

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs	149,770	154,620	159,220	145,680	149,340	153,460
Financial Costs						
- Allocated Support Services	38,770	38,570	40,270	39,640	39,520	40,470
Total Operating Expenditure	<b>188,540</b>	<b>193,190</b>	<b>199,490</b>	<b>185,320</b>	<b>188,860</b>	<b>193,930</b>
<u>Revenue</u>						
Separate Rates	142,640	146,090	150,860	125,120	142,730	146,530
Other Revenue	45,900	47,100	48,630	41,230	46,130	47,400
Total Revenue	<b>188,540</b>	<b>193,190</b>	<b>199,490</b>	<b>166,350</b>	<b>188,860</b>	<b>193,930</b>
Operating Shortfall (Surplus)	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,970</b>	<b>0</b>	<b>0</b>

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

<u>Capital Expenditure</u>						
Operating Shortfall	0	0	0	18,970	0	0
Total Funding Required	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,970</b>	<b>0</b>	<b>0</b>
<u>Funded By</u>						
Transfer from General Reserves	0	0	0	18,970	0	0
Total Funding	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,970</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)**

<b>Level of Service</b>	<b>Performance Measure</b>
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 30.06.09 – 72%</li> <li>• 3 months ended 30.06.10 - 73%</li> <li>• 3 months ended 30.06.11 – 74%</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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Wastewater	244,140	247,310	251,200	325,400	330,220	336,380
- Refuse Disposal	27,210	27,220	27,280	35,380	35,680	36,160
- Zero Waste	386,630	395,730	405,860	380,760	388,040	396,960
Total Direct Costs	657,980	670,260	684,340	741,540	753,940	769,500
Financial Costs						
- Depreciation	261,800	261,800	293,540	380,350	380,350	416,890
- Interest Expenditure	45,440	28,550	27,360	41,610	38,160	34,420
- Allocated Support Services	167,340	164,250	170,030	198,910	196,650	199,940
Total Operating Expenditure	<b>1,132,560</b>	<b>1,124,860</b>	<b>1,175,270</b>	<b>1,362,410</b>	<b>1,369,100</b>	<b>1,420,750</b>
<u>Revenue</u>						
General Rates	995,020	979,120	1,012,540	1,017,560	1,158,670	1,220,930
Interest Revenue	78,190	84,800	100,300	102,640	127,850	155,870
Other Revenue	59,350	60,940	62,430	42,200	42,980	43,950
Total Revenue	<b>1,132,560</b>	<b>1,124,860</b>	<b>1,175,270</b>	<b>1,162,400</b>	<b>1,329,500</b>	<b>1,420,750</b>
Operating Shortfall (Surplus)	<b>0</b>	<b>0</b>	<b>0</b>	<b>200,010</b>	<b>39,600</b>	<b>0</b>

Significant differences between the LTCCP and the Annual Plan are:

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Increased Wastewater Costs (per LTCCP Amendment in 2007/08) (Funded from General Reserves in 2008/2009 and General Rates in 2009/2010 and 2010/2011):						
Direct Costs				81,260	82,910	85,180
Depreciation				111,670	111,670	111,670

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Asset Renewals	35,040	34,890	33,750	44,830	14,630	5,540
Loan Repayments	225,000	0	0	230,370	42,700	46,440
Transfers to Sinking Funds	47,110	42,210	45,170	0	0	0
Operating Deficit	0	0	0	200,010	39,600	0
Total Funding Required	<b>307,150</b>	<b>77,100</b>	<b>78,920</b>	<b>475,210</b>	<b>96,930</b>	<b>51,980</b>
<u>Funded By</u>						
Transfers from Sinking Funds	225,000	0	0	191,120	0	0
Transfers from Depreciation Reserves	82,150	77,100	78,920	84,090	57,330	51,980
Transfer from General Reserves	0	0	0	200,000	39,600	0
Total Funding	<b>307,150</b>	<b>77,100</b>	<b>78,920</b>	<b>475,210</b>	<b>96,930</b>	<b>51,980</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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Wastewater	63,480	65,370	67,150	364,740	372,500	381,560
- Refuse Collection	362,620	366,780	370,860	362,020	365,140	369,080
- Refuse Disposal	215,860	221,680	227,230	176,960	180,450	184,690
- Elimination of Internal Expenditure				(200,000)	(200,000)	(200,000)
Total Direct Costs	641,960	653,830	665,240	703,720	718,090	735,330
Financial Costs						
- Allocated Support Services	166,560	163,520	168,730	246,500	243,650	247,310
Total Operating Expenditure	<b>808,520</b>	<b>817,350</b>	<b>833,970</b>	<b>950,220</b>	<b>961,740</b>	<b>982,640</b>
<u>Revenue</u>						
General Rates	45,670	45,850	46,490	46,080	46,200	46,670
Separate Rates	490,980	494,380	502,610	698,910	831,800	902,450
Other Revenue	327,820	336,460	344,670	300,000	305,700	312,730
Elimination of Internal Revenue				(200,000)	(200,000)	(200,000)
Community Enhancement Fund	4,140	4,140	4,140	4,140	4,140	4,140
Total Revenue	<b>868,610</b>	<b>880,830</b>	<b>897,910</b>	<b>849,130</b>	<b>987,840</b>	<b>1,065,990</b>
<u>Operating Shortfall (Surplus)</u>	<b>(60,090)</b>	<b>(63,480)</b>	<b>(63,940)</b>	<b>101,090</b>	<b>(26,100)</b>	<b>(83,350)</b>

Significant differences between the LTCCP and the Annual Plan are:

