



KAWERAU DISTRICT COUNCIL

Long Term Plan 2018-2028

Incorporating the Annual Plan 2018/2019



Contents

OVERVIEW	2	FINANCIAL STATEMENTS	111
From the Mayor and CEO	4	Significant Forecasting Assumptions – 2018 to 2028	112
Financial Strategy	6	Statement of Responsibility and Cautionary Note ..	120
Infrastructure Strategy	13	Prospective Statement of Accounting Policies.....	121
Balancing the Budget.....	25	Prospective Statement of Comprehensive Revenue and Expense.....	127
Rates Charges.....	26	Prospective Statement of Changes in Equity.....	128
WHO WE ARE	28	Funding Impact Statement for 2018 – 2028 – Whole of Council	133
The District of Kawerau	29	Prospective Revenue by Activity.....	137
About the Council	30	Prospective Operational Shortfall by Activity	139
PLANNING AND DECISION MAKING	35	Reconciliation from Operating Funding to Operating Surplus/Deficit	140
Strategic Framework.....	36	Prospective Capital Programme	141
Community Outcomes	36	Depreciation Expense by Activity.....	142
Summary of Significance and Engagement Policy... 38		Reserve Funds.....	143
Working with Others	39	Disclosure Statement.....	145
Māori Contribution to Council Decision-Making	41	POLICIES	150
COUNCIL ACTIVITIES	42	Revenue and Financing Policy.....	151
Council's Activity Structure	43	Rating Policy	157
Promoting Community Wellbeing	44	Report of the Auditor	159
Activity Group 1: Democracy	46	Glossary	162
Activity Group 2: Economic and Community Development.....	50		
Activity Group 3: Environmental Services	57		
Activity Group 4: Roading and Footpaths.....	66		
Activity Group 5: Stormwater.....	72		
Activity Group 6: Water Supply.....	77		
Activity Group 7: Wastewater	85		
Activity Group 8: Solid Waste	92		
Activity Group 9: Leisure and Recreation	97		
Council Controlled Organisations	109		



| OVERVIEW



From the Mayor and CEO



Welcome to Council's Long Term Plan for 2018-2028

Kawerau is currently experiencing a period of significant change and this presents a raft of new opportunities as well as some challenges. Over the past few years a steady stream of new residents has moved into Kawerau and against all the forecasts our population has increased. Council has also been working to attract more visitors to this special place.

Council has a number of projects to help Kawerau take another step toward a positive future.

A new dairy processing plant at the Putauaki industrial park is under construction and the Fenglin particle board plant is on track to be built soon after. A grant of \$250,000 from the new Provincial Growth Fund in February has now also made a proposed container terminal look increasingly promising. These projects are predicted to create more than 300 new jobs in the district, which would be a huge boost to our community.

Kawerau is already experiencing a housing shortage and needs more retirement accommodation for our older people. To encourage some of these new workers and their families to live here as well, we're going to need more houses.

Council will undertake three developments to increase the supply of suitable housing for our community.

1. The subdivision of land in Te Ariki Place into sections for houses to be built.
2. The development of the former Central School site on Bowen Street to allow up to 31 homes to be built there. Purchasers will be able to buy house and land packages on a turn-key basis from the developer.
3. The development of the reserve on the corner of River Road and Porritt Drive for retirement accommodation. Up to 28 two bedrooomed duplex units, similar to those at the Mountain View Resthome, will be built. The land will remain in Council ownership and occupancy of the units will be on a 'right to occupy' basis, the same as for the adjoining rest home complex.

Council will work in collaboration with landowners to develop a trail along the Tarawera River. Going from Firmin Field to the Tarawera Falls and ultimately Lake Tarawera, it would add to the network of mountain biking tracks in the Bay of Plenty and eventually link Rotorua's Te Ara Trail with the Motu Trails in Opotiki.

Council will work with stakeholders and the wider community over the coming year to develop a Community Town Centre Strategy.

Council will also look to acquire additional land for cemetery development, using the small neighbourhood reserves behind and between Delamere Drive and Ryder Place. The new area would link to the existing

cemetery via access ways constructed through Delamere Drive and at the very top of Valley Road.

We would like to thank all those who shared your views about Council’s consultation proposals or put forward your own ideas for inclusion in this plan. Robust community engagement is a sign of healthy local democracy and helps Council to ensure community priorities are reflected in our plans.

Dozens of shoppers came to the Consult- a-Councillor sessions in Tarawera Mall and more than 70 people and groups made written submissions. The proposals Council has decided to implement received high levels of community support, as shown in the table below.

Proposal	Yes	No
Residential Development		
(1) Subdivide the Te Ariki Place reserve and sell as sections.	46	5
(2) Bring in a construction company to develop and build 31 houses on the former Central School site at Bowen Street.	47	5
(3) Build and sell up to 28 retirement units on a local purpose reserve on River Road.	49	4
(4) Potentially retire additional reserve land for future residential development. .	42	6
(5) Encourage the development of in-fill housing.	42	6
Tourism Growth		
Conduct a feasibility study to determine if it’s viable to build a Tarawera River Trail.	50	5
Town Centre		
Develop a community strategy by July 2019 to improve the Town Centre.	42	6
Cemetery Development		
Remove trees and level the hill to create additional space for burial plots.	40	6
As the need arises, extend the existing cemetery into Delamere and Ryder Place reserves.	36	5

Council has sought to minimise the level of rates increases required to fund our work. Instead of the proposed 6.2 percent overall increase for 2018/19, we have budgeted for an increase of 4.9 percent. The Uniform Annual General Charge will increase as proposed, which means that the minimum contribution from every ratepayer in the District will be \$850 per annum.

