



FINANCIAL STATEMENTS



Significant Forecasting Assumptions

Financial estimates form part of the Long Term 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 information in these financial statements may not be appropriate for purposes other than that of Council consulting with the Community on the spending priorities outlined in this Plan.

The Local Government Act requires these assumptions to be disclosed. This allows the readers to make their own judgement on the assumptions' quality and reliability. To further assist readers make an informed judgement, it is also necessary to provide information about the sensitivity (to change) of financial estimates.

The Local Government Act describes these financial estimates as being based on assumptions that 'involve a high level of uncertainty'. The Act requires an Auditor to provide an audit report on the long term plan and this attestation specifically covers the quality of the information and assumptions that underlie the forecast information.

The Long Term Plan must clearly identify:

- All the significant forecasting assumptions and risks underlying the financial estimates
- The assumptions of the Council concerning the useful lives of significant assets and the sources of funds for future replacement of significant assets
- In any case where significant forecasting assumptions involve a high level of uncertainty, the fact of that uncertainty and an estimate of the potential effects of that uncertainty on the financial estimates provided

The assumptions made in preparing the forecasts are discussed below.

1. Useful Lives of Significant Assets

The following table lists the estimated economic life of Council significant assets.

Class	Asset	Life (years)
Operational	Buildings	40-67
	Computers/electronic office equipment	3-5
	Fixtures, fittings and equipment	5-50
	Plant (vehicles)	5
	Library lending matter (excluding special collections)	7
	Special Collections	Not depreciated
Infrastructural	Transport Management:	
	Street lighting	6-30
	Kerb, channel and footpath	28-95
	Pavement surface	1-13
	Pavement structure	6-74
	Stormwater	4-62
	Water Supply:	
	Collection and storage	5-79
	Local distribution	7-79
	Wastewater:	
	Reticulation system	4-68
	Pumping and treatment	2-70
Restricted	Buildings and Other	40-53

NOTE: It is assumed that assets will be replaced at the end of their useful lives.

2.Sources of Funds for Future Replacement of Significant Assets

Council funds the depreciation for all its significant assets. These funds are put into reserves and used for the replacement of significant assets. However, some buildings are considered non-strategic and the depreciation is not funded, mostly because the level of utilisation is significantly below the buildings' capacity. As a result, it is unlikely these buildings 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.

Buildings that are unlikely to be replaced in their present form and therefore their depreciation is not funded, include: the Council Buildings (including Town Hall, Concert Chamber, Library/Museum and Offices), Tarawera Park Amenity Building, Recreation Centre, Swimming Pool, Depot and Pensioner Houses.

Other sources of capital funding include NZTA subsidies, as outlined in assumption no. 5, and internal loans.

3.Projected Growth Change Factors (population and development)

Based on the population projections provided by National Institute of Demographic & Economic Analysis (NIDEA), Kawerau's projected population is 6,376 in 2016 and , 5628 in 2031. However, Council through its economic development policies and strategies, is endeavouring to promote growth in the District. Therefore it is believed that population decline as projected will not eventuate due to: the anticipated future growth in Kawerau's commercial/industrial sector and subsequent availability of jobs, the lower cost of living and increased quality of life when compared to living in larger centres.

The existing infrastructural network will cope with a District population of at least 10,000. Growth is monitored to determine any potential additional demand on infrastructural services. It is not anticipated that the current level of service will change over the period of the 2015 – 2025 Long Term Plan.

4.Cost Factors (inflation)

The forecasts in this Plan have been adjusted for inflation using projections of price level change adjustors specifically for local government costs. These have been prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL) and are contained in the table below.

Inflation adjusters: Percent change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2016	1.2%	2.2%	5.2%	3.5%	1.8%	2.3%
June 2017	1.4%	2.4%	3.8%	3.8%	1.9%	2.5%
June 2018	2.2%	2.5%	3.0%	3.9%	2.0%	2.6%
June 2019	2.4%	2.6%	3.2%	4.1%	2.1%	2.7%
June 2020	2.5%	2.8%	3.3%	4.3%	2.2%	2.9%
June 2021	2.7%	2.9%	3.5%	4.5%	2.3%	3.0%
June 2022	2.8%	3.0%	3.7%	4.7%	2.4%	3.1%
June 2023	3.0%	3.2%	3.8%	4.9%	2.5%	3.3%
June 2024	3.1%	3.3%	4.0%	5.1%	2.6%	3.4%
June 2025	3.3%	3.4%	4.2%	5.3%	2.7%	3.6%

Source: BERL Oct 2014

5. New Zealand Transport Agency (NZTA) Subsidy Rates

NZTA contributes significantly to the costs of maintaining and renewing roads. The assumption has been made that when roads are due for renewal, NZTA will contribute towards the cost on the currently agreed rates.

The agreed subsidy rates are:

2015/16	66%
2016/17	67%
2017/18	68%

NZTA recently reviewed the subsidy rates for the whole of the country. They have stated that the subsidy for the Kawerau District will increase by 1% each year until it reaches 75% and this will be the ongoing subsidy rate for subsequent years. Therefore for the purposes of providing estimates, an increase of 1% on the previous year's subsidy rate is used for each subsequent year. The budgeted Land Transport Subsidies for the period of this plan are outlined in the table below:

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
367,377	381,954	396,266	374,541	389,481	405,724	422,973	991,644	1,038,395	1,089,190

Sensitivity in subsidy revenue to a 5% change in subsidy rates

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

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
33,417	34,660	35,916	35,410	36,771	38,235	39,788	68,945	72,061	75,428

Council would continue the existing level of service if the subsidy rate was reduced by up to 5%. The shortfall would be funded from rates, which would add up to a further 0.3% increase to Council's rates for 2015/16.

If NZTA stopped subsidising roading entirely, Council would need to consult with the community about different service levels and the costs of maintaining roads at those different levels. If the projected subsidy for 2015/16 had to be funded from rates, this would add a further 4.2% to total rates. Council considers this to be very unlikely.

6. Revaluation of Non-current Assets

Council's current accounting policy is that Infrastructural assets (including land and buildings) are revalued on a three-yearly basis. The last revaluation was as at 30 June 2013. Under the current policy, revaluations will occur as at 30 June in the years 2016, 2019, 2022 and 2025. The effect of the revaluations has been estimated using the forecasts of price level change adjusters prepared for the Society of Local Government Managers by Business and Economic Research Limited (BERL).

7. Forecast Return on Investments

The interest rates on invested funds assumed for the ten-year planning period are shown in the table below. These are based on interest rates on current investments as at March 2015

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Interest rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Average investments	8,511,922	7,737,132	7,571,745	7,074,398	6,457,709	7,093,513	7,549,954	7,772,787	7,700,091	7,508,496

Sensitivity in interest revenue to a 1% change in interest rates

Risk: Change in rate
Likelihood: High
Impact: See table below

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	85,119	77,371	75,717	70,744	64,577	70,935	75,500	77,728	77,001	75,085

8.Expected Interest Rates on Internal Borrowing

During the period of the Long Term Plan Council does not anticipate a need to raise any external loans. Council uses its reserves to fund renewal projects. Internal borrowing is utilised for new capital works or for renewals where there are insufficient specific reserve funds available and there is no requirement for the reserve funds during the term of the internal loan. The primary objective of funding internally is to use reserves efficiently and create operational savings by eliminating the interest rate margin between investments and borrowing externally.

The parameters applying to Council's internal loans are:

- The term will be determined after considering the useful life of the new capital project and the availability of reserve funds over the anticipated term of the internal loan.
- Principal amounts are repaid in monthly instalments. Amounts are agreed upon at the commencement of the loan and determined on a table mortgage basis.
- Interest is charged to the activity centre based upon the average rate of Council's investments on the date it resolves to lend internally.
- Council has the ability to reset interest rates annually during the preparation of the Long Term Plan or Annual Plan

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Interest rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Average borrowing (\$)	990,590	2,403,250	3,157,485	3,020,050	2,895,365	2,765,005	2,628,705	2,486,195	2,337,180	2,181,380

Sensitivity in interest expense to a 1% change in interest rates

Risk: Change in rate
Likelihood: High
Impact: See table below

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	9,906	24,033	31,575	30,200	28,954	27,650	26,287	24,862	23,372	21,814

9. Climate Change and Natural Disasters

Council acknowledges that more extreme weather events are likely over the period of the Long Term Plan due to climate change. It assumes that excess capacity in the District's infrastructure will cope with these changing weather patterns and that there is minimal risk of any significant cost or changes to levels of service arising from weather events.

Historically, extreme weather events have not led to any significant Council costs or changes to levels of service. Council's resources have managed all adverse consequences of extreme weather events and it is anticipated that all future events will be similarly managed. The planned costs included in this Plan also exclude any possible financial implications of natural disasters.

Insurance

Council has assumed that it will be able to obtain insurance cover for all existing policies over the period of this Plan and that the cost will be similar, plus inflation.

10. Societal Changes

It is acknowledged that there will be some minor societal changes over the period of the Long Term Plan. As with the rest of the country the district's population will be getting progressively older and more people will be receiving some form of government benefit. However, Council has assumed that there will not be a significant change to the makeup of the district's population over the period of the Plan, and therefore has not made any provision for additional (or reduced) services.

11. Possible Impact of Future Legislative Changes

The Local Government Act 2002 has recently been amended and these changes are included where appropriate into the Long Term Plan. To date there are no further anticipated changes to legislation affecting Council. Any future changes to legislation will be incorporated into Council's operations as and when required.

12. Depreciation Rates on Planned Asset Acquisitions

The following depreciation rates will be used for the planned asset acquisitions in this Plan:

Asset	Depreciation Rate	Depreciation Basis
Operational	%	
Buildings		SL
Computers/electronic office equipment	20.0 - 33.3	SL
Fixtures, fittings and equipment	2- 20.0	DV
Plant (vehicles)	20.0	DV
Library lending matter (excluding special collections)	15.0	DV
Special Collections	Not Depreciated	
Infrastructural		
Transport Management:		
Street lighting	3.3- 16.7	SL
Kerb, channel and footpath	1.1- 3.6	SL
Pavement surface	7.7 - 100	SL
Pavement structure	1.3 - 16.7	SL
Stormwater	1.6- 25.0	SL
Water Supply:		
Collection and storage	1.2- 20.0	SL
Local distribution	1.2- 14.0	SL
Wastewater:		
Reticulation system	1.5- 25.0	SL
Pumping and treatment	1.4- 50.0	SL
Restricted		
Buildings and Other	1.9- 2.5	SL

Note: SL = straight-line method of depreciation. DV = diminishing value method of depreciation.

Pavement formation is not depreciated.

It is assumed that renewals will occur at the end of the expected useful lives of assets.

13. Resource Consents

During the period of the Long Term Plan 2015 – 2025 Council will be renewing the resource consents that it holds for: disposing of waste onto land (worm farm), taking water from the Tarawera River to irrigate sports fields, taking water from the Ruruanga Stream for the irrigation of sports fields and taking and discharging geothermal steam into the Ruruanga Stream for heating the swimming pool.

Council has anticipated that all these consents will be renewed as, to date there has been no indication to the contrary. Also all estimated costs associated with the renewing of these consents and any subsequent conditions for Council that are reasonably anticipated, are included in the figures of the Long Term Plan.

14. Currency Movements and Related Asset Values

Council has not made any assumptions about any future movements in exchange rates for the period of the Long Term Plan as Council does not own nor is acquiring any assets that the value will be significantly affected by exchange rate movements.