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Increased Wastewater Costs (per LTCCP Amendment 2008/09) (Funded from General Reserves in 2008/2009 and Separate Rates in 2009/2010 and 2010/2011):						
Direct Costs				301,260	307,130	314,410

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Operating Shortfall	0	0	0	101,090	0	0
Transfer to General Reserves	60,090	63,480	63,940		26,100	83,350
Total Funding Required	<b>60,090</b>	<b>63,480</b>	<b>63,940</b>	<b>101,090</b>	<b>26,100</b>	<b>83,350</b>
<u>Funded By</u>						
Operating Surplus	60,090	63,480	63,940	0	26,100	83,350
Transfer from General Reserves	0	0	0	101,090		
Total Funding	<b>60,090</b>	<b>63,480</b>	<b>63,940</b>	<b>101,090</b>	<b>26,100</b>	<b>83,350</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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	733,430	920,190	1,107,100	1,115,020	1,410,420	1,733,450
Annual Funding	206,060	193,410	211,430	277,710	252,500	261,020
Interest Received	55,740	63,390	82,120	102,640	127,850	155,870
Asset Renewals	(35,040)	(34,890)	(33,750)	(44,830)	(14,630)	(5,540)
Sinking Fund Payments	(40,000)	(40,000)	(40,000)	(40,120)	(42,700)	(46,450)
Closing Balance	<b>920,190</b>	<b>1,107,100</b>	<b>1,326,900</b>	<b>1,410,420</b>	<b>1,733,440</b>	<b>2,098,360</b>

### Waste Management Capital Expenditure

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Pump Aerators	0	3,370	3,490	5,000	5,000	0
Refurbish Pump	4,340	0	4,650	0	3,210	3,330
Pipework Replacements	28,530	29,270	21,070	27,750	4,280	0
Milliscreen Bearings	2,170	2,250	2,320	2,080	2,140	2,210
Recycling Office Roof	0	0	2,220	0	0	0
Reclad Building	0	0	0	10,000	0	0
Total Capital Expenditure	<b>35,040</b>	<b>34,890</b>	<b>34,890</b>	<b>44,830</b>	<b>14,630</b>	<b>5,540</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 Chamber.	<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.
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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Library	172,700	199,640	183,040	199,920	237,870	232,670
- Swimming Pools	106,950	107,540	110,200	118,260	118,910	121,860
- Public Halls & Facilities	114,510	133,390	115,900	107,410	116,630	102,320
- Parks & Reserves	901,650	902,690	929,770	974,000	936,920	960,840
Total Direct Costs	1,295,810	1,343,260	1,338,910	1,399,590	1,410,330	1,417,690
Financial Costs						
- Depreciation	370,350	370,350	400,100	411,300	421,300	453,720
- Interest Expenditure	64,790	60,090	52,330	68,780	69,900	65,090
- Allocated Support Services	333,180	333,030	336,090	374,910	367,640	367,770
Total Operating Expenditure	<b>2,064,130</b>	<b>2,106,730</b>	<b>2,127,430</b>	<b>2,254,580</b>	<b>2,269,170</b>	<b>2,304,270</b>
<u>Revenue</u>						
General Rates	1,966,060	1,998,250	2,017,710	2,073,000	2,090,100	2,102,270
Interest Revenue	43,690	50,850	60,660	55,160	65,560	79,810
Other Revenue	4,240	4,350	4,460	17,120	4,200	4,300
Total Revenue	<b>2,013,990</b>	<b>2,053,450</b>	<b>2,082,830</b>	<b>2,145,280</b>	<b>2,159,860</b>	<b>2,186,380</b>
<u>Operating Shortfall (Surplus)</u>	<b>50,140</b>	<b>53,280</b>	<b>44,600</b>	<b>109,300</b>	<b>109,310</b>	<b>117,890</b>

Significant differences between the LTCCP and the Annual Plan are:

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Incorporation of Museum into Library Activity				25,000	51,250	52,480
Passive Reserves – At Risk						
Tree Removal				21,240	21,640	22,140
Tarawera River Project				11,400	4,210	4,300

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Asset Renewals	95,990	146,410	89,300	330,940	131,990	155,650
Loan Repayments	61,850	112,570	13,340	190,220	68,270	74,020
Transfers to Sinking Funds	29,200	26,060	24,250	0	0	0
Operating Deficit	50,140	53,280	44,600	109,300	109,310	117,890
<b>Total Funding Required</b>	<b>237,180</b>	<b>338,320</b>	<b>171,490</b>	<b>630,460</b>	<b>309,570</b>	<b>347,560</b>
<u>Funded By</u>						
Transfers from Sinking Funds	50,000	100,000	0	127,250	0	0
Transfers from Depreciation Reserves	114,520	165,660	96,000	393,900	200,260	229,660
Transfer from General Reserves	0	0	0	0	0	0
<b>Total Funding</b>	<b>164,520</b>	<b>265,660</b>	<b>96,000</b>	<b>521,150</b>	<b>200,260</b>	<b>229,660</b>
<u>Shortfall (Surplus)</u>	<u><b>72,660</b></u>	<u><b>72,660</b></u>	<u><b>75,490</b></u>	<u><b>109,310</b></u>	<u><b>109,310</b></u>	<u><b>117,900</b></u>
Depreciation Not Funded	72,660	72,660	75,490	109,310	109,310	117,900

Significant differences between the LTCCP and the Annual Plan are:

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Asset Renewals						
Tarawera River Project				105,360	0	0
Boundary Fences (increase)				20,000	20,000	20,000
Signs & Retaining Walls				15,000	0	0
New Toilet Block Prideaux Park				30,000	0	0