This Long Term Plan will enable Council to continue providing high quality local infrastructure, facilities and services to the Kawerau community. It also puts into place new initiatives to increase capacity for population growth, expand employment opportunities and facilitate continued revitalisation for Kawerau’s future. Full details of Council’s proposals are contained in this document, which we commend to you and hope you will read.



Malcolm Campbell
MAYOR



Russell George
CHIEF EXECUTIVE OFFICER

Financial Strategy

Introduction

Council has prepared this Long Term Plan on the basis that it needs to be financially sustainable, while meeting the needs of residents.

Population Change

At the time of the 2013 Census, the district population was 6,363, which represented a decline of around 1.2 percent per annum over the previous 10 years. Statistics NZ also predicted that this trend would continue with the population projected to be 5,640 by 2023. However, latest population projections provided by Statistics New Zealand (February 2018) state Kawerau's population for 2018 is 6,840 and in 2028 it will be 6,370.

Kawerau currently has a higher number of older people and a higher proportion of young people when compared to the rest of the country. The population projections show that over the 10 years from 2018 to 2028, the number of young people (under 20) will reduce by 9.4% while the proportion aged over 60 will increase by 13.5%.

The unemployment rate in Kawerau was just over 12 percent in 2013, but evidence indicated that proportion of people receiving Work and Income benefits in Kawerau was considerably higher. Figures from Work and Income indicate that the number of individuals receiving a benefit in December 2017 is similar to 2013.

Council has based its financial strategy on these figures and projections, but is attempting to reverse the projected trends with economic development interventions such as facilitating industrial development and employment opportunities in the district and promoting Kawerau as a desirable place to live.

Changes in Land Use

In 2010, approximately 171 hectares of land bordering the Kawerau District was transferred from the Whakatane District and 113 hectares of this land was rezoned to industrial zone

Since that time there has been significant interest from companies to set up business in Kawerau, though at the time of preparing this document construction had not commenced. Council is also partnering with other organisations to promote Kawerau as a good place to have a business because of its plentiful natural resources.

It is not anticipated that there will be any other significant changes in land use for the next 10 years.

Prudent Financial Management – Balanced Budget Requirement

Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level to meet each year's operating costs. However Council can set projected operating revenue at a different level if it believes that it is financially prudent to do so.

Council is further required to manage its revenues, expenses, assets, liabilities, investments and general dealings in a prudent manner which promotes the current and future interests of the community. In assessing a financially prudent position, consideration is given to:

- the estimated cost of maintaining the predicted levels of service contained in the Long Term Plan, including the cost of maintaining the service capacity and integrity of assets throughout their useful life and the revenue available to fund the cost of delivering services.
- equitable funding for the provision and maintenance of assets throughout their useful life.

Council's Funding and Financial Policies

Since 1998/99 Council has funded the annual depreciation expense of assets not intended to be fully replaced apart from depreciation on non-critical assets. The specific buildings involved are the Town Hall, Concert Chamber, Ron Hardie Recreation Centre, Library/Museum Building, Museum Archives Building, District Office, Council Depot, Tarawera Park Amenity Building, Swimming Pool, and Pensioner Housing and the Bert Hamilton Hall. Council also decided to not fully fund depreciation on roads subject to New Zealand Transport Agency subsidies.

Those buildings remain non-strategic and in addition, the level of utilisation in many cases is significantly below total capacity. As a result, the assets are not likely to be replaced directly in their present form or they may be replaced with rented accommodation or buildings funded by way of loans.

Council has by resolution again confirmed the 1998/99 decision and will continue the policy of not funding non-critical, non-strategic assets. Council believes the reasons for

doing so have not changed and that the policy is appropriate for the Kawerau District.

The advantage of not funding depreciation on non-critical assets is that ratepayers are not paying for depreciation on assets which are unlikely to be replaced with buildings of equivalent value.

The benefits of not funding the portion of depreciation for assets which Council expects Land Transport NZ subsidies to fund renewals, is that ratepayers are not funding depreciation which it believes is unlikely to be needed.

Land Transport NZ has recently indicated that the subsidy rates for Kawerau will be increased to 75% for 2018/19 (and continue at that rate for the foreseeable future). Therefore, Council considers the risk of the subsidy rate being decreased to be very low. Should it occur, Council would look at alternative funding options such as rating and loans.