15. Emissions Trading Scheme (ETS)

Council does not own forestry and does not participate in the emissions trading scheme. Council does own a landfill, which was closed in 2006. While Council does have an on-going liability for the maintenance and monitoring of the closed landfill, there are no Emission Trading Scheme cost implications which Council needs to recognise. Council pays an Emissions Trading Scheme fee for the disposal of its waste at Tirohia which is included in the estimates for solid waste disposal.

16. External Funding Assumptions

Council has included in the Long Term Plan all significant estimated external funds and the corresponding expenditure when it is considered reasonably certain that Council will receive these funds. Where Council is less

than reasonably certain of receiving external funds the revenue has not been included in the Long Term Plan and the expenditure is only included if Council is prepared to fund the project in total. Council has included the assumption that it will receive external funding to help with the cost of a second swimming pool in 2016/17. If the funding is not received it is unlikely the project will proceed.

17. Significant Ratepayers

There are three significant ratepayers within the Kawerau district which combined are charged approximately 34.5 percent of the Council's total rates, and one of those ratepayers is charged 22.3 percent of total rates.

Council has assumed for the purposes of preparing the Long Term Plan that all three of these ratepayers will continue to operate over the period of the Long Term Plan and their values will not change significantly relative to other property values.

18. Council Collaboration

Council is a shareholder in Bay of Plenty Local Authority Shared Services (BOPLASS). BOPLASS has managed to achieve a number of significant savings for members through collaborative procurement projects including: insurance, printing and copying, telecommunications, courier service costs and others. Council has included the lower cost estimates in the Long Term Plan that have resulted from these procurement projects as it is anticipated that these cost savings will continue when new contracts are negotiated.

19. Quality of Asset Data

Council's Stormwater, Water Supply and Wastewater reticulation networks have been divided into six zones based on the estimated average date at which each zone was developed. Renewal/replacement of reticulation for each zone is averaged over eight years (ten years for Stormwater). This allows for the spread of installation dates and different rates of deterioration. Replacement decisions are based on information including the condition, reliability and maintenance of the asset as well as age.

Statement of Responsibility and Cautionary Note



Cautionary Note

The forecast financial statements in this Plan are prepared on the basis of best-estimate assumptions as to future events which the Council expects to take place as at 30 June 2015. Council is responsible for the prospective financial statements presented, including appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The forecast financial statements are prospective financial information. Actual results may vary from the information presented and the variations may be material.

Estimates

Opening balances in the balance sheet are based on Council's position as at 30 June 2014 and adjusted for anticipated movements for 2014/15.

Authorisation for Issue

This document was adopted and authorised for issue by Council and is dated 30 June 2015.

Prospective Statement of Accounting Policies

Reporting Entity

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

Statement of Compliance and Basis of Preparation

The prospective financial statements included in the Long Term Plan have been prepared in accordance with the requirements of the Local Government Act. This includes the requirement to comply with NZ Generally Accepted Accounting Practice.

The financial statements comply with FRS 42 Prospective Financial Statements and other applicable reporting standards as appropriate for public benefit entities.

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

Measurement Basis

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of certain classes of Property, Plant and Equipment. The preparation of financial statements requires management to make judgements, estimates and assumptions which affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on past experience and other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets that are not readily apparent from other sources.

Estimates and assumptions are reviewed on an ongoing basis and revisions to the accounting estimates recognised in the period of the revision, or in that period and any future periods that are affected by the revision. It should be noted that actual results may vary from these estimates. The accounting policies set out below have been applied consistently to all periods presented in the prospective financial statements.

Standards Issued and not yet Effective and not Early Adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Council has applied these standards in preparing these prospective financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects there will be minimal or no change in applying these updated accounting standards.

Revenue

Rates revenue

Rates are set annually by a resolution from Council and rates revenue is recognised at the start of the financial year to which the rates resolution relates. They are recognised at amounts due. Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Government grants and subsidies

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

Petrol tax

Petrol tax is recognised as revenue on receipt.

Interest revenue

Interest is recognised as revenue using the effective interest method.

Other revenue

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

Revenue from provision 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 and the recognised 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 is recognised as revenue. Assets vested in Council 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.

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

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 Council has no obligation to award on receipt of the grant application and are recognised as expenditure in the financial year for which they are granted.

Support Activity Costs

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

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, Council recognises finance leases as assets and liabilities in the statement of financial position 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 Council 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 Statement of Financial Position.

Trade and Other Receivables

Trade and other receivables are initially measured at face value, less any provision for impairment. A provision for impairment of receivables is established when there is objective evidence that Council 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 include all goods held for the purpose of eventual consumption. They are measured at the lower of cost (using the FIFO method) and net realisable value.

Investments

Investments represent Council's shareholdings in New Zealand Local Government Insurance Corporation Limited and BoP LASS Limited and are held at cost. Council classifies its financial assets into 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 classifications of Council's investments at initial recognition and re-evaluates this designation at every reporting date.

Impairment of Financial Assets

At each balance date, Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Revenue and Expense.

Non-current Assets 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.

Any impairment losses for write-downs or non-current assets held for sale are recognised in the Statement of Comprehensive Income.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

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.

Property, Plant and Equipment

Operational assets

These include land, buildings, library and museum collections, plant and equipment and motor vehicles.

Infrastructure assets

This comprises the fixed utility systems (roads, water, wastewater and stormwater) owned by Council. Each asset class includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Restricted assets

These include parks and reserves owned by Council which provide a benefit or service to the Community and cannot be disposed of because of legal or other restrictions. Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

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

In most instances, an item or 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 Statement of Comprehensive Income. 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 Council and the cost of the item can be measured reliably.

Depreciation of Property, Plant and Equipment

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 outlined in the table below:

Depreciation of property, plant and equipment

Assets	Estimated useful life (years)	Depreciation rate	Method
Operational:		%	
Buildings	40 - 67	1.50-2.5	SL
Computers/electronic office equipment	3 - 5	20.0 - 33.3	SL
Fixtures, fittings and equipment	5	2- 20.0	DV
Plant (vehicles)	5	20.0	DV
Library collections (excluding special collections)	7	15.0	DV
Infrastructural:			
Transport Management:-			
Street lighting	6 - 30	3.3 – 16.7	SL
Kerb, channel and footpath	28 - 100	1.1- 3.6	SL
Pavement surface	1 - 13	7.7 - 100	SL
Pavement structure	6 - 74	1.3 - 16.7	SL
Stormwater	4 - 62	1.6- 25.0	SL
Water Systems:-			
Collection and storage	5 - 79	1.2- 20.0	SL
Local distribution	7 - 79	1.2- 14.0	SL
Wastewater System:-			
Reticulation system	4-68	1.5- 25.0	SL
Pumping and treatment	2-70		SL
Restricted:		1.2- 20.0	
Buildings and Other	40-53	1.4- 50.0	SL

Notes: SL = straight-line method of depreciation. DV = diminishing value method of depreciation. Pavement formation is not depreciated.

Revaluation

Land, buildings and infrastructural assets are revalued every three years and will next occur on 30 June 2016. Those asset classes that are revalued are valued on the bases described below. All other asset classes are carried at depreciated historical cost.

Operational land and buildings

Operational land and buildings are reported at fair value as determined from market-based evidence by an independent valuer. These are also due to be revalued at 30 June 2016.

Infrastructural assets

Infrastructural assets are reported at fair value as determined from market-based evidence by an independent valuer. The next valuation will be as at 30 June 2016. Infrastructural asset classes: Roads, water reticulation, wastewater reticulation and stormwater systems.

Restricted land and buildings

Restricted land and buildings are recorded at fair value determined on a depreciated replacement cost basis by an independent valuer. The next valuation will be as at 30 June 2016.

Land under roads

Land under roads, was valued based on fair value of adjacent land, effective 1 July 2004. Under NZ IFRS, Council 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. Library additions are recorded at cost less accumulated depreciation on the diminishing value basis.

Accounting for revaluations

Council 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 Statement of Comprehensive Revenue and Expense. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first up to the

amount previously expensed, then credited to the revaluation reserve for that class of asset.

Intangible Assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Assets	Estimated Useful Life (years)	Amortisation Rate %	Method
Computer Software	3-8	12.5 - 33.3	SL

Employee Benefits

Short-term benefits

Employee benefits that Council 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, but not yet taken at balance date; retiring and long service leave entitlements expected to be settled within 12 months; and sick leave.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave, retirement leave and superannuation schemes, have been calculated on an actuarial basis.

Provisions

Council 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. Any increase in the provision due to the passage of time is recognised as an interest expense.

Landfill

Council has a responsibility under its resource consent to provide ongoing maintenance and monitoring of the Kawerau landfill after the site closed. This responsibility is estimated to last until 30 June 2025.

Council recognises a liability for these costs, but the long term nature of the liability means that there are inherent uncertainties in estimating what costs will be incurred. The provision has been estimated taking account of existing technology and using a discount rate equivalent to Council's weighted average interest rate.

Financial guarantee

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Council currently does not have any financial guarantees.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Council currently has no external borrowings.

Ratepayer Equity

Equity is the Community's interest in Council and is measured as the difference between total assets and total liabilities. The components of equity are:

- Retained earnings
- Council created reserves
- Restricted reserves
- Asset revaluation reserves

Council created reserves

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

Restricted reserves

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

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

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST-inclusive basis.

The net amount of GST recoverable from or payable to the IRD is included in receivables or payables in the Statement of Financial Position.

The net amount of GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as operating cash flow in the Statement of Cash Flows.

Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in the Significant Forecasting Assumptions on page 111.

Prospective Statement of Comprehensive Revenue and Expense

	Annual Plan 2014-15	Forecast 2015-16	Forecast 2016-17	Forecast 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25
Revenue											
Rates	8,478,970	8,820,250	9,043,390	9,445,820	9,733,050	9,968,340	10,203,570	10,485,170	10,818,200	11,107,510	11,386,940
Subsidies and Grants	329,910	426,270	1,391,180	405,760	383,610	398,900	415,510	433,180	1,002,290	1,049,480	1,100,810
Interest Revenue	262,480	333,400	281,640	259,990	241,930	220,740	254,780	290,630	317,780	323,810	322,050
Fees and Charges	901,780	837,910	883,110	886,790	905,660	945,560	952,980	977,060	1,023,690	1,035,760	1,066,300
Other Revenue	56,000	59,000	59,830	61,150	62,620	64,190	65,920	67,770	69,800	71,960	74,330
Total Revenue	10,029,140	10,476,830	11,659,150	11,059,510	11,326,870	11,597,730	11,892,760	12,253,810	13,231,760	13,588,520	13,950,430
Expenditure											
Personnel Costs	3,634,450	3,949,720	4,024,920	4,185,030	4,270,810	4,362,640	4,460,730	4,565,500	4,677,210	4,796,310	4,923,240
Depreciation and amortisation	2,410,580	2,493,640	2,517,630	2,598,540	2,752,510	2,779,060	2,808,120	3,001,160	3,035,210	3,071,450	3,314,860
Finance Costs	4,870	3,010	2,700	10	10	10	10	0	10	20	10
Other Expenses	4,472,340	4,490,000	4,525,310	4,693,620	4,785,810	4,946,990	5,124,230	5,224,650	5,517,450	5,702,910	5,712,430
Total Expenditure	10,522,240	10,936,370	11,070,560	11,477,200	11,809,140	12,088,700	12,393,090	12,791,310	13,229,880	13,570,690	13,950,540
Surplus/(Deficit)	(493,100)	(459,540)	588,590	(417,690)	(482,270)	(490,970)	(500,330)	(537,500)	1,880	17,830	(110)
Other Comprehensive Revenue and Expense											
Gain on Asset Revaluations	0	2,694,770	0	0	4,421,190	0	0	5,784,060	0	0	7,296,550
Total Comprehensive Revenue and Expense	(493,100)	2,235,230	588,590	(417,690)	3,938,920	(490,970)	(500,330)	5,246,560	1,880	17,830	7,296,440