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

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Library	63,730	65,160	66,500	64,110	65,680	67,250
- Swimming Pools	143,970	147,490	150,790	144,960	148,420	152,030
- Public Halls & Facilities	79,160	81,250	83,210	83,940	85,730	87,730
Total Direct Costs	286,860	293,900	300,500	293,010	299,830	307,010
Financial Costs						
- Allocated Support Services	92,980	92,470	95,570	79,880	79,560	81,140
Total Operating Expenditure	<b>379,840</b>	<b>386,370</b>	<b>396,070</b>	<b>372,890</b>	<b>379,390</b>	<b>388,150</b>
<u>Revenue</u>						
General Rates	32,080	32,760	33,500	29,340	29,850	30,520
Other Revenue	29,910	30,460	31,340	28,310	28,830	29,460
Community Enhancement Fund	317,850	323,150	331,230	315,240	320,710	328,170
Total Revenue	<b>384,040</b>	<b>390,670</b>	<b>400,440</b>	<b>372,890</b>	<b>379,390</b>	<b>388,150</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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	426,570	609,750	741,810	647,820	603,420	766,830
Annual Funding	262,880	252,130	266,920	274,030	282,140	294,960
Interest Received	34,830	45,590	57,680	51,710	55,690	68,990
Asset Renewals	(107,840)	(158,980)	(89,320)	(330,940)	(131,990)	(155,650)
Sinking Fund Payments/Loan Repayments	(6,680)	(6,680)	(6,680)	(39,200)	(42,430)	(45,910)
Closing Balance	<b>609,760</b>	<b>741,810</b>	<b>970,410</b>	<b>603,420</b>	<b>766,830</b>	<b>929,220</b>

### Leisure & Recreation Capital Expenditure

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Library	46,130	57,180	46,330	60,290	52,640	62,200
Swimming Pools	10,570	19,510	4,210	24,000	21,200	3,030
Public Halls & Facilities	15,950	47,700	0	20,390	4,240	17,640
Parks & Reserves	23,340	22,020	38,760	226,250	53,910	72,780
Total Capital Expenditure	<b>95,990</b>	<b>146,410</b>	<b>89,300</b>	<b>330,940</b>	<b>131,990</b>	<b>155,650</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.
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 72%.  <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.	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.
	Vandalism of Council property is attended to within 2 days of Council becoming aware of it.

### Other Activities Operating Expenditure and Income Statement

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Expenditure</u>						
Direct Costs						
- Pensioner Housing	5,240	5,330	5,470	7,700	7,880	8,020
- Community, Cultural & Social	8,800	9,030	9,310	18,690	19,100	19,600
- Civil Defence	21,050	21,440	21,660	22,560	23,080	23,370
- Cemetery	29,730	31,750	31,220	33,580	33,430	32,860
- Commercial Rental Buildings	4,220	4,300	5,010	4,300	4,370	4,500
- Vandalism	53,040	54,470	55,830	53,100	54,110	55,350
- Sundry	(9,190)	(3,050)	14,450	(24,220)	(13,900)	1,360
Total Direct Costs	112,890	123,270	142,950	115,710	128,070	145,060
Financial Costs						
- Depreciation	48,730	48,730	52,510	53,430	53,430	57,800
- Interest Expenditure	90	80	60	2,320	1,730	1,130
- Allocated Support Services	20,180	20,280	20,660	25,910	25,530	25,480
Total Operating Expenditure	<b>181,890</b>	<b>192,360</b>	<b>216,180</b>	<b>197,370</b>	<b>208,760</b>	<b>229,470</b>
<u>Revenue</u>						
General Rates	(105,020)	(102,400)	(86,890)	(157,560)	(150,610)	(136,090)
Government Grants & Subsidies	7,320	7,490	7,660	6,760	7,110	7,290
Interest Revenue	40,780	42,130	43,570	91,590	92,320	92,090
Other Revenue	132,890	135,370	138,310	135,430	136,210	137,130
Total Revenue	<b>75,970</b>	<b>82,590</b>	<b>102,650</b>	<b>76,220</b>	<b>85,030</b>	<b>100,420</b>
<u>Operating Shortfall (Surplus)</u>	<b>105,920</b>	<b>109,770</b>	<b>113,530</b>	<b>121,150</b>	<b>123,730</b>	<b>129,050</b>

**Other Activities Capital & Reserves Funding Requirements**

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<u>Capital Expenditure</u>						
Asset Renewals	192,460	311,720	152,480	259,090	298,080	163,250
Loan Repayments	470	480	500	470	480	500
Operating Deficit	105,920	109,770	113,530	121,150	123,730	129,050
Total Funding Required	<b>298,850</b>	<b>421,970</b>	<b>266,510</b>	<b>380,710</b>	<b>422,290</b>	<b>292,800</b>
<u>Funded By</u>						
Transfers from Depreciation Reserves	192,930	312,200	152,980	259,560	298,560	163,750
Transfer from General Reserves	65,960	69,810	70,470	78,910	81,490	83,350
Total Funding	<b>258,890</b>	<b>382,010</b>	<b>223,450</b>	<b>338,470</b>	<b>380,050</b>	<b>247,100</b>
<u>Shortfall (Surplus)</u>	<b>39,960</b>	<b>39,960</b>	<b>43,060</b>	<b>42,240</b>	<b>42,240</b>	<b>45,700</b>
Depreciation Not Funded	39,960	39,960	43,060	(42,240)	(42,240)	(45,700)