Table: Estimated lives of non-critical assets

Building	Year Built	Gross Replacement Cost 2016 (\$)	Expected Life	End of Life
District Office	1960	1,057,072	75	2035
Town Hall	1960	2,547,323	75	2035
Concert Chamber	1953	795,065	75	2035
Library/Museum	1953-2008	771,372	75	2028-2081
Tarawera Park Amenity Building	1985	528,783	75	2060
Recreation Centre	1969-1999	4,316,895	75	2044-2074
Swimming Pool	1957-2006	1,149,462	50-75	2007-2075
Depot	1955-1980	1,575,266	35-50	1990-2030
Pensioner Housing/BH Hall	1965-1984	2,175,715	50-75	2015-2059
Museum/Archives Building (16-18 Jellicoe Court)	1955	400,294	75	2030

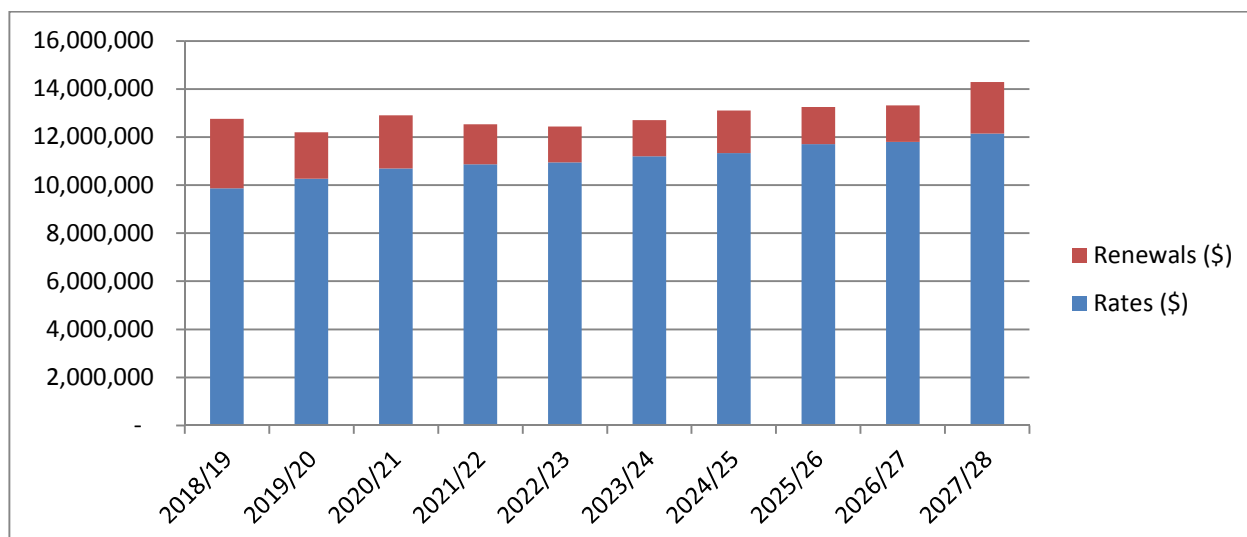
Table: Budgeted non-funded depreciation on non-critical assets

Asset	2018/19	2019/20	2020/21	2021/22	2022/23
Roads	\$463,050	\$463,050	\$463,050	\$494,770	\$494,770
Stormwater	\$124,280	\$124,280	\$124,280	\$132,790	\$132,790
Buildings	\$189,850	\$190,250	\$190,650	\$203,240	\$203,690
Total	\$777,180	\$777,580	\$777,980	\$830,800	\$831,250

Asset	2023/24	2024/25	2025/26	2026/27	2027/28
Roads	\$494,770	\$531,780	\$531,780	\$531,780	\$576,020
Stormwater	\$132,790	\$142,720	\$142,720	\$142,720	\$154,600
Buildings	\$204,160	\$218,410	\$218,930	\$219,480	\$236,360
Total	\$831,720	\$892,910	\$893,430	\$893,980	\$966,980

The following graph shows the trend for rates and asset renewal expenditure which are the key financial aspects of this plan. Inflationary figures have been provided by BERL. See significant forecasting assumptions, which are included in all figures in the Plan.

Projected rates and asset renewals 2018 – 2028



Council is forecasting its operating expenditure to increase from \$13.1 mil to \$16.0 mil between 1 July 2018 and 30 June 2028. These increases are as a result of:

Price increases

Inflation and the factors that influence inflation will increase the cost of doing business.

Service level increases

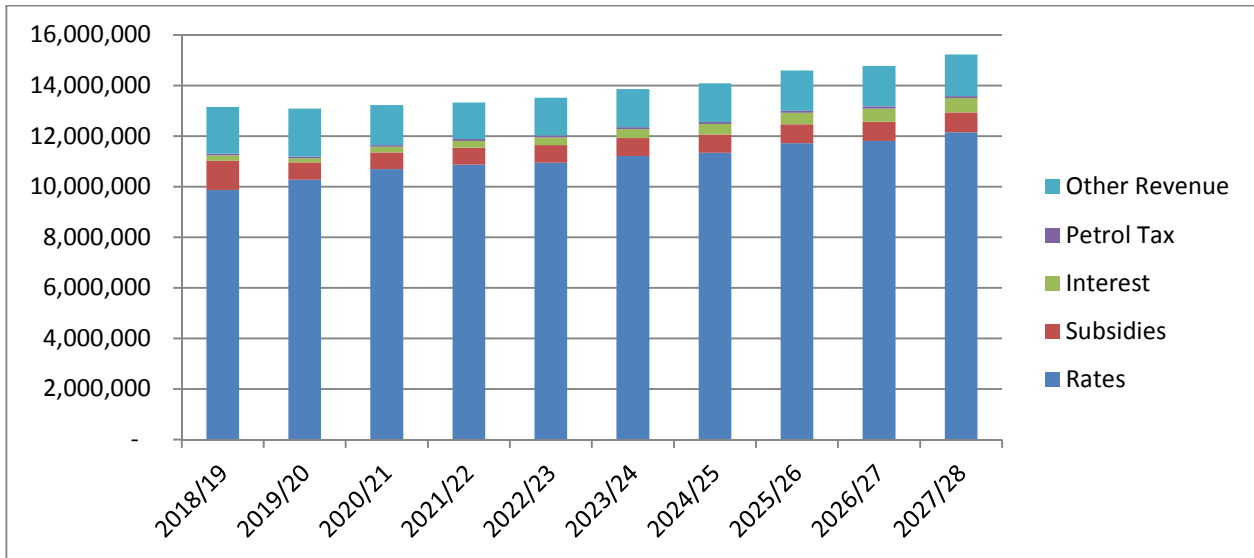
Council will provide higher levels of service in some activity areas.