Prospective Statement of Changes in Equity

	<u>Annual Plan</u> <u>2014-15</u>	<u>Forecast</u> <u>2015-16</u>	<u>Forecast</u> <u>2016-17</u>	<u>Forecast</u> <u>2017-18</u>	<u>Forecast</u> <u>2018-19</u>	<u>Forecast</u> <u>2019-20</u>	<u>Forecast</u> <u>2020-21</u>	<u>Forecast</u> <u>2021-22</u>	<u>Forecast</u> <u>2022-23</u>	<u>Forecast</u> <u>2023-24</u>	<u>Forecast</u> <u>2024-25</u>
Total Equity											
Opening Balance	64,190,862	64,337,860*	66,573,090	67,161,680	66,743,990	70,682,910	70,191,940	69,691,610	74,938,170	74,940,050	74,957,880
Total Comprehensive Income	(493,100)	2,235,230	588,590	(417,690)	3,938,920	(490,970)	(500,330)	5,246,560	1,880	17,830	7,296,440
Closing Balance	63,697,762	66,573,090	67,161,680	66,743,990	70,682,910	70,191,940	69,691,610	74,938,170	74,940,050	74,957,880	82,254,320
<i>Made up of:</i>											
Retained Earnings											
Opening Balance	38,495,875	37,336,593*	36,806,173	36,641,303	35,472,863	36,828,013	35,665,163	34,534,003	33,644,083	33,446,413	33,743,233
Total Comprehensive Income	(493,100)	(459,540)	588,590	(417,690)	(482,270)	(490,970)	(500,330)	(537,500)	1,880	17,830	(110)
Movements in Depreciation Reserve	(268,280)	(70,880)	(753,460)	(750,750)	1,837,420	(671,880)	(630,830)	(352,420)	(199,550)	278,990	(2,030)
Closing Balance	37,734,495	36,806,173	36,641,303	35,472,863	36,828,013	35,665,163	34,534,003	33,644,083	33,446,413	33,743,233	33,741,093
Asset Revaluation Reserve											
Opening Balance	18,916,377	18,916,377*	21,611,147	21,611,147	21,611,147	26,032,337	26,032,337	26,032,337	31,816,397	31,816,397	31,816,397
Asset Revaluation	0	2,694,770	0	0	4,421,190	0	0	5,784,060	0	0	7,296,550
Closing Balance	18,916,377	21,611,147	21,611,147	21,611,147	26,032,337	26,032,337	26,032,337	31,816,397	31,816,397	31,816,397	39,112,947
Depreciation Reserve											
Opening Balance	6,778,610	8,084,890*	8,155,770	8,909,230	9,659,980	7,822,560	8,494,440	9,125,270	9,477,690	9,677,240	9,398,250
Movements	268,280	70,880	753,460	750,750	(1,837,420)	671,880	630,830	352,420	199,550	(278,990)	2,030
Closing Balance	7,046,890	8,155,770	8,909,230	9,659,980	7,822,560	8,494,440	9,125,270	9,477,690	9,677,240	9,398,250	9,400,280

*Revised figures based on anticipated balance at 30 June 2015.

Prospective Statement of Financial Position

	<u>Annual Plan</u> <u>2014-15</u>	<u>Forecast</u> <u>2015-16</u>	<u>Forecast</u> <u>2016-17</u>	<u>Forecast</u> <u>2017-18</u>	<u>Forecast</u> <u>2018-19</u>	<u>Forecast</u> <u>2019-20</u>	<u>Forecast</u> <u>2020-21</u>	<u>Forecast</u> <u>2021-22</u>	<u>Forecast</u> <u>2022-23</u>	<u>Forecast</u> <u>2023-24</u>	<u>Forecast</u> <u>2024-25</u>
ASSETS											
Current Assets											
Cash & Cash Equivalents	6,200,312	8,348,707	7,125,557	8,017,933	6,130,862	6,784,556	7,402,470	7,697,438	7,848,136	7,552,046	7,464,946
Trade & Other Receivables	1,142,640	1,315,680	1,464,150	1,388,850	1,422,420	1,456,440	1,493,490	1,538,830	1,661,640	1,706,440	1,751,890
Inventories	58,900	104,450	105,270	109,190	111,330	115,080	119,210	121,540	128,350	132,670	132,890
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	7,401,852	9,768,837	8,694,977	9,515,973	7,664,612	8,356,076	9,015,170	9,357,808	9,638,126	9,391,156	9,349,726
Non-Current Assets											
Property, Plant and Equipment	58,119,948	59,437,031	61,089,454	59,939,410	65,773,510	64,667,080	63,591,240	68,543,160	68,402,260	68,754,690	76,108,780
Intangible Assets	64,872	65,400	68,580	72,120	75,990	80,300	85,110	90,380	96,260	102,820	110,140
Investments in CCOs	32,160	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250
Total Non-Current Assets	58,216,980	59,538,681	61,194,284	60,047,780	65,885,750	64,783,630	63,712,600	68,669,790	68,534,770	68,893,760	76,255,170
Total Assets	65,618,832	69,307,518	69,889,261	69,563,753	73,550,362	73,139,706	72,727,770	78,027,598	78,172,896	78,284,916	85,604,896

Prospective Statement of Financial Position (cont'd)

	<u>Annual Plan 2014-15</u>	<u>Forecast 2015-16</u>	<u>Forecast 2016-17</u>	<u>Forecast 2017-18</u>	<u>Forecast 2018-19</u>	<u>Forecast 2019-20</u>	<u>Forecast 2020-21</u>	<u>Forecast 2021-22</u>	<u>Forecast 2022-23</u>	<u>Forecast 2023-24</u>	<u>Forecast 2024-25</u>
LIABILITIES											
Current Liabilities											
Trade & Other Payables	1,294,800	2,055,858	2,058,734	2,135,816	2,178,706	2,253,676	2,336,126	2,382,846	2,519,046	2,605,316	2,609,746
Provisions	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		
Employee Benefit Liabilities	436,130	485,830	495,080	514,770	525,330	536,620	548,690	561,570	575,310	589,960	605,580
Borrowings	15,460	13,560	1,200	-	-	-	-	-	-	-	-
Total Current Liabilities	1,756,390	2,565,248	2,565,014	2,660,586	2,714,036	2,800,296	2,894,816	2,954,416	3,104,356	3,195,276	3,215,326
Non-Current Liabilities											
Provisions	73,820	59,470	51,997	44,207	36,086	27,620	18,794	9,592	-		
Employee Benefit Liabilities	90,860	108,510	110,570	114,970	117,330	119,850	122,550	125,420	128,490	131,760	135,250
Borrowings	0	1,200	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	164,680	169,180	162,567	159,177	153,416	147,470	141,344	135,012	128,490	131,760	135,250
Total Liabilities	1,921,070	2,734,428	2,727,581	2,819,763	2,867,452	2,947,766	3,036,160	3,089,428	3,232,846	3,327,036	3,350,576
Net Assets	63,697,762	66,573,090	67,161,680	66,743,990	70,682,910	70,191,940	69,691,610	74,938,170	74,940,050	74,957,880	82,254,320
RATEPAYER EQUITY											
Retained Earnings	37,734,495	36,806,173	36,641,303	35,472,863	36,828,013	35,665,163	34,534,003	33,644,083	33,446,413	33,743,233	33,741,093
Reserves	25,963,267	29,766,917	30,520,377	31,271,127	33,854,897	34,526,777	35,157,607	41,294,087	41,493,637	41,214,647	48,513,227
Total Ratepayer Equity	63,697,762	66,573,090	67,161,680	66,743,990	70,682,910	70,191,940	69,691,610	74,938,170	74,940,050	74,957,880	82,254,320

Prospective Statement of Cash Flows

	<u>Annual Plan</u> <u>2014-15</u>	<u>Forecast</u> <u>2015-16</u>	<u>Forecast</u> <u>2016-17</u>	<u>Forecast</u> <u>2017-18</u>	<u>Forecast</u> <u>2018-19</u>	<u>Forecast</u> <u>2019-20</u>	<u>Forecast</u> <u>2020-21</u>	<u>Forecast</u> <u>2021-22</u>	<u>Forecast</u> <u>2022-23</u>	<u>Forecast</u> <u>2023-24</u>	<u>Forecast</u> <u>2024-25</u>
CASHFLOW FROM OPERATING ACTIVITIES											
Cash will be provided from											
General Rates	7,454,040	7,795,480	7,906,320	8,509,240	8,671,910	8,872,780	9,064,810	9,316,080	9,533,140	9,849,910	10,100,270
Separate Rates	1,020,120	968,530	988,600	1,011,880	1,027,570	1,061,540	1,101,710	1,123,750	1,162,250	1,212,800	1,241,220
Subsidies	329,910	426,270	1,391,180	405,760	383,610	398,900	415,510	433,180	1,002,290	1,049,480	1,100,810
Other Fees & Charges	957,780	896,910	942,940	947,940	968,280	1,009,750	1,018,900	1,044,830	1,093,490	1,107,720	1,140,630
Interest Income	262,480	333,400	281,640	259,990	241,930	220,740	254,780	290,630	317,780	323,810	322,050
Total cash provided	10,024,330	10,420,590	11,510,680	11,134,810	11,293,300	11,563,710	11,855,710	12,208,470	13,108,950	13,543,720	13,904,980
Cash will be spent on											
Payments to Suppliers and Employees	8,074,850	8,394,101	8,533,963	8,791,530	9,014,951	9,237,386	9,505,516	9,744,482	10,063,942	10,415,930	10,619,680
Interest Paid on Debt	4,870	3,010	2,700								
Total cash spent	8,079,720	8,397,111	8,536,663	8,791,530	9,014,951	9,237,386	9,505,516	9,744,482	10,063,942	10,415,930	10,619,680
Net Cash Flow from Operations	1,944,610	2,023,479	2,974,017	2,343,280	2,278,349	2,326,324	2,350,194	2,463,988	3,045,008	3,127,790	3,285,300
CASHFLOW FROM INVESTING ACTIVITIES											
Cash will be provided from											
Loan Principal repaid to Council	-	-	-	-	-	-	-	-	-	-	-
Total cash provided	-	-	-	-	-	-	-	-	-	-	-
Cash will be spent on											
Purchase & Development of Property, Plant and Equipment	1,696,970	2,332,340	4,183,610	1,449,700	4,165,420	1,672,630	1,732,280	2,169,020	2,894,310	3,423,880	3,372,400
Net Purchase of Investments	-										
Total cash spent	1,696,970	2,332,340	4,183,610	1,449,700	4,165,420	1,672,630	1,732,280	2,169,020	2,894,310	3,423,880	3,372,400
Net Cash Flow from Investing	(1,696,970)	(2,332,340)	(4,183,610)	(1,449,700)	(4,165,420)	(1,672,630)	(1,732,280)	(2,169,020)	(2,894,310)	(3,423,880)	(3,372,400)

Prospective Statement of Cash Flows (cont'd)