### Other Activities Depreciation Reserve

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	268,290	268,400	149,240	290,770	257,770	189,410
Annual Funding	174,870	178,740	197,020	204,100	211,840	219,180
Interest Received	18,170	14,300	11,930	22,450	18,370	18,360
Asset Renewals/Loan repayments	(192,930)	(312,200)	(152,980)	(259,550)	(298,570)	(163,740)
Closing Balance	<b>268,400</b>	<b>149,240</b>	<b>205,210</b>	<b>257,770</b>	<b>189,410</b>	<b>263,210</b>

### Leisure & Recreation Capital Expenditure

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Information Technology	55,380	60,600	46,840	59,840	53,400	60,500
Plant (vehicles, mowers, etc)	132,750	246,890	70,370	128,630	237,370	67,540
Commercial Rental Buildings	0	0	0	0	0	500
Depot & District Office	4,330	4,230	0	70,620	7,310	34,680
Total Capital Expenditure	<b>192,460</b>	<b>311,720</b>	<b>117,210</b>	<b>259,090</b>	<b>298,080</b>	<b>163,140</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>	
<b><u>Transport Management:</u></b>	
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
<b><u>Water Supply:</u></b>	
Collection & Storage	5-79 years
Local Distribution	5-79 years
<b><u>Wastewater:</u></b>	
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 2009	3.0	2.6	2.9	3.9	2.5	1.9
June 2010	2.6	2.0	3.4	4.0	2.4	2.3
June 2011	2.4	2.0	3.4	4.0	2.4	2.3

## 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 \$270,000. Each 1% movement in the subsidy rates would have a \$4,000 effect on the estimated subsidy.

The Land Transport NZ subsidy rate for 2008/2009 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

2008/2009	2009/2010	2010/2011
\$19,000	\$21,000	\$21,000

## 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 30 June 2007. Under the current policy, a revaluation will occur as at 30 June 2010.

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:

Year	2008/2009	2009/2010	2010/2011
Interest Rate	8.5%	8.5%	8.5%
Total Investments (\$'000)	<b>\$4,390</b>	<b>\$5,340</b>	<b>\$6,600</b>

These are based on interest rates on current investments as at March 2008.

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

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

2008/2009	2009/2010	2010/2011
\$44	\$53	\$66

### 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	2008/2009	2009/2010	2010/2011
Interest Rate	8.5%	8.5%	8.5%
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):

2008/2009	2009/2010	2010/2011
\$13	\$9	\$9

## **STATEMENT OF ACCOUNTING POLICIES**

### **Reporting Entity**

Kawerau District Council (KDC) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of KDC is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, KDC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

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.

### **Basis of preparation**

The prospective financial statements of KDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 111 and Part 2 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These prospective financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property and financial instruments.

The prospective financial statements are presented in New Zealand dollars.

#### *Standards and interpretation issued and not yet adopted*

There are no standards, interpretations, and amendments that have been issued, but are not yet effective, that KDC has not yet applied.

### **Revenue**

Revenue is measured at the fair value of consideration received.

#### *Rates revenue*

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised when payable.

### *Other revenue*

Water meters are read, and the usage billed, on the last day of each quarter. Unbilled usage at the year end is accrued based on the actual reading at 30 June.

KDC receives government grants from Land Transport New Zealand, which subsidises part of KDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale.

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

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

### *Financial contributions*

The revenue recognition point for financial contributions is at the later of the point when KDC is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

Financial contributions are classified as part of "Other Revenue".

### **Construction contracts**

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the prospective income statement.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

### **Borrowing costs**

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

### **Grant expenditure**

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

Discretionary grants are those grants where KDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the KDC's decision.

### **Leases**

#### **Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, KDC recognises finance leases as assets and liabilities in the prospective balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether KDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

#### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the prospective balance sheet.

## **Trade and other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that KDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## **Inventories**

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost and current replacement cost. The cost of purchased inventory is determined using the FIFO method.

## **Financial assets**

KDC classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the prospective income statement.

Purchases and sales of investments are recognised on trade-date, the date on which KDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the KDC has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. KDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss

This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the prospective income statement.

Currently, KDC does not hold any financial assets in this category.

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the prospective income statement. Loans and receivables are classified as “trade and other receivables” in the prospective balance sheet.

- Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that KDC has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the prospective income statement.

Currently, KDC does not hold any financial assets in this category.

- Other financial assets

Other financial assets are non derivative financial assets that are either designated in this category or not classified in any of the other categories.

Financial assets in this category include KDC’s investment in the NZ Local Government Insurance Corporation Limited.

### **Non-current assets held for sale**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Currently, KDC does not have any assets in this category.

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

Property, plant and equipment consist of:

*Operational assets* — these include land, buildings, library books, plant and equipment, and motor vehicles.

*Restricted assets* — restricted assets are parks and reserves owned by KDC which provide a benefit or service to the Community and cannot be disposed of because of legal or other restrictions.