Depreciation and interest payments

The increased capital expenditure programme means corresponding increases in costs in these areas.

The adopted strategies ensure that over the period of the Long Term Plan, Council continues to be financially sustainable.

Planned funding for the next 10 years



Rates and Rates Increase

The Long Term Plan includes a rates increase of 4.9 percent for 2018/19 and between 0.7 and 6.4 percent for each of the following nine years. Council has endeavoured to keep rates increases to affordable levels over the period, while also ensuring its costs are funded and finances prudently managed.

Council charges a general rate to every rateable property and a Uniform Annual General Charge to every separately used or inhabited part of a property. The general rate charge is different for residential and commercial properties. This recognises the different levels of services provided to the two categories of property.

Council also charges targeted rates for the following services:

- Water supply
- Wastewater disposal
- Refuse collection

The values of all properties in the district are reviewed three-yearly. The last revaluation was conducted in September 2015, and the next will be undertaken in 2018. After the next district revaluation Council will undertake a comprehensive review of its rating policy to ensure that the rates charged to individual properties are fair and reasonable.

What is a Reasonable Level of Rates?

In setting rates at the appropriate level, Council must consider what is affordable for both Council and the community. Council also needs to take into account the range of services that are delivered and whether these should be paid for by current or future ratepayers (sometimes referred to as 'intergenerational equity'). This is particularly important given that many Council assets have long service lives and provide benefits over a long period of time.

In assessing the appropriate level of funding, Council has to consider the following:

- Are there sufficient revenues to cover all expenses?
- Is revenue set at a level that will enable Council to undertake an ongoing asset renewal and replacement programme?
- Are rates and fees affordable for the community?
- Have the needs of current and future ratepayers been considered?
- And finally, does Council have a balanced budget overall?

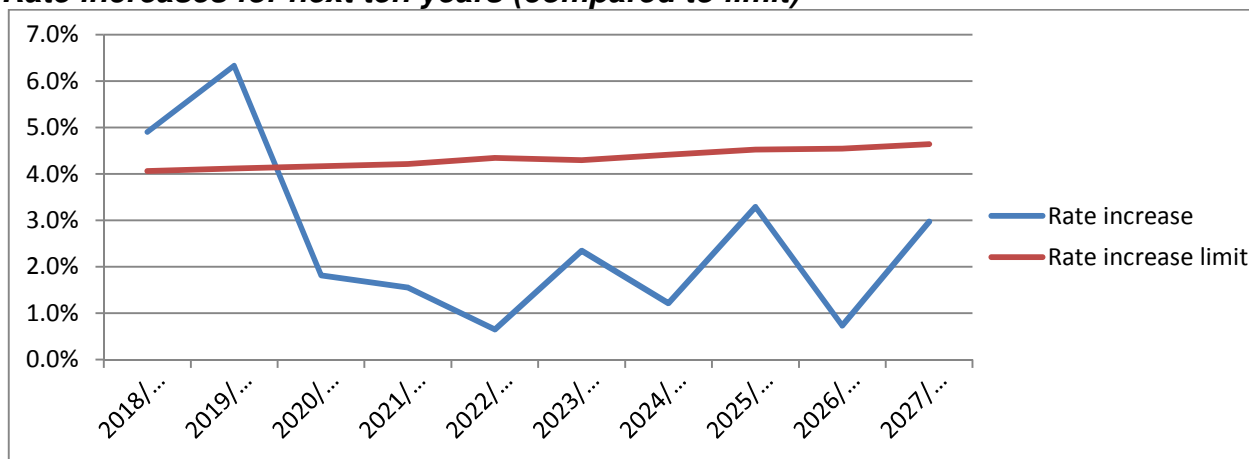
After taking the above factors into consideration, Council has determined the quantum of rates for the next ten years. The increases are between 0.7 to 6.4 percent.

Council has set the following limits for rates for the period of the Long Term Plan:

1. Total rates will not exceed 88 percent of total budgeted revenue.
2. The total rate increase (excluding rates penalties) in any one year will not exceed the underlying rate of inflation for Council costs plus 2 percent.

The table below shows the budgeted rates increases for the next ten years. The rate increases for 2018/19 and 2019/20 exceed Council’s increase limit. The rate increases have resulted from Council increasing its level of service for a number of activities, largely in response to community demand.

Rate increases for next ten years (compared to limit)



Debt and Issuing Securities

As at 30 June 2018, Council will have no external debt other than finance leases for funding the office telephones and photocopiers. Council does have internal loans, funded from depreciation reserves, which total approximately \$2 million. The interest rate for these internal loans is determined annually based on investment rates.