	<u>Annual Plan</u> <u>2014-15</u>	<u>Forecast</u> <u>2015-16</u>	<u>Forecast</u> <u>2016-17</u>	<u>Forecast</u> <u>2017-18</u>	<u>Forecast</u> <u>2018-19</u>	<u>Forecast</u> <u>2019-20</u>	<u>Forecast</u> <u>2020-21</u>	<u>Forecast</u> <u>2021-22</u>	<u>Forecast</u> <u>2022-23</u>	<u>Forecast</u> <u>2023-24</u>	<u>Forecast</u> <u>2024-25</u>
CASHFLOW FROM FINANCING ACTIVITIES											
Cash will be provided from											
Loans Raised											
Total cash provided	-	-	-	-	-	-	-	-	-	-	-
Cash will be spent on											
Debt Repayment	0	17,568	13,557	1,204	-	-	-	-	-	-	-
Total cash spent	0	17,568	13,557	1,204	-	-	-	-	-	-	-
Net Cash Flow from Financing	0	(17,568)	(13,557)	(1,204)	-	-	-	-	-	-	-
Net Total Cash Inflow (Outflow)	247,640	(326,429)	(1,223,150)	892,376	(1,887,071)	653,694	617,914	294,968	150,698	(296,090)	(87,100)
Plus Projected Opening Cash Balances 1 July	5,952,672	8,675,136*	8,348,707	7,125,557	8,017,933	6,130,862	6,784,556	7,402,470	7,697,438	7,848,136	7,552,046
Projected Closing Cash Balances 30 June	6,200,312	8,348,707	7,125,557	8,017,933	6,130,862	6,784,556	7,402,470	7,697,438	7,848,136	7,552,046	7,464,946

*Revised figure based on anticipated balance @ 30 June 2015

Funding Impact Statement

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	7,558,830	7,981,720	8,184,780	8,563,940	8,835,500	9,036,810	9,231,880	9,491,420	9,785,940	10,024,710	10,275,720
Targeted rates	1,004,330	958,550	978,250	1,001,220	1,016,580	1,050,200	1,089,970	1,111,570	1,149,610	1,199,660	1,227,530
Subsidies and grants for operating purposes	146,510	163,740	168,700	174,910	180,850	188,000	195,740	203,990	212,890	222,350	232,670
Fees and charges	817,570	717,880	747,500	767,450	786,650	809,590	834,720	859,240	887,340	918,900	949,990
Interest and dividends from investments	262,470	333,400	281,640	259,990	241,910	220,720	254,790	290,630	317,790	323,810	322,030
Local authorities fuel tax, fines, infringement fees, and other receipts	56,000	59,000	75,790	61,150	62,620	81,500	65,920	67,770	88,790	71,960	74,330
Total Operating Funding (A)	9,845,710	10,214,290	10,436,660	10,828,660	11,124,110	11,386,820	11,673,020	12,024,620	12,442,360	12,761,390	13,082,270
Applications of operating funding											
Payments to staff and suppliers	8,107,420	8,441,170	8,551,860	8,878,660	9,056,630	9,309,640	9,584,970	9,790,150	10,194,670	10,499,240	10,635,680
Finance Costs	4,240	1,560	1,070								
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	8,111,660	8,442,730	8,552,930	8,878,660	9,056,630	9,309,640	9,584,970	9,790,150	10,194,670	10,499,240	10,635,680
Surplus (deficit) of operating funding (A - B)	1,734,050	1,771,560	1,883,730	1,950,000	2,067,480	2,077,180	2,088,050	2,234,470	2,247,690	2,262,150	2,446,590
Sources of capital funding											
Subsidies and grants for capital expenditure	183,400	262,530	1,222,480	230,850	202,760	210,900	219,770	229,190	789,400	827,130	868,140
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(120,340)	(17,658)	(13,557)	(1,204)	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding (C)	63,060	244,872	1,208,923	229,646	202,760	210,900	219,770	229,190	789,400	827,130	868,140

Funding Impact Statement (cont'd)

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Applications of capital funding											
Capital expenditure											
- to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	250,000	2,770,000	0	0	0	0	0	0	0	0
- to replace existing assets	1,696,950	2,082,340	1,413,620	1,449,700	4,165,430	1,672,630	1,732,280	2,169,030	2,894,310	3,423,880	3,372,410
Increase (decrease) in reserves	100,160	(315,908)	(1,090,967)	729,946	(1,895,190)	615,450	575,540	294,630	142,780	(334,600)	(57,680)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	1,797,110	2,016,432	3,092,653	2,179,646	2,270,240	2,288,080	2,307,820	2,463,660	3,037,090	3,089,280	3,314,730
Surplus (deficit) of capital funding (C – D)	(1,734,050)	(1,771,560)	(1,883,730)	(1,950,000)	(2,067,480)	(2,077,180)	(2,088,050)	(2,234,470)	(2,247,690)	(2,262,150)	(2,446,590)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Funding Impact Statement (cont'd)

<u>Annual Plan</u> <u>2014/15</u>		<u>LT P Estimate</u> <u>2015/16</u>
GENERAL RATES		
450.00	Uniform Annual General Charge⁴² (UAGC) per separately used or inhabited part of a rating unit ⁴³ (Incl. GST)	600.00
1,311,300	Revenue sought from the UAGC (Incl GST)	1,746,000
Differential General Rate⁴⁴:		
0.9478	Residential, Rural Lifestyle and Reserve Rate per cents in \$ of Capital Value (Incl GST)	0.8700
2,687,700	Revenue sought from Residential, Rural Lifestyle and Reserve Rates (Incl GST)	2,468,000
1.9755	All Other Zones (other than Residential, Rural Lifestyle and Reserve) Rate per cents in \$ of Capital Value (Incl GST)	2.0616
4,643,000	Revenue sought from All Other Zones Rates (Incl GST)	4,867,200
TARGETED RATES⁴⁵:		
66.95	Water Supply Rate (Incl GST)	72.63
186,120	Revenue sought from Water Supply Rate (Incl GST)	202,060
15.10	Water by meter – cents per cubic metre (Incl GST)	16.40
43,600	Revenue sought from Water by Meter Rate (Incl GST)	47,350
198.07	Wastewater Disposal Rate (Incl GST)	170.06
559,550	Revenue sought from Wastewater Disposal Rate (Incl GST)	481,260
156.70	Refuse Collection Rate - 60 litre bin (Incl GST)	150.73
380,310	Revenue sought from Refuse Collection Rate – 60 litre bin (Incl GST)	364,770
216.70	Refuse Collection Rate - 120 litre bin (Incl GST)	210.73
47,240	Revenue sought from Refuse Collection Rate – 120 litre bin (Incl GST)	66,590
CAPITAL VALUES (for assessing the General Rate)		
283,564,600	Residential	283,667,600
235,033,000	Commercial/Industrial	236,093,000
\$518,597,600	Total Capital Values	\$519,760,600

NOTE: The funding sources applied for 2015/16 will also apply for all the other years covered by the Plan. However, the specific rates applying for each other year of the plan may vary

42 The Uniform Annual General Charge (UAGC) is the "minimum contribution for each rating unit towards the cost of those activities funded by the General Rate.

43 A separately used or inhabited part of a rating unit includes any part of a rating unit that is used or occupied through an agreement (tenancy, lease, licence, or other), or any part or parts of a rating unit that are used for more than one single use. Separately used or inhabited parts include:

- A residential property that contains units, flats or houses, each of which is **separately inhabited or is capable of separate habitation**. (NB Where a residential property contains not more than one additional separately inhabited part and where members of the owner's family inhabit the separate part on a rent-free basis, then this will **not** give rise to an additional separately used or inhabited part).
- A commercial, or other non-residential property contains separate residential accommodation in addition to its commercial, farming or other primary use.
- A commercial premises that contains separate shops, offices, kiosks or other retail or wholesale outlets, each of which is operated as a **separate business or is capable of operation as a separate business**.

44 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 so that a ratio of 55:45 (Commercial/Industrial: Residential) is charged for the total General Rate.

45 The water supply targeted rate funds the use costs related to the water supply service. The wastewater disposal targeted rate funds the use costs related to the wastewater collection and disposal service. The refuse collection targeted rates funds the costs related to the refuse collection service. These targeted rates are charged on each separately used or inhabited part of a rating unit (as defined for the UAGC), which is connected to the service (water and wastewater) and per bin for every rating unit to which Council provides the service (refuse collection).

NB No lump sum contributions are invited in respect to the targeted rates.

Funding Impact Statement (cont'd)

Impact of rating proposals for selected properties

Capital Value \$	2014/15 UAGC \$450	2015/16 UAGC \$ 600	Increase \$	Increase %	Cost per Week 2014/15	Cost per Week 2015/16
Residential:						
17,000	\$1,033	\$1,141	\$108	10.5%	\$20	\$22
65,000	\$1,488	\$1,559	\$71	4.8%	\$29	\$30
91,000	\$1,734	\$1,785	\$51	2.9%	\$33	\$34
105,000	\$1,867	\$1,907	\$40	2.1%	\$36	\$37
130,000	\$2,104	\$2,124	\$20	1.0%	\$40	\$41
160,000	\$2,388	\$2,385	-\$3	-0.1%	\$46	\$46
180,000	\$2,578	\$2,559	-\$19	-0.7%	\$50	\$49
200,000	\$2,767	\$2,733	-\$34	-1.2%	\$53	\$53
220,000	\$2,957	\$2,907	-\$50	-1.7%	\$57	\$56
240,000	\$3,147	\$3,081	-\$66	-2.1%	\$61	\$59
Commercial:						
140,000	\$3,481	\$3,729	\$248	7.1%	\$67	\$72
305,000	\$6,740	\$7,131	\$391	5.8%	\$130	\$137
700,000	\$14,544	\$15,274	\$730	5.0%	\$280	\$294
1,445,000	\$29,261	\$30,633	\$1,372	4.7%	\$563	\$589
17,300,000	\$342,477	\$357,499	\$15,022	4.4%	\$6,586	\$6,875
29,500,000	\$583,488	\$609,015	\$25,527	4.4%	\$11,221	\$11,712
110,000,000	\$2,173,765	\$2,268,603	\$94,838	4.4%	\$41,803	\$43,627

Projected Number of Rating Units (at end of preceding financial year)

Year	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
No of rating units	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928	2,928

Prospective Revenue by Activity

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Democracy	2,580	3,030	19,660	4,390	5,100	23,170	6,620	7,420	27,250	9,110	10,010
Economic Development	117,490	18,590	18,770	18,970	19,180	19,410	19,660	19,920	20,210	20,520	20,850
Environmental Services	267,170	262,410	269,140	276,540	283,090	291,370	300,570	309,060	319,010	330,660	341,360
Roading	424,020	483,930	499,830	522,230	509,200	533,340	558,940	585,730	614,210	644,040	675,900
Stormwater	38,800	30,480	34,320	37,520	40,820	44,130	47,460	50,880	600,050	621,450	645,340
Water Supply	295,790	322,660	330,680	337,290	292,060	246,010	250,920	256,940	266,530	278,840	286,600
Wastewater	604,770	611,790	643,840	669,170	686,870	713,080	750,470	780,550	819,420	840,790	828,950
Solid Waste	709,210	636,400	654,650	673,140	687,170	708,840	733,420	751,730	777,130	807,800	831,380
Leisure & Recreation	74,910	150,510	1,105,170	112,120	119,090	126,870	134,620	145,540	159,190	173,680	188,490
Sundry	166,190	255,300	206,790	207,850	209,120	212,280	215,590	218,740	220,250	222,260	226,770
Eliminations	(130,640)	(149,990)	(178,490)	(233,650)	(230,310)	(227,570)	(227,370)	(234,120)	(247,440)	(255,340)	(250,940)
	2,570,290	2,625,110	3,604,360	2,625,570	2,621,390	2,690,930	2,790,900	2,892,390	3,575,810	3,693,810	3,804,710
General Rates	7,458,850	7,851,720	8,054,790	8,433,940	8,705,480	8,906,800	9,101,860	9,361,420	9,655,950	9,894,710	10,145,720
Total Revenue	10,029,140	10,476,830	11,659,150	11,059,510	11,326,870	11,597,730	11,892,760	12,253,810	13,231,760	13,588,520	13,950,430

Prospective Expenditure by Activity (cont'd)