*Infrastructure assets* — infrastructure assets are the fixed utility systems owned by KDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to KDC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the prospective income statement. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

#### Subsequent costs

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

## Depreciation

Depreciation is provided on either the straight-line (SL) or diminishing value (DV) basis on all property, plant and equipment other than land and pavement formation, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful lives, associated depreciation rates and depreciation basis for each major class of assets are as follows:

	<b>Estimated Useful Life</b>	<b>Depreciation Rate</b>	<b>Basis</b>
<b>Operational</b>			
Buildings	40 years	2.5%	SL
Computer/Electronic Office Equipment	3 years	33.3%	SL
Fixtures, Fittings & Equipment	5 years	20.0%	DV
Plant (vehicles)	5 years	20.0%	DV
Library Collections (excluding special collections)	7 years	15.0%	DV
<b>Infrastructural</b>			
Rooding Network			
Street lighting	6-30 years	3.3-16%	SL
Kerb, channel & footpath	28-86 years	1.1-3.5%	SL
Pavement surface	1-13 years	7.7-100%	SL
Pavement structure	15-74 years	6.6-100%	SL
Stormwater	4-57 years	1.8-25%	SL
Water Systems			
Collection & Storage	5-79 years	1.3-20%	SL
Local Distribution	7-55 years	1.8-14%	SL
Sewerage System			
Reticulation system	4-57 years	1.8-25%	SL
Pumping & Treatment	2-70 years	1.4-50%	SL
<b>Restricted</b>			
Buildings & Other	40 years	2.5%	SL

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

## Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

*Operational land and buildings:*

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CB Richard Ellis, and the valuation is effective as at 30 June 2007.

*Restricted land and buildings:*

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by CB Richard Ellis, and the valuation is effective as at 30 June 2007.

*Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems:*

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date KDC assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by CB Richard Ellis, and the valuation is effective as at 30 June 2007. All infrastructural asset classes carried at valuation were valued.

*Land under roads*

Land under roads, was valued based on fair value of adjacent land determined by CB Richard Ellis, effective 1 July 2004. Under NZ IFRS KDC has elected to use the fair value of land under roads as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

*Library collections*

Library books were valued at deemed cost as at 1 July 1991, by Beca Carter Hollings and Ferner, (Registered Valuers). Library additions are recorded at cost less accumulated depreciation on the diminishing value basis.

*Accounting for revaluations:*

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

The results of revaluing 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 prospective income statement. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the prospective income statement will be recognised first in the prospective income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

## Intangible assets

### Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by KDC, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the prospective income statement.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	<b>Estimated Useful Life</b>	<b>Amortisation Rate</b>	<b>Basis</b>
Computer Software	3 - 8 years	12.5 – 33.3%	SL

## Investment property

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

After initial recognition, KDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the prospective income statement.

Currently, KDC does not have any material gains or losses to recognise.

## Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the prospective income statement.

For assets not carried at a revalued amount, the total impairment loss is recognised in the prospective income statement.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the prospective income statement, a reversal of the impairment loss is also recognised in the prospective income statement. For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the prospective income statement.

## **Employee benefits**

### *Short-term benefits*

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

KDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that KDC anticipates it will be used by staff to cover those future absences.

KDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### *Long-term benefits*

## **Long service leave and retirement leave**

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 6.0% and an inflation factor of 2.5% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

## **Superannuation schemes**

### *Defined contribution schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the prospective income statement as incurred.

### *Defined benefit schemes*

KDC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

## **Provisions**

KDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

### *Landfill*

KDC has a responsibility under its resource consent to provide ongoing maintenance and monitoring of the Kawerau landfill after the site is closed.

KDC recognises a liability for these costs. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred and the provision has been estimated taking account of existing technology and using a discount rate of 7.23%.

### *Financial guarantee*

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract were issued in a standalone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a provision is recognised based on the probability that KDC will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if KDC assesses that it is probable that expenditure will be required to settle a guarantee then the provision for the guarantee is measured at the present value of the future expenditure.

### **Borrowings**

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

### **Equity**

Equity is the community's interest in KDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Restricted reserves
- Fair value and hedging reserves
- Asset revaluation reserves

### **Restricted and Council Created Reserves**

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

Restricted reserves are those subject to specific conditions accepted as binding by KDC and which may not be revised by KDC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

## **Goods and Services Tax (GST)**

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective balance sheet.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

## **Budget figures**

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by KDC for the preparation of the prospective financial statements.

## **Cost allocation**

KDC has derived the cost of service for each significant activity of KDC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

## **Critical accounting estimates and assumptions**

In preparing these prospective financial statements KDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

## **Infrastructural assets**

There are a number of assumptions and estimates used when performing Depreciated Replacement Costs (DRC) valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset; for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible; for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions; for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset then KDC could be over or under estimating the annual depreciation charge recognised as an expense in the prospective income statement. To minimise this risk, KDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the KDC's asset management planning activities, which gives KDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

## **Critical judgements in applying KDC's accounting policies**

Management has exercised the following critical judgements in applying the KDC's accounting policies for the period ended 30 June 2007:

### **Classification of property**

KDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the KDC's social housing policy. They are leased to and operated by the Kawerau Social Services Trust in order to meet these objectives. The properties are accounted for as property, plant and equipment.