Council’s intended limit on borrowings for the period of this Long Term Plan is that it will have no external debt (other than finance leases) as it does not intend to raise any external loans. It will therefore not need to issue any securities.

Financial and Equity Security Investments

It is anticipated that at 30 June 2018 Council will have financial investments totalling \$7.5 million (including short term deposits). These funds are mostly depreciation reserves which will be used to fund programmed asset renewal. These assets are critical to enabling Council to continue to provide current levels of service.

Interest earned on invested depreciation reserves are credited to each respective reserve account, so that sufficient funds are available when the assets require renewing.

Council also invests surplus general funds at various times throughout the year. The interest earned is used to reduce the amount required in rates. Council has budgeted to earn \$220,040 in interest for 2018/19, of which approximately 20 percent will be interest on general funds.

Council’s invests funds in accordance with its investment policy. This stipulates where funds can be invested and limits the amount which can be invested in a single institution. The anticipated average return is 3.5 percent per annum.

Council also holds equity securities in Civic Assurance (31,161 shares) and BOPLASS Ltd (5,091 shares). The reasons for holding shares in these organisations are to allow Council to participate in their operation and to benefit from the advantages of being a shareholder.

Operating Expenditure

Operating expenditure covers Council's day-to-day services and operations, from collecting rubbish and providing street lighting to maintaining gardens and issuing building consents. The majority of operating expenditure is used for roading, followed by parks and reserves, wastewater and water. The tables below apportion the rate funding for the major activity areas for the 2018/19 year, for the average residential ratepayer.

Rates charges

CV = \$90,000*	\$
UAGC	850.00
General Rate	793.80
Water Supply	59.70
Wastewater Charge	140.90
Refuse	170.10
Total	2,014.50

*2015 Valuation

Asset Renewals

Council currently has fixed assets worth \$61.6 million. It plans during the next ten years to undertake renewals of \$18.6 million. Asset management plans are in place for each asset category. These are the key planning tool to ensure maintenance and future renewals meet required levels of service. The Long Term Plan identifies how the planned expenditure will be met.

Council's asset renewal programme assumes that all projects will be completed in the scheduled year. However, a number of factors can cause delays. Renewals that are delayed in one year will be completed in the following year.

Asset renewals are generally funded from depreciation reserves. The reserves are set at a level to ensure they are adequate for the purpose. This is an important inter-generational issue. Given that both current and future ratepayers benefit from the use of an asset, both should therefore contribute toward the cost of its renewal.

Contribution to Council activities

Activity Group	\$
Democracy	108
Economic Development	162
Environmental Services	155
Roading	149
Stormwater	8
Water Supply	176
Wastewater & Solid Waste	596
Library & Museum	130
Swimming Pool	121
Public Halls & Toilets	77
Parks & Reserves	332
Total	2,014

Most roading renewal expenditure receives a New Zealand Transport Agency subsidy. The subsidy rate is 75 percent for the Long Term Plan period 2018 to 2028.

Council has not budgeted for any significant capital projects to provide increased levels of service catering for growth apart from the development and sale of some Council land and improvements to the stormwater system. The district has excess infrastructure capacity which can accommodate a certain level of growth.

Council has asset management plans for: roading, water supply, stormwater, wastewater and community facilities and property. Condition assessments have been conducted for these activities. The current deterioration model is based on best practice from the International Infrastructure Management Manual 2011.

Asset expenditure by Activity Group

Year	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$	2027/28 \$
Economic Development	2,900,000	3,220,380	1,220,770	1,352,250	1,364,780	1,377,700	1,391,370	1,406,170	1,420,270	1,435,780
Environmental Services	700,000	-	-	-	-	-	-	-	-	-
Roading	1,489,000	636,630	599,530	613,320	628,040	643,120	659,190	676,330	694,590	714,040
Stormwater	260,000	-	-	-	-	-	-	-	-	-
Water	267,550	795,560	974,110	91,310	292,400	95,750	133,950	304,140	178,420	841,410
Waste Management	319,400	48,180	175,510	324,420	60,860	166,200	50,620	50,650	42,680	118,720
Leisure & Recreation	572,760	260,200	251,080	344,160	258,180	305,540	312,490	209,130	275,600	235,610
Overheads	20,000	20,400	20,850	83,380	55,800	26,920	22,790	23,340	93,810	62,930
Plant	150,000	158,120	136,220	160,280	138,560	182,700	523,120	205,520	171,090	113,320
Buildings	102,200	38,220	36,870	34,370	35,160	51,070	48,730	49,940	42,490	39,800
Total	6,780,910	5,177,690	3,414,940	3,003,490	2,833,780	2,849,000	3,142,260	2,925,220	2,918,950	3,561,610

NB includes asset expenditure to meet increased demand (Economic Development) and improve the level of service (roading and water)



Changes from LTP 2015 - 2025

There are no significant changes to this Long Term Plan when compared to the Plan for 2015 - 2025. Council has made those changes that relate to estimates and assumptions based on revised data.

Infrastructure Strategy

Purpose of the Strategy

This Infrastructure Strategy is intended to help Council and the Community make informed decisions about the major infrastructure decisions and investments which will need to be made over the next 30 years.

The Strategy outlines:

- The key infrastructure issues which must be addressed over the next 30 years
- The main options for dealing with those issues
- The implications of those options for residents and businesses in terms of cost and service delivery; and
- Council's preferred scenario for managing the issues and implications.