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Democracy	548,930	618,020	696,070	645,870	655,600	743,240	694,970	709,290	801,010	755,590	771,980
Economic Development	828,650	733,350	751,230	770,470	785,350	805,600	830,770	851,820	873,800	905,970	931,780
Environmental Services	956,800	1,029,580	1,046,360	1,047,550	1,091,630	1,088,500	1,152,230	1,217,960	1,272,830	1,313,830	1,277,400
Roading	1,543,080	1,591,040	1,605,130	1,641,820	1,653,060	1,695,880	1,746,030	1,781,970	1,833,620	1,896,350	1,943,140
Stormwater	238,070	235,020	222,880	223,720	235,780	236,780	238,000	255,200	256,360	257,890	279,910
Water Supply	1,098,210	1,083,640	1,063,700	1,081,450	1,155,630	1,150,840	1,180,640	1,253,450	1,326,040	1,334,060	1,410,150
Wastewater	1,408,400	1,439,210	1,466,370	1,490,740	1,546,100	1,581,360	1,622,130	1,693,760	1,734,960	1,786,380	1,876,870
Solid Waste	1,428,770	1,424,360	1,465,780	1,517,900	1,528,510	1,576,270	1,636,170	1,664,150	1,717,830	1,789,000	1,829,030
Leisure & Recreation	3,118,040	3,480,920	3,494,080	3,868,520	3,980,580	4,047,770	4,147,780	4,245,560	4,329,980	4,478,820	4,597,990
Sundry	48,140	17,360	17,640	17,940	18,270	18,620	19,000	19,400	19,810	20,260	20,740
Eliminations	(694,850)	(716,130)	(758,680)	(828,780)	(841,370)	(856,160)	(874,630)	(901,250)	(936,360)	(967,460)	(988,450)
Total Expenditure	10,522,240	10,936,370	11,070,560	11,477,200	11,809,140	12,088,700	12,393,090	12,791,310	13,229,880	13,570,690	13,950,540

Prospective Operational Shortfall by Activity

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Operating shortfall by activity:											
Economic Development	82,340	65,860	65,860	65,840	70,900	70,890	70,930	77,280	77,270	77,260	85,140
Roading	138,170	126,920	127,770	132,530	174,900	181,870	189,460	197,510	206,250	215,550	225,670
Stormwater	117,820	108,690	109,280	110,420	119,510	120,700	121,780	134,710	(414,130)	(439,920)	(452,270)
Leisure & Recreation	104,770	58,070	(891,500)	108,900	116,960	117,510	118,160	128,000	128,730	129,280	141,570
Sundry	50,000	100,000	0	0	0	0	0	0	0	0	0
Total Operating Shortfall	493,100	459,540	(588,590)	417,690	482,270	490,970	500,330	537,500	(1,880)	(17,830)	110
<i>Made up of:</i>											
Funded from Surplus	50,000	100,000	0	0	0	0	0	0	0	0	0
Depreciation not funded											
Economic Development	82,340	65,860	65,860	65,840	70,900	70,890	70,930	77,280	77,270	77,260	85,140
Roading	293,740	323,040	332,520	344,950	358,420	372,700	388,230	404,730	422,660	441,730	462,470
Stormwater	145,670	125,070	126,970	128,860	138,750	140,770	142,780	156,680	158,860	161,030	179,040
Leisure & Recreation	104,770	108,070	108,500	108,900	116,960	117,510	118,160	128,000	128,730	129,280	141,570
Total depreciation not funded	626,520	622,040	633,850	648,550	685,030	701,870	720,100	766,690	787,520	809,300	868,220
Funding for capital work :											
Roading & Stormwater	(183,420)	(212,500)	(222,440)	(230,860)	(202,760)	(210,900)	(219,770)	(229,190)	(789,400)	(827,130)	(868,110)
Swimming Pool		(50,000)	(1,000,000)								
Total subsidy for capital	(183,420)	(262,500)	(1,222,440)	(230,860)	(202,760)	(210,900)	(219,770)	(229,190)	(789,400)	(827,130)	(868,110)
Total operating shortfall	493,100	459,540	(588,590)	417,690	482,270	490,970	500,330	537,500	(1,880)	(17,830)	110

Reconciliation from Operating Funding to Operating Surplus/Deficit

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Operating Funding Surplus/(Deficit)	1,734,050	1,771,560	1,883,730	1,950,000	2,067,480	2,077,180	2,088,050	2,234,470	2,247,690	2,262,150	2,446,590
Plus subsidy for capital expenditure	183,420	262,500	1,222,440	230,860	202,760	210,900	219,770	229,190	789,400	827,130	868,110
Less depreciation	2,410,570	2,493,580	2,517,580	2,598,550	2,752,510	2,779,050	2,808,150	3,001,160	3,035,210	3,071,450	3,314,810
Operating Surplus/(Deficit)	(493,100)	(459,540)	588,590	(417,690)	(482,270)	(490,970)	(500,330)	(537,500)	1,880	17,830	(110)

Prospective Capital Programme

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Economic and Community Development	0	7,750									
Environmental Services	4,530	7,500	4,100	4,200	4,320	4,440	4,580	4,720	4,880	5,040	5,220
Roading	359,860	666,900	424,610	433,990	390,510	400,330	411,190	422,750	435,480	449,020	463,870
Stormwater	44,190	24,820	26,410	27,110	27,880	28,670	29,560	30,510	784,910	812,100	841,770
Water Supply	666,730	417,590	464,810	456,010	2,737,810	705,070	749,980	750,240	1,037,320	495,380	514,260
Wastewater	125,500	38,870	40,860	41,940	419,330	44,360	58,850	47,210	48,790	1,138,470	1,110,600
Solid Waste	0	37,540	0	0	0	0	0	3,050	0	0	0
Leisure and Recreation	287,030	848,560	2,960,150	225,070	358,560	254,730	227,930	252,070	216,130	240,270	256,930
Plant and Office Equipment	209,130	282,810	262,670	261,370	227,000	235,020	250,180	658,460	366,790	283,590	179,740
Total Assets	1,696,970	2,332,340	4,183,610	1,449,690	4,165,410	1,672,620	1,732,270	2,169,010	2,894,300	3,423,870	3,372,390
Funded by:											
Government Subsidies	183,400	462,525	1,222,470	230,835	202,752	210,901	219,766	229,187	789,398	827,130	868,136
Depreciation Reserves	1,513,570	1,869,815	2,961,140	1,218,855	3,962,658	1,461,719	1,512,504	1,939,823	2,104,902	2,596,740	2,504,254
Total Funding	1,696,970	2,332,340	4,183,610	1,449,690	4,165,410	1,672,620	1,732,270	2,169,010	2,894,300	3,423,870	3,372,390

Depreciation Expense by Activity

	<u>Annual Plan</u> <u>2014-15</u> \$	<u>Forecast</u> <u>2015-16</u> \$	<u>Forecast</u> <u>2016-17</u> \$	<u>Forecast</u> <u>2017-18</u> \$	<u>Forecast</u> <u>2018-19</u> \$	<u>Forecast</u> <u>2019-20</u> \$	<u>Forecast</u> <u>2020-21</u> \$	<u>Forecast</u> <u>2021-22</u> \$	<u>Forecast</u> <u>2022-23</u> \$	<u>Forecast</u> <u>2023-24</u> \$	<u>Forecast</u> <u>2024-25</u> \$
Democracy	21,050	18,960	19,600	19,280	21,100	21,660	21,430	23,470	24,040	23,910	26,440
Economic Development	92,600	76,180	76,420	76,480	82,250	82,340	82,470	89,720	89,780	89,970	98,960
Environmental Services	20,850	18,010	18,320	18,240	20,160	20,110	20,450	22,250	22,490	22,530	25,230
Roading	680,910	722,330	732,610	748,620	766,330	785,460	806,650	829,390	854,150	880,640	909,900
Stormwater	231,290	189,760	189,700	189,700	201,300	201,300	201,310	217,840	217,840	217,850	238,980
Water Supply	425,540	455,600	455,570	455,610	492,520	492,470	492,570	538,930	539,210	539,160	597,350
Wastewater	386,400	431,530	431,810	431,840	466,690	466,840	467,000	510,950	511,060	511,300	566,400
Solid Waste	36,800	24,890	25,470	25,650	27,370	27,620	27,970	30,180	30,380	30,840	33,560
Leisure and Recreation	515,140	556,380	568,130	633,120	674,790	681,260	688,270	738,430	746,260	755,250	818,040
Total Depreciation Expense	2,410,580	2,493,640	2,517,630	2,598,540	2,752,510	2,779,060	2,808,120	3,001,160	3,035,210	3,071,450	3,314,860

Reserve Funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose. Surpluses held in reserves are credited with interest.

Council currently does not hold any restricted reserves, which are reserves that have rules set by legal obligation that restrict the use towards which Council may put those funds.

Council-created reserves are discretionary reserves which Council has established for the fair and transparent use of monies.

These reserves are held in cash and internal loan investments. The funds are invested in accordance with Council's treasury management policy.

Also, Council has revaluation reserves which record the amount that Council's asset have increased in value.

Current reserves, the purpose for holding each reserve and the Council activity to which each reserve relates, together with summary financial information across the ten years of the Long Term Plan are shown in the following table.

Council created Reserves – Purpose of Fund	Balance @ 1 July 2015 \$	Deposits \$	Expenditure \$	Balance @ 30 June 2025 \$
Asset Renewal Reserve (All Activities) - To set funds aside for the renewal of assets utilised by the following activities:				
Democracy	61,102	177,124	-	238,226
Building & Inspection	569	100	-	669
Environmental Health	4,036	500	-	4,536
Dog Control	(21,592)	69,959	49,000	(634)
Roading/Footpaths	1,798,390	4,118,040	2,425,530	3,490,900
Stormwater	210,661	604,535	693,712	121,484
Water Supply	2,448,345	5,017,003	8,328,476	(863,128)
Wastewater	2,840,770	4,716,915	2,988,820	4,568,865
Refuse Disposal	(77,447)	100,585	206,539	(183,401)
Zero Waste	72,528	70,830	16,055	127,302
Library	(205,978)	608,892	1,053,922	(651,008)
Museum	(4,325)	101,555	117,164	(19,935)
Swimming Pool	(163,646)	1,391,206	944,633	282,927
Rec Centre	(86,873)	606,204	288,684	230,648
Town Hall	199,979	415,696	93,015	522,661
Concert Chamber	93,574	151,412	91,435	153,551
Town Centre Toilets	44,008	1,766	-	45,774
Sportsfields	242,245	916,475	534,310	624,410
Passive Reserves	(229,531)	638,185	717,001	(308,347)
Road Berms	234	-	-	234
Street Trees	11,593	12,666	-	24,259
Bedding Displays	1,207	220	-	1,426
Playgrounds	260,244	500,292	55,500	705,038

Council created Reserves – Purpose of Fund (cont'd)	Balance @ 1 July 2015 \$	Deposits \$	Expenditure \$	Balance @ 30 June 2025 \$
Pensioner Housing	17,018	-	-	17,018
Asset Renewal Reserve (All Activities) - To set funds aside for the renewal of assets utilised by the following activities:				
Cemetery	35,048	69,578	126,130	(21,504)
Commercial Rental Buildings	(48,220)	69,025	7,750	13,055
District Office & Depot	-92,126	666,604	425,960	148,518
Finance	512,047	465,178	570,212	407,013
Operations & Services	5,923	100	-	6,023
Plant	155,107	1,570,261	2,011,666	(286,298)
Total	8,084,890	23,060,903	21,745,513	9,400,280
Revaluation Reserve – Purpose of Fund	Balance @ 1 July 2015 \$	Additions \$	Expenditure \$	Balance @ 30 June 2025 \$
Revaluation Reserve - records the amount that Council's assets have increased in value.	18,916,377	20,196,570	0	39,112,947