## PROSPECTIVE INCOME STATEMENT

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b>Revenue</b>						
General Rates	5,758,840	5,805,860	6,049,590	5,915,240	6,174,440	6,400,370
Separate Rates						
- Water Supply	142,640	146,090	150,860	125,110	142,730	146,530
- Wastewater	79,950	81,720	84,180	284,180	415,960	482,450
- Refuse Collection	411,030	412,660	418,430	414,650	415,840	420,000
Eliminations	(512,150)	(513,640)	(515,050)	(504,940)	(499,020)	(499,180)
Total Rates	5,880,310	5,932,690	6,188,010	6,234,240	6,649,950	6,950,170
Government Grants & Subsidies	242,670	248,050	253,230	265,690	280,770	288,130
Petrol Tax	63,040	64,430	65,720	61,560	63,410	65,060
Interest Revenue	336,240	380,980	440,270	499,640	564,440	645,170
Other Revenue	723,240	740,660	775,580	535,020	537,560	568,090
Eliminations	(365,360)	(344,860)	(336,950)	(359,410)	(357,350)	(349,250)
<b>Total Revenue</b>	<b>6,880,140</b>	<b>7,021,950</b>	<b>7,385,860</b>	<b>7,236,740</b>	<b>7,738,780</b>	<b>8,167,370</b>
<b>Expenditure</b>						
Democracy	574,000	614,100	654,900	525,130	527,660	592,500
Economic Development	62,110	63,210	64,780	90,110	91,200	92,920
Environmental Services	496,650	502,480	525,000	749,600	780,280	783,220
Transport Management	1,466,930	1,476,290	1,549,420	1,498,650	1,561,800	1,639,930
Water Supply	991,820	998,330	1,099,380	1,001,620	1,007,860	1,062,160
Waste Management	1,941,080	1,942,210	2,009,240	2,312,420	2,330,840	2,403,390
Leisure & Recreation	2,443,970	2,493,100	2,523,500	2,627,440	2,648,560	2,692,420
Other Activities	181,890	192,360	216,180	197,360	208,760	229,470
Eliminations	(877,510)	(858,500)	(852,000)	(864,350)	(856,370)	(848,430)
<b>Total Expenditure</b>	<b>7,280,940</b>	<b>7,423,580</b>	<b>7,790,400</b>	<b>8,137,980</b>	<b>8,300,590</b>	<b>8,647,580</b>
<b>Operating Shortfall</b>	<b>400,800</b>	<b>401,630</b>	<b>404,540</b>	<b>901,240</b>	<b>561,810</b>	<b>480,210</b>
Rate Increase	<b>6.8%</b>	<b>0.7%</b>	<b>4.3%</b>	<b>7.8%</b>	<b>6.7%</b>	<b>4.5%</b>
Depreciation	1,803,220	1,803,220	1,973,610	2,294,636	2,308,289	2,503,459
Interest Expense	90	80	60	90	80	60

## CAPITAL & RESERVES FUNDING REQUIREMENTS

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b><u>Capital Expenditure</u></b>						
Asset Renewals	691,180	876,890	650,910	1,158,910	890,870	761,920
Loan Repayments	287,320	113,050	13,840	421,060	111,450	120,960
Operating Deficit	400,800	401,630	404,540	901,240	561,810	480,210
Transfers to General Funds	15,910	16,600	17,140	14,380	40,810	98,550
Transfers to Sinking Funds	76,310	68,270	69,420	0	0	0
<b>Total Funding Required</b>	<b>1,471,520</b>	<b>1,476,440</b>	<b>1,155,850</b>	<b>2,495,590</b>	<b>1,604,940</b>	<b>1,461,640</b>
<b><u>Funded By</u></b>						
Transfers from Sinking Funds	275,000	100,000	0	318,370	0	0
Transfers from General Reserves	15,910	16,600	17,140	468,350	165,800	98,550
Transfers from Depreciation Reserves	658,470	837,700	599,990	1,151,300	881,570	758,960
<b>Total Funding</b>	<b>949,380</b>	<b>954,300</b>	<b>617,130</b>	<b>1,938,020</b>	<b>1,047,370</b>	<b>857,510</b>
<b><u>Shortfall (Surplus)</u></b>	<b>522,140</b>	<b>522,140</b>	<b>538,720</b>	<b>557,570</b>	<b>557,570</b>	<b>604,130</b>
Depreciation Not Funded	522,140	522,140	538,720	557,570	557,570	604,130

## PROSPECTIVE STATEMENT OF MOVEMENTS IN EQUITY

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Opening Balance	49,521,610	49,120,810	48,719,180	54,403,570	53,502,330	57,821,920
Net Deficit	(400,800)	(401,630)	(404,540)	(901,240)	(561,810)	(480,210)
Asset Revaluation	0	0	4,965,860	0	4,881,400	0
<b><u>Closing Balance</u></b>	<b>49,120,810</b>	<b>48,719,180</b>	<b>53,280,500</b>	<b>53,502,330</b>	<b>57,821,920</b>	<b>57,341,710</b>