This Strategy was developed in conjunction with, and provides the underlying infrastructure-related information about, Council's Financial Strategy. Infrastructure expenditure contributes to the following Community Outcomes:

Services Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.

Development Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our community.

Activity Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.

For this Council, infrastructure spending accounts for approximately 35 percent of operating expenditure and over 90 percent of capital expenditure. Expenditure that both maintains the standard of Kawerau's infrastructure and is affordable now and in the future will provide a platform for economic development, contribute to the quality of life of the Kawerau community and help Kawerau remain an attractive place to live and do business.

What is Infrastructure?

For the purposes of this Strategy, the term 'infrastructure' means the assets used to deliver services to the community in Council's groups of activity shown below:

Roading infrastructure includes street lighting, kerb, channel and footpath, pavement surface, pavement structure.

Stormwater (including flood protection) infrastructure is the reticulation (pipes).

Water Supply infrastructure is that used for collection and storage and the reticulation used for local distribution.

Wastewater infrastructure is the reticulation and that used for sewage pumping, treatment and disposal.

Assumptions and Drivers of Capital Expenditure

A fundamental question for Council about infrastructure expenditure is how much should be spent. Capital investment decisions are driven by three considerations:

- Can we replace like for like?
- When should new and improved infrastructure be purchased?
- How much do we need to invest to provide adequately for the future?

The proposals in this strategy are based on assumptions Council has made in relation to each of these questions. Council has assumed that the existing service levels will be maintained for the period of the strategy, as there is no anticipated demand for an increased (or reduced) level of service and the infrastructure has capacity to cope with a much higher population than the town has at present.

Council has also recently undertaken a significant amount of work to improve the information in its asset management plans (which provide the basis for the information in this strategy).

This included reviewing the condition and remaining lives of infrastructure, reviewing the quantity of the various assets and seeking expert advice concerning each of the asset management plans. Consequently, Council is 90 to 95 percent confident of the information concerning its infrastructure and there is very little uncertainty regarding programmed renewals.

Inflation

The financial forecasts for the first 10 years of this strategy have been adjusted for projected inflation rates in the BERL Local Government Cost Index. The financial forecasts for years 11 to 30 have been inflated to year 10 costs. No further inflation allowance has been added.

Table: Inflation adjusters: percentage change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2019	2.0%	2.0%	3.0%	3.0%	1.6%	2.0%
June 2020	2.2%	2.2%	2.8%	2.8%	1.6%	2.2%
June 2021	2.2%	2.2%	2.4%	2.4%	1.7%	2.2%
June 2022	2.3%	2.2%	2.5%	2.5%	1.8%	2.2%
June 2023	2.4%	2.3%	2.6%	2.6%	1.8%	2.3%
June 2024	2.4%	2.4%	2.7%	2.7%	1.9%	2.3%
June 2025	2.5%	2.4%	2.8%	2.8%	1.9%	2.4%
June 2026	2.6%	2.5%	2.9%	2.9%	2.0%	2.5%
June 2027	2.7%	2.6%	3.0%	3.0%	2.0%	2.5%
June 2028	2.8%	2.7%	3.2%	3.2%	2.1%	2.5%

Source: BERL Oct 2017

Asset Quantities and Condition

The quantity of pipes and valves has been established from data held in Councils Asset Finda software programme. The data has been taken from as-built plans and a high level of verification as to the location of the pipe, diameter, valve and manhole locations has been undertaken. The underlying information about asset quantities is around 95 percent accurate.

Information about the pipe materials (Steel, Concrete, AC and PVC) for the three water networks is considered to be reasonably accurate. Some potholing has been undertaken to verify material type and information obtained from staff who have been servicing the networks for up to 15 years. The underlying information concerning pipe materials for the three waters is around 90% accurate.

The life of materials in the three waters has been established as follows:

Asset	Material	Testing inspection	Allocated life
Stormwater	Concrete	Samples tested for level of cement leaching. Minimal leaching occurred to date.	120 years (considered conservative)
Wastewater	Concrete	Pipe tested for level of cement leaching. Some leaching occurred to date.	100 years.
Wastewater	AC	Samples tested for level of concrete leaching. Reasonable level of leaching occurred to date	70 years
Water	Steel	Samples taken from 60year old steel pipes. Minimal rusting detected	100 years Considered conservative

Asset	Material	Testing inspection	Allocated life
Water	AC	Samples tested for level of cement leaching. Level of leaching similar to NAMS manual and other Council results	70 years
Water	PVC	Pipe predominantly installed since 2000. Lives based on expected life from manufacturers and other TLAs	100 years
Roading	Seal	Seal life is based on local experience as well as NZTA recommendations	8 – 13 years
Roading	Base-course	Base course life is based on professional knowledge and local conditions	80 years
Roading	Footpaths	Footpath life is a combination of location (local conditions) and professional knowledge	80 years
Roading	Streetlights	Streetlights life is based on national recommendations and local knowledge	12 years

Overall we have a high degree of confidence about the accuracy of asset deterioration rates in Roothing and the three Waters. Some conservatism has been applied to assessing asset life, which means ratepayers currently pay slightly more than if assets were assessed as having a longer useful life. The upside of this approach is that Council will not have to impose significant rate increases in future due to underfunding of depreciation.