Disclosure Statement

For period commencing 1 July 2015

Purpose of this Statement

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

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

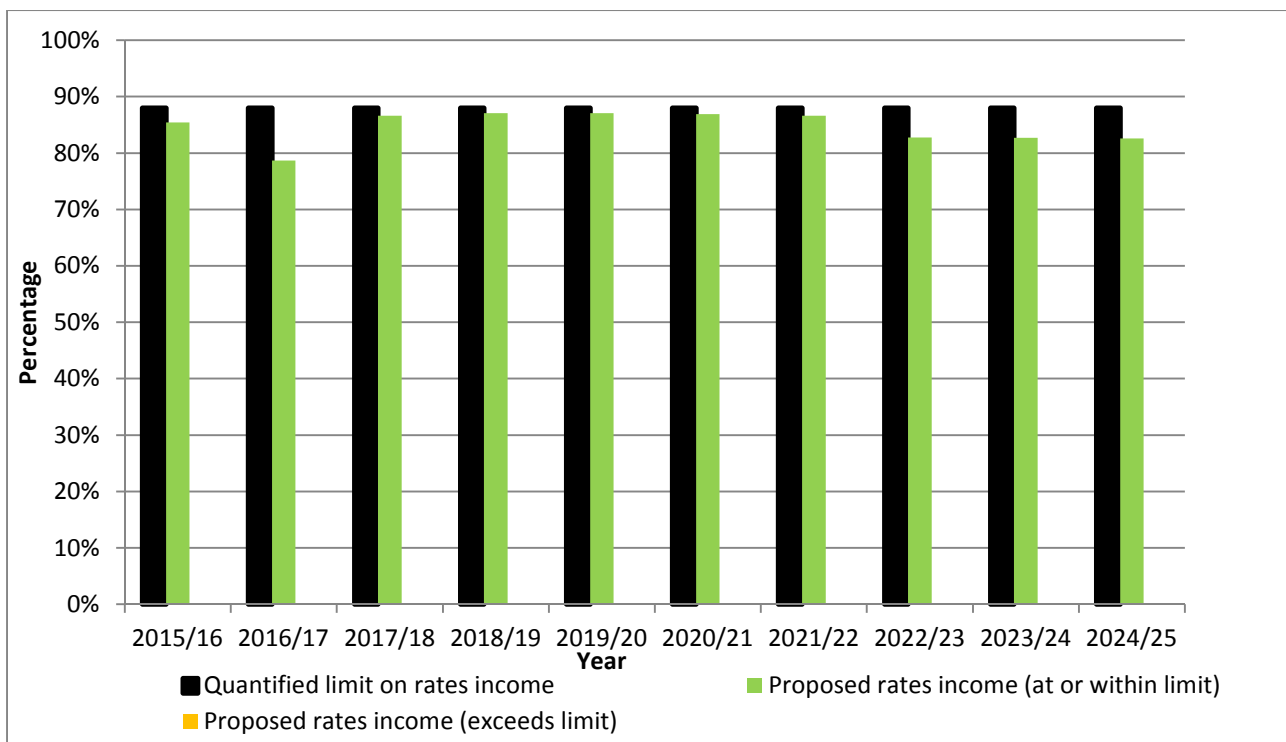
Rates Affordability Benchmark

Council meets the rates affordability benchmark if—

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

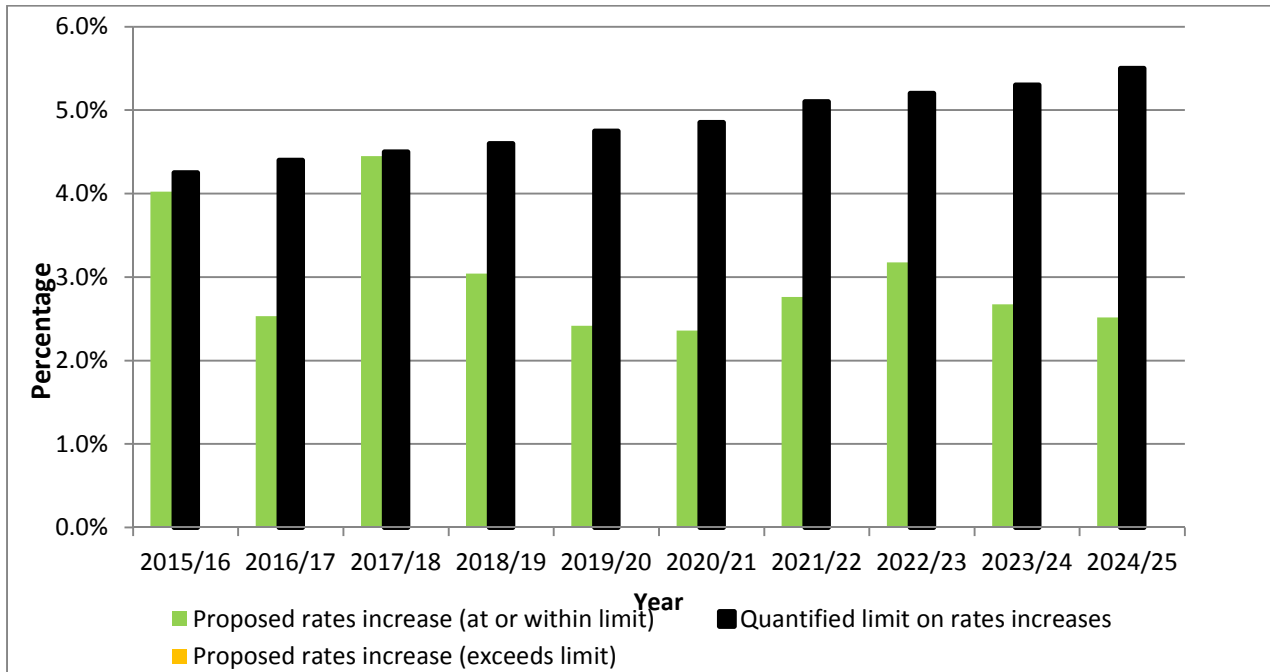
Rates (income) affordability

The following graph compares Council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is 88 percent of Total Budgeted Revenue.



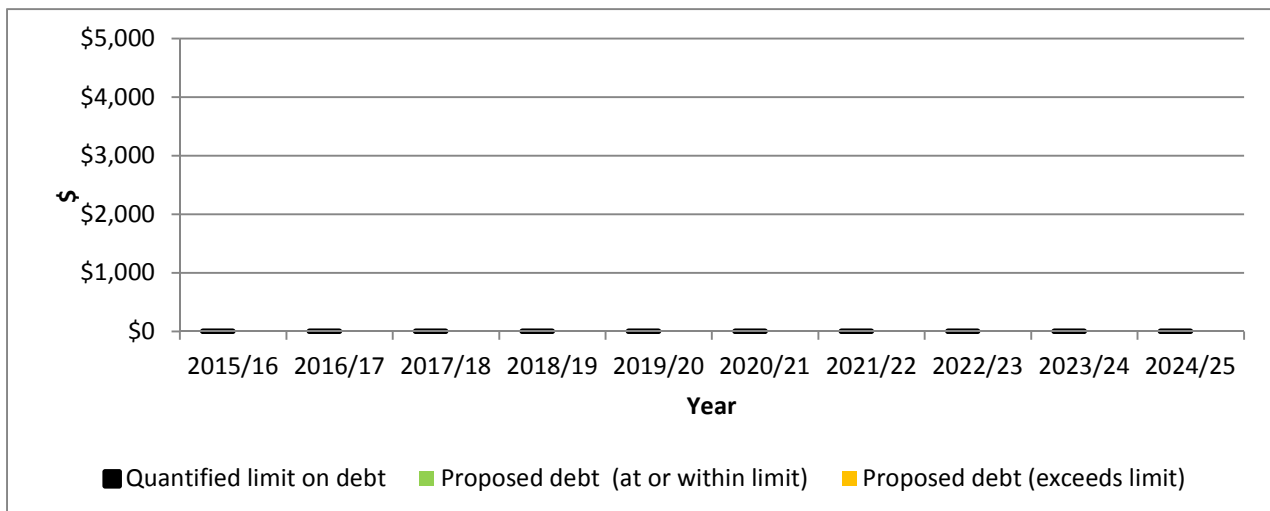
Rates (increases) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases included the Financial Strategy contained in this Long Term Plan. The quantified limit is that total rates increase (excluding rates penalties) in any one year will not exceed the underlying rate of inflation for Council costs plus two percent.



Debt Affordability Benchmark

Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares Council's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this Long Term Plan. The quantified limit on borrowing for the period of the Long Term Plan (2015 – 2025) is \$0 (other than finance leases).

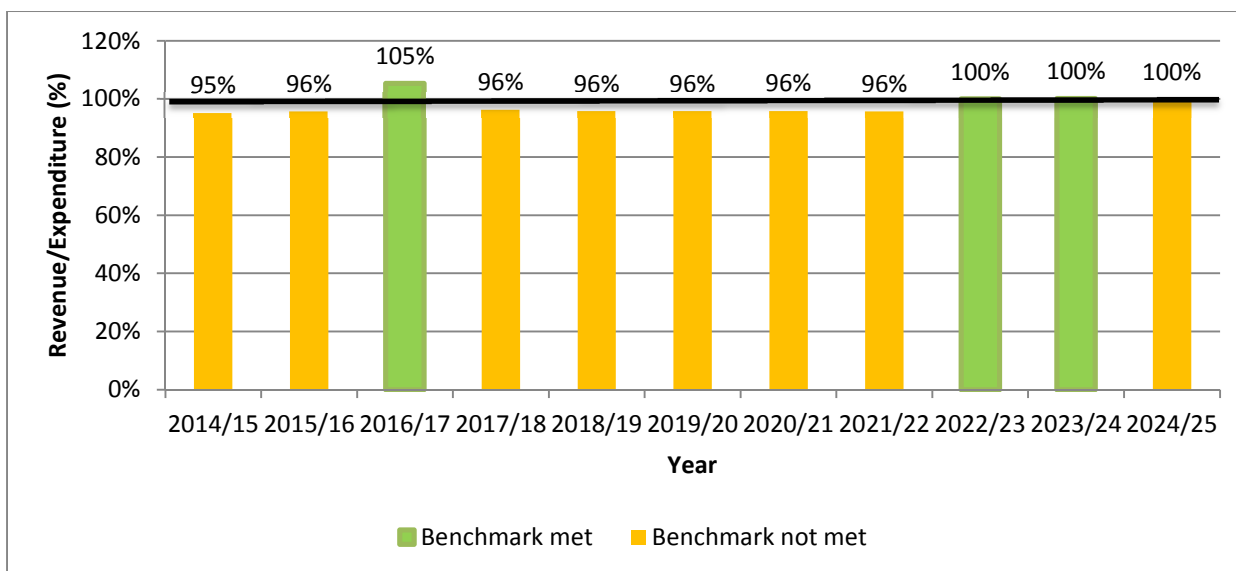


Comment

Council does have a small amount of debt included in its Statement of Financial Position because when it acquired replacement copiers/printers in 2012 as part of a BOPLASS shared procurement project, these assets were purchased by way of a finance lease. The balance of this finance lease will be paid during 2017/18.