## PROSPECTIVE BALANCE SHEET

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash & Cash Equivalents	4,172,430	4,900,560	6,038,590	4,372,700	5,227,830	6,488,620
Trade & Other Receivables	961,830	961,830	961,830	855,080	855,080	855,080
Inventories	42,970	42,970	42,970	51,940	51,940	51,940
<b>Total Current Assets</b>	<b>5,177,230</b>	<b>5,905,360</b>	<b>7,043,390</b>	<b>5,279,720</b>	<b>6,134,850</b>	<b>7,395,640</b>
<b>Non Current Assets</b>						
Property, Plant & Equipment	45,357,920	44,224,110	47,642,730	50,067,350	53,513,860	51,752,770
Intangible Assets	0	0	0	120,350	120,350	120,350
Other Financial Assets	71,040	71,040	71,040	31,160	31,160	31,160
<b>Total Non Current Assets</b>	<b>45,428,960</b>	<b>44,295,150</b>	<b>47,713,770</b>	<b>50,218,860</b>	<b>53,665,370</b>	<b>51,904,280</b>
<b>Total Assets</b>	<b>50,606,190</b>	<b>50,200,510</b>	<b>54,757,160</b>	<b>55,498,580</b>	<b>59,800,220</b>	<b>59,299,920</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	999,020	999,020	999,020	1,600,180	1,603,320	1,606,880
Provisions	0	0	0	10,000	10,000	6,430
Employee benefit liabilities	145,030	145,030	145,030	169,660	169,660	169,660
Borrowings	480	500	520	17,940	20,080	2,250
<b>Total Current Liabilities</b>	<b>1,144,530</b>	<b>1,144,550</b>	<b>1,144,570</b>	<b>1,797,780</b>	<b>1,803,060</b>	<b>1,785,220</b>
<b>Non Current Liabilities</b>						
Provisions	148,860	145,290	141,120	80,790	77,640	77,640
Employee benefit liabilities	190,160	190,160	190,160	94,540	94,540	94,540
Borrowings	1,830	1,330	810	23,140	3,060	810
<b>Total Non Current Liabilities</b>	<b>340,850</b>	<b>336,780</b>	<b>332,090</b>	<b>198,470</b>	<b>175,240</b>	<b>172,990</b>
<b>TOTAL LIABILITIES</b>	<b>1,485,380</b>	<b>1,481,330</b>	<b>1,476,660</b>	<b>1,996,250</b>	<b>1,978,300</b>	<b>1,958,210</b>
<b>NET ASSETS</b>	<b>49,120,810</b>	<b>48,719,180</b>	<b>53,280,500</b>	<b>53,502,330</b>	<b>57,821,920</b>	<b>57,341,710</b>
<b>RATEPAYER EQUITY</b>						
Retained earnings	28,231,960	27,232,160	25,718,610	40,385,380	38,973,860	37,374,060
Other reserves	20,888,850	21,487,020	27,561,890	13,116,950	18,848,060	19,967,650
<b>Total Ratepayer Equity</b>	<b>49,120,810</b>	<b>48,719,180</b>	<b>53,280,500</b>	<b>53,502,330</b>	<b>57,821,920</b>	<b>57,341,710</b>

## FUNDING IMPACT STATEMENT

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b>Revenue</b>						
General Rates	5,758,840	5,805,860	6,049,590	5,915,240	6,174,440	6,400,370
Separate Rates						
- Water Supply	142,640	146,090	150,860	125,110	142,730	146,530
- Wastewater	79,950	81,720	84,180	284,180	415,960	482,450
- Refuse Collection	411,030	412,660	418,430	414,650	415,840	420,000
Eliminations	(512,150)	(513,640)	(515,050)	(504,940)	(499,020)	(499,180)
Total Rates	5,880,310	5,932,690	6,188,010	6,234,240	6,649,950	6,950,170
Government Grants & Subsidies	242,670	248,050	253,230	265,690	280,770	288,130
Petrol Tax	63,040	64,430	65,720	61,560	63,410	65,060
Interest Revenue	336,240	380,980	440,270	499,640	564,440	645,170
Other Revenue	723,240	740,660	775,580	535,020	537,560	568,090
Eliminations	(365,360)	(344,860)	(336,950)	(359,410)	(357,350)	(349,250)
<b>Total Revenue</b>	<b>6,880,140</b>	<b>7,021,950</b>	<b>7,385,860</b>	<b>7,236,740</b>	<b>7,738,780</b>	<b>8,167,370</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	2,845	2,845	2,845
Total revenue from the GUAC	\$397,880	\$397,880	\$397,880	\$398,300	\$398,300	\$398,300

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)

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Residential Rates (incl. GST)	2,477,091	2,500,140	2,622,815	2,559,729	2,693,946	2,808,242
Residential (per \$ of Capital Value)	1.5779	1.5925	1.6707	0.7207	0.7567	0.7888
Commercial/Industrial Rates (incl GST)	3,027,555	3,055,727	3,205,663	3,128,558	3,292,601	3,432,296
Commercial/Industrial (per \$ of Capital Value)	1.9265	1.9445	2.0399	1.6033	1.6874	1.7590
<b><u>Separate Rates</u></b>						
Water Rate (per connected property)	\$60.80	\$62.20	\$64.30	\$53.40	\$60.90	\$62.50
<i>The water supply target rate funds the use costs related to the water supply service.</i>						
Wastewater Rate (per connected property)	\$33.80	\$34.50	\$35.50	\$ 119.90	\$ 175.50	\$ 203.60
<i>The wastewater target rate funds the use costs related to the wastewater collection and disposal service.</i>						
Refuse Collection (per serviced property)	\$179.00	\$179.70	\$182.20	\$ 181.40	\$ 181.90	\$ 183.70
<i>The refuse collection target rate funds the costs related to the refuse collection service.</i>						
<b><u>Residential Rate Cap</u></b>	\$2,350	\$2,370	\$2,470	\$2,480	\$2,650	\$2,770