When we can replace like for like

The estimated useful life of each class of Council infrastructure is set out in the Statement of Accounting Policies in this Plan. As with any estimate, there is a risk that these could be wrong. Overestimating the lifespan could lead to earlier than forecast failure and required replacement while underestimation could mean that infrastructure is replaced earlier than needed.

Council's projections for replacing infrastructure are also underpinned by the current state of technology.

Future developments may lower the replacement costs of pipes if, for example, their useful lives can be extended by re-lining.

The total value of Council infrastructure at 30 June 2017 is \$39.9 million. Over the next 10 years \$12.8 million (including inflation) will be spent on renewals.

The table below shows when Council will be required to make significant decisions for infrastructure renewal. These are also programmed in the relevant asset management plans.

Table: Significant infrastructure renewal decisions (2018 – 2048)

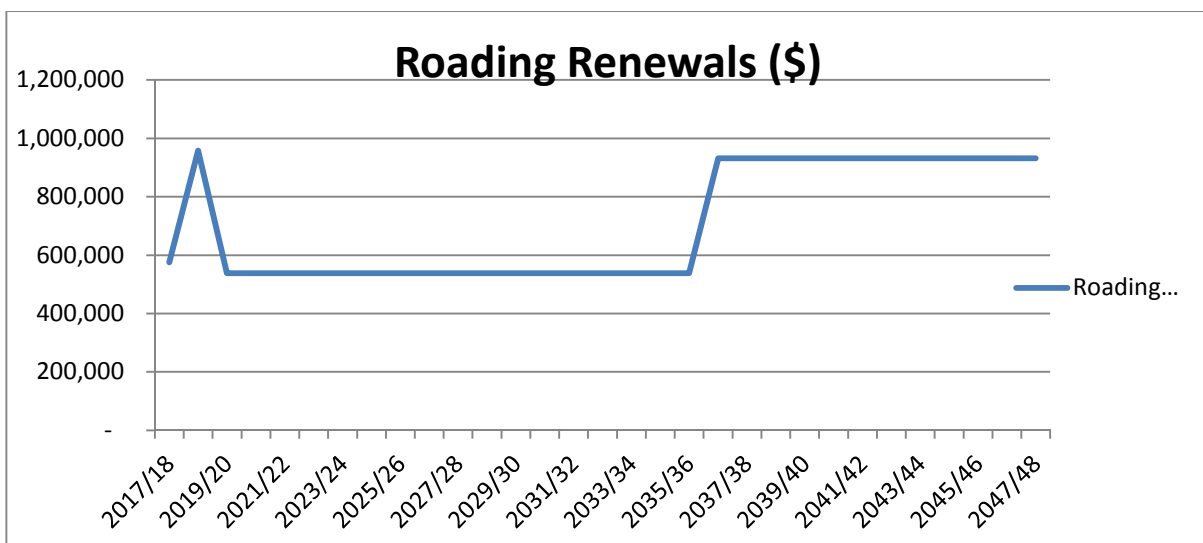
Year	2019/20	2020/21	2027/28	2028/29	2036/37	2046/47
Water - Rising Main	√					
Water - UV Plant			√			
Water - Gravity Main				√		
Wastewater - Contra Shear/Milliscreen		√				
Wastewater - Decanter and Conveyor				√		
Wastewater - Renew Pipe (9km)						√
Roothing - Replace Basecourse					√	

Roading

Roading assets include the road carriageway, street lights, footpaths, kerbs, bridges and culverts. The nett value of Council's roading assets at 30 June 2017 was \$15.6 million. Current levels of service provided by roading assets are shown in the following table:

Length of Roads (kms)	40
Length of Kerbs (kms)	72
Area of Footpaths (m ²)	108,500
Structures (one Bridge, five culverts)	6
Number of Street Lights	644

Expenditure on Roading renewals over the life of this Strategy is expected to be fairly constant, as shown in the figure below:



An expenditure spike in 2018/19 is for Council to increase the stormwater capacity of the roads to cope future heavy rainfall events. Also there is an expenditure increase from the years 2036/37 to through to 2047/48 which is created by the estimated need to renew the underlying road pavement structure and associated kerb and channel. Council has smoothed these costs over the last 11 years of the strategy (see description of smoothing below).

Stormwater, Water Supply and Wastewater (3 Waters)

Kawerau is unusual in that, because the town was purpose-built, much of the reticulation infrastructure was constructed at the same time. Because the town is only 60 years old, Council's main focus to date has been on maintenance. As it ages however, infrastructure will start needing to be replaced. The uniformity in age means that

this will occur in large chunks and create expenditure 'spikes'.

Smoothing of Renewals

Council has adopted a strategy to 'smooth' the renewal of infrastructure assets. For Stormwater, Water Supply and Wastewater infrastructure, the reticulation network is divided into six zones based on the estimated average date at which each was developed. Renewal/replacement funding for each zone is averaged over eight years (ten years for Stormwater). This allows for the spread of renewals dates and recognises the different end of life dates.

Replacement decisions are based on information including the condition, reliability and maintenance of the asset as well as age. Council's objective is to maximise infrastructure life without compromising service. This reduces overall costs to the community.

Stormwater

The Stormwater activity involves Council disposing of stormwater from the roading network, repairing or replacing unsound pipes and other structures, cleaning pipes and cesspits, planning to meet future requirements and improving operations. Stormwater is collected predominantly from the roading network and channeled through a network of pipes into natural waterways. The nett value of Council's stormwater assets at 30 June 2017 was \$4.9 million.