Balanced Budget Benchmark

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



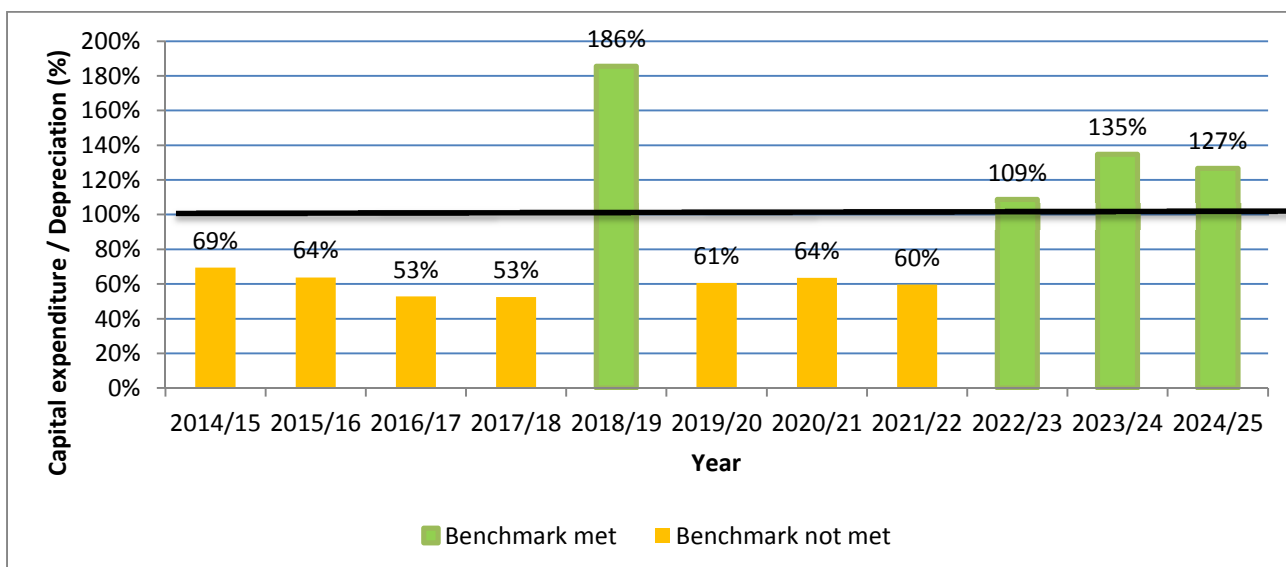
Comment

Council does not fully fund depreciation for roads that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when these roads are due for renewal, the NZTA will contribute towards the cost at the current agreed rate. The benefit of not funding the portion of depreciation where Council expects NZTA subsidies on asset renewals is that ratepayers are not funding depreciation which Council believes is unlikely to be required in the future.

Council does not fully fund depreciation for buildings and facilities which will not be replaced, at least not as they are now. These 'non-critical' assets include the swimming pool complex, Town Hall, Concert Chambers, Library/Museum building, District Office, Tarawera Park Amenity Building, Ron Hardie Recreation Centre, Council Depot and pensioner housing. The advantage of not funding depreciation on non-critical assets is that the community is not funding depreciation on assets that are unlikely to be replaced with buildings or facilities of equivalent value.

Essential Services Benchmark

The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Comment

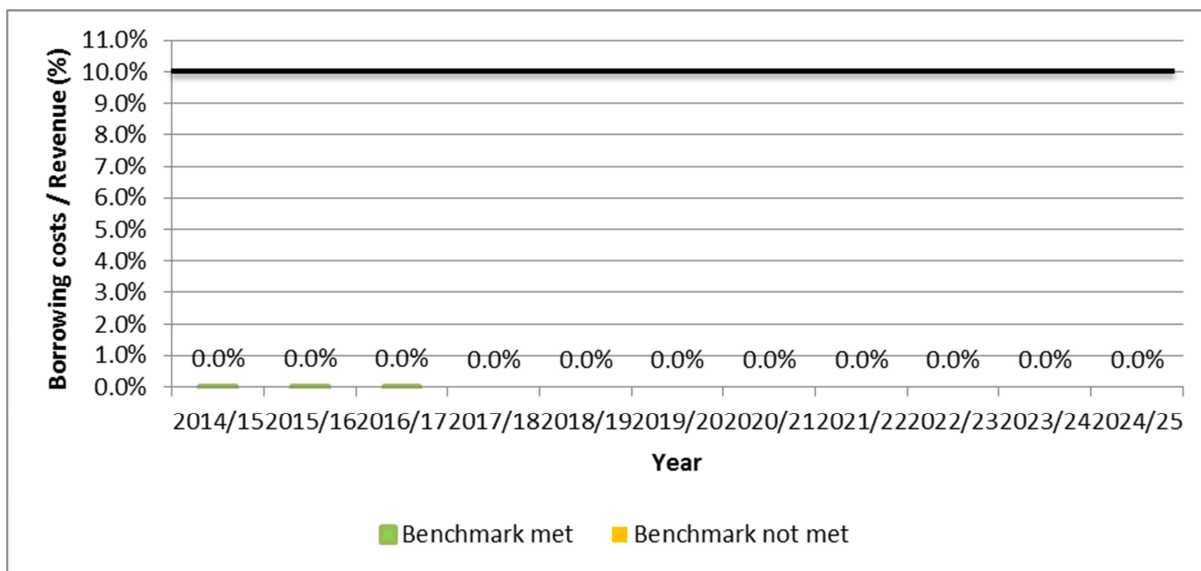
The town of Kawerau was built over a period of about 30 years from 1954 to 1987. With asset lives of up to 80 years, the majority of planned renewals will occur in another 5-10 years. The following table broadly illustrates the age of Council's infrastructure.

Zone	Area	Built (Approx.)	Age in years (Approx.)
1	Area bounded by State Highway 34 and River Road up to overflow stream and the swimming pool complex and including Ward Street and northern half of Bell, Massey Street area.	1955-58	59
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	50
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	42
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	37
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	30
6	Geothermal area (Recreation. Centre, Pool, Bowling Club, TAB carpark).	1960	55

Debt Servicing Benchmark

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

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10 percent of its planned revenue.



Comment

Council's debt servicing relates to finance charges on leased assets (photocopiers and printers).



POLICIES



Revenue and Financing Policy

Policy Objectives

The objectives of the Revenue and Financing Policy are to explain who pays and why, outline how Council's activities are funded and to meet the requirements of the Local Government Act.

Principles

This policy is based on the principles that:

- Council has a responsibility to exercise prudent financial management.
- The cost of providing Council services should be borne equitably by the Community and those who use the service.
- Fees and charges should be fair.
- Council will consider affordability when determining the level of fees and charges.

Definitions

Community outcomes

The outcomes a local authority aims to achieve in order to promote the economic and cultural well-being of its district in the present and for the future. They define the desired future for the District. Kawerau's community outcomes are described earlier in this plan.

Distribution of benefits

Identifying who benefits from an activity provided by Council is important when considering who should pay for the service. Generally, if only individuals receive the benefits of an activity (private benefits), user-pays systems should be considered. If the benefits of an activity are shared by a large group within the Community then an appropriate funding option for that activity would be a targeted rate. Alternatively, if the benefits of an activity are shared by the whole Community (public benefits) then an appropriate funding option for that activity would be the general rate.

Industrial/Commercial

All properties other than those classified as "Residential".

Residential - Properties zoned "Residential", "Rural Lifestyle" and "Reserve" in terms of Council's Operative District Plan which are used for residential purposes and properties situated in any zone which are used solely for residential purposes.

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, roading and water supply networks.

To ensure that each year's ratepayers pay for the benefits that are received the depreciation charges that 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 the different ratepayers who benefit from it.

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 the Depreciation Reserves for those activities where depreciation is funded. Internal borrowing is used when there is insufficient reserve funds for that particular activity.

It is estimated that Council will not need to borrow externally to fund infrastructure asset renewals for the period of this plan. A table of these renewals expenditures is included in the financial statements of this Plan.

The Local Government Act 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 (see financial strategy) and therefore any capital expenditure on these assets is funded from general rates or internal loans.

Contributors to the need for an activity (polluter pays)

The 'polluter pays' principle is that if a person creates a problem which incurs costs for Council, that person should contribute some or all of the funding required to meet those costs. For example, dog owners who allow their dogs to roam should pay a fine to cover the costs of impounding. However, this is not always practical, as identifying and charging the offender is not always possible. Also, people who graffiti or dump rubbish illegally are not always caught. Council's policy is to recover costs where practical.

Costs and benefits of funding the activity distinctly from other activities

Council is required to consider the costs and benefits when selecting a particular funding mechanism. It is possible to establish specific charges or rates for each service, however this is not the best approach if the cost of establishing and administering a charging system outweighs the benefits or the revenue gained. This has to be assessed on a case-by-case basis. Council is also required to consider alternative funding mechanisms in

terms of transparency and accountability. For instance, a funding mechanism that is targeted at specific cost items is more transparent to users of the activity, whereas a general or aggregated funding approach is less transparent. However, if the targeted charging approach excessively increases administrative costs then an aggregated charging approach may be better.

Overall impact of the method of funding

In addition to all of the issues explained above, Council is required to consider the overall impact that any allocation of charges and costs may have on the current and future social, economic, environmental and cultural well-being of the Community.

Background

Council has broken its business down to activity level. For some activities, it has divided costs into two components - availability of the service and use of the service. Activities have been separated in this way 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 (e.g. keeping library items up to date). 'Use' relates to costs incurred as a result of the asset being used (e.g. staff costs of issuing library items).

Legislative requirements

The Local Government Act sets out a process consideration. The first step is to determine, for each activity to be funded, appropriate funding sources having regard to:

- The community outcomes to which the activity primarily contributes
- The distribution of benefits among the Community as a whole, any identifiable part of the Community, and individuals
- The period in or over which those benefits are expected to occur
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity

- 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.

Policy Statement

Funding for Operating Expenses

All operating expenses will be funded each year in acceptance with the Summary Table which lists the following funding sources for each activity after Council determined:

- the beneficiaries of Council activities
- the ability of residents to pay for Council services
- whether there are any “exacerbators” for the particular activity; and
- the costs and benefits of using the selected funding source.

Funding for Capital Expenditure

Capital expenditure is funded in accordance with the type of expenditure that is incurred.

- Renewals are funded from depreciation reserves
- Capital expenditure to improve the level of service is funded from an internal loan

Other sources for capital funding include:

- NZTA subsidy (Roading and Stormwater)
- Sale/Disposal of Assets
- Grants from various funding agencies

General rate

Council funds general rates through both a Uniform Annual General Charge (UAGC) on each separately used or inhabited part of a rating unit and rates charged on capital value in accordance with Council's Differential Rating System.

The purpose of the UAGC is to spread the effect of general rates on all ratepayers more evenly. The higher the UAGC, the higher the rates on lower valued properties. The UAGC

level has been selected because Council believes this produces the fairest and most equitable overall result for the community.

Council charges general rate on a differential basis in accordance with the Local Government (Rating) Act 2002. Council introduced differential rating 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 general rate (including the UAGC) is apportioned on a ratio of 55:45 Industrial/Commercial: Residential.

Targeted rates

Water Council charges a uniform fixed amount for the provision of water supply. The rate is charged to each separately used or inhabited part of a rating unit to which Council supplies water, except for properties on metered water supply.

Wastewater Council charges a uniform fixed amount for the collection and treatment of wastewater.

The rate is charged to each separately used or inhabited part of a rating unit that is connected to Council's wastewater disposal network.

Refuse Collection Council charges a uniform fixed amount for the collection of residual refuse. The rate is charged to each separately used or inhabited part of a rating from which Council is prepared to remove residual refuse.

Grants and subsidies

A large part of Council's expenditure on roads is subsidised by the New Zealand Transport Agency (NZTA). Subsidies contribute to the long-term maintenance of the carriageways and their associated drainage and lighting systems, together with part of the costs of street cleaning.