## PROSPECTIVE STATEMENT OF CASH FLOWS

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b><u>Cash Flow from Operating Activities</u></b>						
<b>Cash will be provided from:</b>						
General Rates	5,246,690	5,292,220	5,534,540	5,410,300	5,675,420	5,901,190
Separate Rates	633,620	640,470	653,470	823,940	974,530	1,048,980
Government Grants & Subsidies	242,670	248,050	253,230	265,690	280,770	288,130
Other Fees & Charges	531,150	548,870	584,040	349,790	353,330	384,480
Interest Income	226,010	292,340	360,580	387,020	454,730	544,590
	<b>6,880,140</b>	<b>7,021,950</b>	<b>7,385,860</b>	<b>7,236,740</b>	<b>7,738,780</b>	<b>8,167,370</b>
<b>Cash will be spent on:</b>						
Payments to Suppliers and Employees	5,273,140	5,416,370	5,596,360	5,845,725	5,992,220	6,144,100
Interest paid on Debt	90	80	60	90	80	60
	<b>5,273,230</b>	<b>5,416,450</b>	<b>5,596,420</b>	<b>5,845,815</b>	<b>5,992,300</b>	<b>6,144,160</b>
<b><u>Net Cash Flow from Operations</u></b>	<b>1,606,910</b>	<b>1,605,500</b>	<b>1,789,440</b>	<b>1,390,925</b>	<b>1,746,480</b>	<b>2,023,210</b>
<b><u>Cash Flow from Investing Activities</u></b>						
<b>Cash will be spent on:</b>						
Purchase of Fixed Assets	691,180	876,890	650,910	1,158,910	890,870	761,920
<b><u>Net Cash Flow from Investing Activities</u></b>	<b>(691,180)</b>	<b>(876,890)</b>	<b>(650,910)</b>	<b>(1,158,910)</b>	<b>(890,870)</b>	<b>(761,920)</b>
<b><u>Cash Flow from Financing Activities</u></b>						
<b>Cash will be spent on:</b>						
Debt Repayment	470	480	500	470	480	500
<b><u>Net Cash Flow from Financing Activities</u></b>	<b>(470)</b>	<b>(480)</b>	<b>(500)</b>	<b>(470)</b>	<b>(480)</b>	<b>(500)</b>
<b><u>TOTAL CASH INFLOW/(OUTFLOW)</u></b>	<b>915,260</b>	<b>728,130</b>	<b>1,138,030</b>	<b>231,545</b>	<b>855,130</b>	<b>1,260,790</b>
<b>Plus Projected Opening Cash</b>						
Balances as at 1 July	3,257,170	4,172,430	4,900,560	4,141,155	4,372,700	5,227,830
<b>Projected Closing Cash</b>	<b>4,172,430</b>	<b>4,900,560</b>	<b>6,038,590</b>	<b>4,372,700</b>	<b>5,227,830</b>	<b>6,488,620</b>

## REVENUE BY SIGNIFICANT ACTIVITY

	2006/07- 2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b>Activity</b>						
Democracy	960	1,020	17,840	1,910	2,610	19,390
Economic Development	0	0	0	0	0	0
Environmental Services	124,660	127,730	130,960	172,530	175,550	179,320
Transport Management	367,530	384,280	402,010	403,530	428,000	449,410
Water Supply	290,490	314,330	340,450	329,850	371,990	402,230
Waste Management	956,340	976,580	1,010,010	943,670	1,108,330	1,215,000
Leisure & Recreation	77,840	85,660	96,460	100,580	98,590	113,570
Other Activities	180,990	184,990	189,540	233,780	235,640	236,510
Eliminations	(365,360)	(344,860)	(336,950)	(359,410)	(357,350)	(349,250)
	<b>1,633,450</b>	<b>1,729,730</b>	<b>1,851,320</b>	<b>1,826,440</b>	<b>2,063,360</b>	<b>2,266,180</b>
General Rates	5,246,690	5,292,220	5,534,540	5,410,300	5,675,420	5,901,190
Total Revenue	<b>6,880,140</b>	<b>7,021,950</b>	<b>7,385,860</b>	<b>7,236,740</b>	<b>7,738,780</b>	<b>8,167,370</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 Chamber, 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			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
<b><u>Funding Transfers to:</u></b>						
Refusal Disposal	4,140	4,140	4,140	4,140	4,140	4,140
Library	72,840	73,820	75,540	73,350	74,710	76,440
Swimming Pool	170,862	173,761	178,103	169,040	172,090	176,170
Town Centre Toilets	36,430	37,150	38,190	39,790	40,300	41,200
<b><u>Funding Targeted Waivers to:</u></b>						
Recreation Centre	16,512	16,821	17,230	14,360	14,600	14,930
Town Hall	9,455	9,636	9,863	8,770	8,920	9,120
Concert Chamber	11,763	11,959	12,307	9,920	10,090	10,310
	<b>322,002</b>	<b>327,286</b>	<b>335,372</b>	<b>319,370</b>	<b>324,850</b>	<b>332,310</b>

## CAPITAL PROGRAMME

	2006/07-2015/16 LTCCP			2008/09 Annual Plan		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Transport Management	235,750	241,140	246,160	374,340	312,020	304,640
Water Supply	131,940	142,730	129,220	149,710	134,150	132,840
Waste Disposal	35,040	34,890	33,750	44,830	14,630	5,540
Leisure & Recreation	95,990	146,410	89,300	330,940	131,990	155,650
Non-Significant Activities	192,460	311,720	152,480	259,090	298,080	163,250
	<b>691,180</b>	<b>876,890</b>	<b>650,910</b>	<b>1,158,910</b>	<b>890,870</b>	<b>761,920</b>
<u>Funded By:</u>						
Government Subsidies	98,820	101,130	103,290	110,300	120,750	123,910
Depreciation Reserves	592,360	775,760	547,620	1,048,610	770,120	638,010
	<b>691,180</b>	<b>876,890</b>	<b>650,910</b>	<b>1,158,910</b>	<b>890,870</b>	<b>761,920</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 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 2008/2009 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 2008 to 30 June 2009:

The due and penalty dates for the 2008/2009 instalments are as follows:

	DUE DATE
Instalment 1	Friday 22 August 2008
Instalment 2	Friday 21 November 2008
Instalment 3	Friday 20 February 2009
Instalment 4	Friday 22 May 2009

## 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 2008 and on 1 April 2009 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 Chamber, 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**

Significant Activity	Funding Ratio	
	Public Benefit %	Private Benefit %
<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