Interest and dividends

Council has minimal equity investments and therefore receives no dividend income of any consequence.

Council receives interest from its financial investments. Significant replacement of infra-structural assets will not occur until the years 2020 to 2030. Until this time, Council's cash balances will increase as the funding of depreciation leads to growth in the 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.

Fees and charges

Council has fees and charges on a wide range of its activities. A number of considerations are taken into account by Council when setting fees. These include:

- The cost of the service provided and the private benefits received
- The ability of users to pay and the possible exclusionary effects to people on low incomes
- The risk of people not using Council services if charges for those services are perceived to be too high
- In appropriate cases, whether the user lives in the District or outside the District

Proceeds from asset sales

Proceeds from asset sales will be used for the repayment of debt or the acquisition of new assets.

Reserve funds

Most Council reserve funds are associated with depreciation reserves, which will be used to finance the renewals of existing assets.

Financial contributions

Council has the ability to collect financial contributions as per its Financial Contributions Policy.

Assessment of the overall impact of allocation of revenue needs

Council believes that its selection of funding tools leads to the most equitable funding of Council's activities in terms of:

- The distribution of benefits amongst the Community
- The period in, or over which those benefits are expected to occur
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
- Being affordable

While some activities would normally be funded by user fees and charges due to the level of private benefit that they provide, Council wishes to enhance the well-being of Kawerau residents by encouraging them to use various Council services. It is felt that the inability to pay for various services should not stop or restrict access to those services.

Council has therefore determined that the following activities will be funded through general rates:

- Access to the Library/Museum for Kawerau residents and property owners
- Access to the Swimming Pool
- Partial waivers of rentals of the Town Hall, Concert Chambers, Recreation Centre and Passive Reserves for groups who achieve the outcomes desired by this policy
- Free access to the Town Centre Toilets
- Free access to the Refuse Disposal Site for people acting charitably

Summary – Allocation of Costs

Significant Activity			Funding Ratio	
			Public Benefit (%)	Private Benefit (%)
Democracy			100	0
Economic and Community Development				
Economic Development			100	0
Pensioner Housing			0	100
Community, Cultural and Social			100	0
Commercial Rental Buildings			0	100
Environmental Services				
Resource Management - Planning	Availability		100	0
Resource Management - Planning	Use		100	0
Resource Management - Consents			30	70
Building and Inspection	Availability		100	0
Building and Inspection	Use		20	80
Environmental Health	Availability		100	0
Environmental Health	Use		50	50
Dog Control			100	0
Dog Registration			0	100
Civil Defence			100	0
Roading			100	0
Stormwater			100	0
Water Supply				
Water Supply	Availability		100	0
Water Supply	Use		0	100
Wastewater				
Wastewater	Availability		100	0
Wastewater	Use		0	100
Solid Waste				
Refuse Collection			10	90
Refuse Disposal	Availability		100	0
Refuse Disposal	Use		0	100
Zero Waste			100	0
Leisure and Recreation				
Library/Museum	Availability		100	0
Library/Museum	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
Concert Chamber	Use		30	70
Parks and 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
Cemetery	Availability		100	0
Cemetery	Use		0	100

Summary – Mix of Funding Mechanisms for Operating Expenses

Activity Group		Public Benefit	Private Benefit
Democracy		General Rates	
Economic and Community Development			
Economic Development		General Rates	User Fees and Charges
Commercial Rental Buildings			User Fees and Charges
Community, Cultural and Social	Availability	General Rates	
Pensioner Housing			User Fees and Charges
Commercial Rental Buildings			User Fees and Charges
Environmental Services			
Resource Management - Planning	Availability	General Rates	
Resource Management - Planning	Use	General Rates	
Resource Management - Consents		General Rates	User Fees and Charges
Building and Inspection	Availability	General Rates	
Building and Inspection	Use	General Rates	User Fees and Charges
Environmental Health	Availability	General Rates	
Environmental Health	Use	General Rates	User Fees and Charges
Dog Control		General Rates	
Dog Registration			User Fees and Charges
Civil Defence		General Rates	
Roading		General Rates	Subsidies, LA Fuel Tax
Stormwater		General Rates	Subsidies
Water Supply			
Water Supply	Availability	General Rates	
Water Supply	Use		Targeted Rate and User Fees and Charges
Wastewater			
Wastewater	Availability	General Rates	
Wastewater	Use		Targeted Rate and User Fees and Charges
Solid Waste			
Refuse Collection		General Rates	Targeted Rate and User Fees and Charges
Refuse Disposal	Availability	General Rates	
Refuse Disposal	Use	General Rates	User Fees and Charges
Zero Waste		General Rates	
Leisure and Recreation			
Library/Museum	Availability	General Rates	
Library/Museum	Use	General Rates	User Fees and Charges
Swimming Pools	Availability	General Rates	
Swimming Pools	Use	General Rates	User Fees and Charges
Public Halls			
Recreation Centre	Availability	General Rates	
Recreation Centre	Use	General Rates	User Fees and Charges
Town Hall	Availability	General Rates	
Town Hall	Use	General Rates	User Fees and Charges
Concert Chamber	Availability	General Rates	
Concert Chamber	Use	General Rates	User Fees and Charges
Town Centre Toilets	Availability	General Rates	
Town Centre Toilets	Use	General Rates	
Parks and Reserves			
Sports Fields		General Rates	User Fees and Charges
Passive Reserves		General Rates	
Road Berms		General Rates	
Street Trees		General Rates	
Annual Bedding Displays		General Rates	
Playgrounds		General Rates	
Cemetery	Availability	General Rates	
Cemetery	Use		User Fees and Charges

Rating Policy

Policy Objectives

The objectives of this policy are:

- To generate sufficient rates revenue to ensure that Council activities are adequately funded
- To operate a rating system which is fair and equitable to the Community of Kawerau
- To charge rates that are affordable to ratepayers.

Principles

This policy is based on the principle that Council rates should be fair, equitable and affordable.

Definitions

Capital value The value of land plus improvements, as assessed by the Valuer General.

Differential rating system Where the amount of rates charged differs (i.e. is 'differential') according to any of the matters used to define categories of rateable land under the Local Government (Rating) Act 2002.

Industrial/commercial land All rateable land other than that classified as residential.

Rating unit For land for which there is a certificate of title, a rating unit is the land comprised in the certificate of title. Where there is no certificate of title, what constitutes a rating unit is either the land described in an instrument which exists or if there is no instrument, the land that the Valuer General considers would be appropriate to sell or transfer as a separate property or, for crown land, to treat as if comprised in a certificate of title. If land in a rating unit is in two or more districts, the part in each district constitutes a separate rating unit.

Residential land Land that is zoned as residential, rural lifestyle or reserve under Council's operative District Plan and any other land located in a zone used solely for residential purposes.

Residual waste Waste collected from residential properties which is not separated into green waste or recycling collection bins.

Separately used or inhabited part of a rating unit Any portion of a rating unit that is used or inhabited by a person who has the right to do so by virtue of a tenancy, lease, licence or other agreement.

Background

Council has used a differential rating system since 1978. The matters it uses to differentiate categories of rateable land are:

- Where the land is situated (its zoning under Council's operative district plan), and
- The use to which the land is put (industrial/commercial or residential).

Policy Statement

1. General Rates

Council will levy general rates which comprise: a uniform annual general charge (UAGC) of \$600 (incl GST), and a differential rate based on the capital value of the rating unit.

The UAGC is charged on every separately used or inhabited part of a rating unit and the purpose is to spread the cost of general rates more evenly across all ratepayers.

The differential general rate will be set so as to retain the ratio between commercial/industrial properties and residential properties general rates revenue of 55:45.

2. Water Supply Rates

Council will levy a uniform fixed amount on each separately used or inhabited part of a rating unit to which Council supplies water, except those on a metered water supply. This amount is known as the water supply rate.

3. Metered Water Charges

A rate per cubic metre of water used will be levied on each separately used or inhabited part of a property with a metered water supply. The charge is levied on a quarterly basis.

4. Wastewater Disposal Rates

Council will levy a uniform fixed amount on each separately used or inhabited part of a rating unit which is connected to Council's wastewater disposal network.

5. Refuse Collection Rates

Council will levy a uniform fixed amount per bin on each rating unit from which Council removes refuse.

6. Levying and Collecting

Council will set and charge rates for the year 1 July to 30 June. The due dates for the payment of instalments in the 2015/16 year are shown in the following table.

Instalment.	Due date
1	Friday 21 August 2015
2	Friday 20 November 2015
3	Friday 26 February 2016
4	Friday 20 May 2016

Rates for the year may be paid in full at any time provided each instalment is paid on or before the due date.

7. Rates Penalty Charges

Council also charges the following penalties on unpaid rates (except for metered water):

Rates arrears penalty A penalty of 5 percent on rates levied before 1 July 2015 year which remain unpaid on 7 July 2015, and a further 5 percent penalty on any portion of this amount (including arrears penalties) which are still not paid by 7 January 2016.

Rates instalment penalty A penalty of 10 percent on the amount assessed for the current year which is not paid by the due date which will be charged on the next working day after the due date.



Report of the Auditor

AUDIT NEW ZEALAND
Māori Arotake Aotearoa

To the reader

Independent auditor's report on Kawerau District Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Kawerau District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long-Term Plan (the plan). I have carried out this audit using the staff and resources of Audit New Zealand. We completed the audit on 30 June 2015.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and coordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 147 to 151 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the District Council's audited information.

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

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.¹

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

¹ The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and The International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Our audit procedures included assessing whether the:

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

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

Responsibilities of the Council and auditor

The Council is responsible for:

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

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

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

A handwritten signature in black ink, appearing to read 'B Halford', with a stylized flourish at the end.

B H Halford, Audit New Zealand
On behalf of the Auditor-General, Tauranga, New Zealand

Glossary

Activity A good or service provided by, or on behalf of, a local authority or a council-controlled organisation, to the community.

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 outcomes The outcomes that a local authority aims to achieve in order to promote the social, economic, environmental and cultural well-being of its district in the present and for the future.

Council-Controlled Organisation (CCO) A company or organisation in which a council or councils hold 50% or more of the voting rights or can appoint 50% or more of the trustees, directors or managers.

Financial strategy A document to facilitate prudent financial management by providing a guide for future funding and expenditure. Also the document will show the overall level of rates, debt and investments.

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

Generally Accepted Accounting Practice (GAAP) 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.

Levels of service 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.

Local authority A regional council or territorial authority.

Local Government Act 2002 (the Act) The legislation which states the purpose of local government and provides a framework for the roles, responsibilities and powers of local authorities.

Long Term Plan A plan covering 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.

Postponement of rates When the payment of rates is not waived in the first instance, but delayed until a certain time, or until certain events occur.

Remission of rates Reducing the amount owing, or waiving collection of rates altogether.

Separately used or inhabited part of a rating unit Any portion of a property or building that is used or inhabited by a person who has the right to do so by virtue of a tenancy, lease, licence or other agreement (refer Council's Rates Relief for High Value Properties Policy).

Significance In relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

- a) the district or region
- b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter
- c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant In relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance.

Special consultative procedure A formal consultation process that sets out a series of steps that Council must follow when consulting on particular types of decisions.

Strategic asset As defined in Section 5 of the Local Government Act is “an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—

- a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- c) any equity securities held by the local authority in—
 - i) a port company within the meaning of the Port Companies Act 1988:
 - ii) an airport company within the meaning of the Airport Authorities Act 1966”

Territorial authority A city council or a district council named in Schedule 2, Part 2 of the Local Government Act 2002.

Wastewater Sewage and other waste disposed of through the wastewater system.

Wastewater disposal network Sewerage system