Table: Key components of the stormwater system

Length of reticulation	38.6 km
Number of cesspits	771
Number of outfalls	19
Number of manholes	526

The stormwater network is predominantly concrete pipes and manholes with some GEW and PVC in the town centre where it is impacted by the geothermal environment. The more modern smaller diameter pipes are also PVC.

Climate change has resulted in increased rainfall intensities. Increased flows in 2017 following a very extreme rainfall event (300mm in 8hours) exceeded pipe capacity and runoff from farmland inundated a number of homes. Flow diversion structures have been built to redirect the flow. In 2017/18 and 2018/19 a number of flow retention structures will be built to further manage these. In addition two culverts under River Road will be replaced to eliminate build up on dividing walls and prevent backup, which has resulted in houses being flooded. Network performance and climate changes will be monitored to determine if additional improvements are required.

Council will need to replace approximately 1.8 kilometres (km) of Stormwater pipes each year for the ten years from 2072 to 2082, and then 0.5 km per year for a period of time thereafter.

For the period of the Infrastructure Strategy, Council is only undertaking the renewal of 160 metres of large pipework in 2018/19 at a cost of \$250,000. No further stormwater renewals are planned until 2072.

Water Supply

The water supply network comprises springs, pumps, reservoirs and pipes. It distributes potable (drinkable) water to around 2,400 households, four large industrial plants and approximately 250 business premises. Water is principally sourced from two springs. When demand is high and spring flows are low, Council can obtain additional water from a bore field. Resource consents from the Bay of Plenty Regional Council stipulate the amount of water which may be taken and a maximum extraction rate.

From source the water is treated (UV and Chlorine) and then pumped to three reservoirs, from where it is circulated through the reticulation network by gravity. Large water users have metered supplies. The nett value of Council's water supply assets at 30 June 2017 was \$8.7 million. Key components of the system are summarised below.

Length of reticulation (kms)	76
Number of pumping stations	2

To meet the NZ Drinking Water Standard, water is UV treated to eliminate protozoa and bacteria. Council started adding chlorine from 1 July 2018 to eliminate the risk of water being re-contaminated after UV treatment. Water is monitored at set points in the reticulation to ensure the residual protection is always occurring. A Water Safety Plan is in place and reviewed by the Ministry of Health to ensure potential risks identified are reduced as much as possible.

Council will replace approximately 20 kilometres of water supply pipes during the period of this strategy. Renewal costs have been “smoothed” as much as practicable. The tables below show the anticipated pipe length replacement and costs for each year.

Table: Water supply renewals

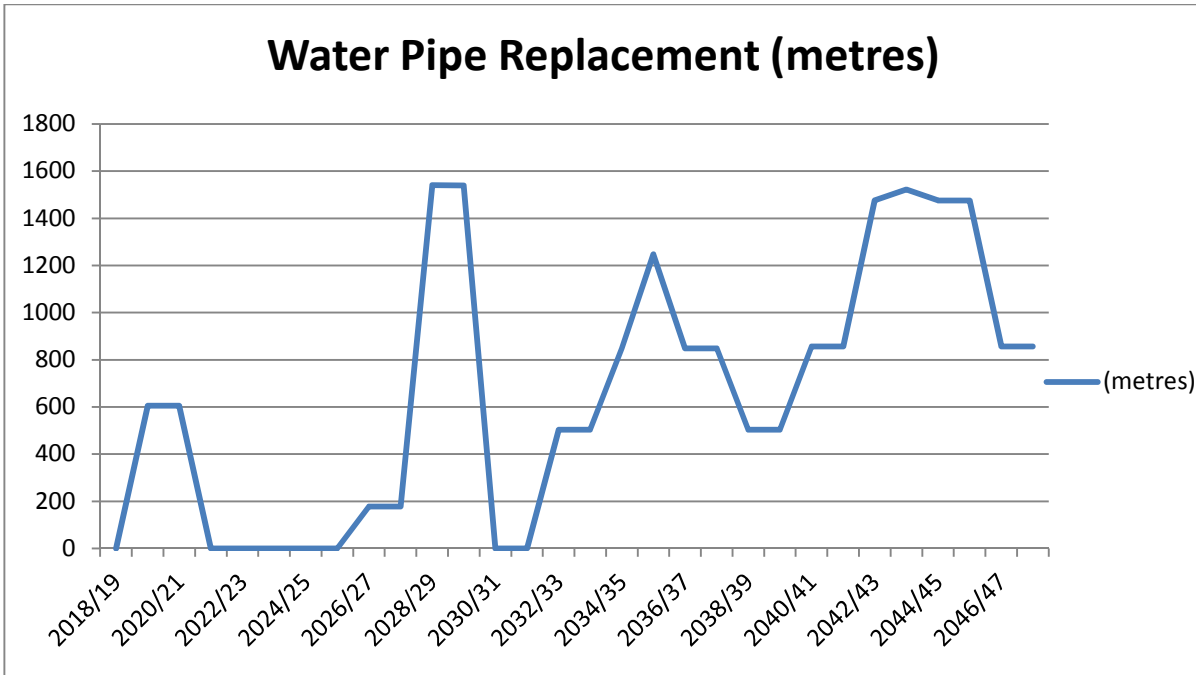
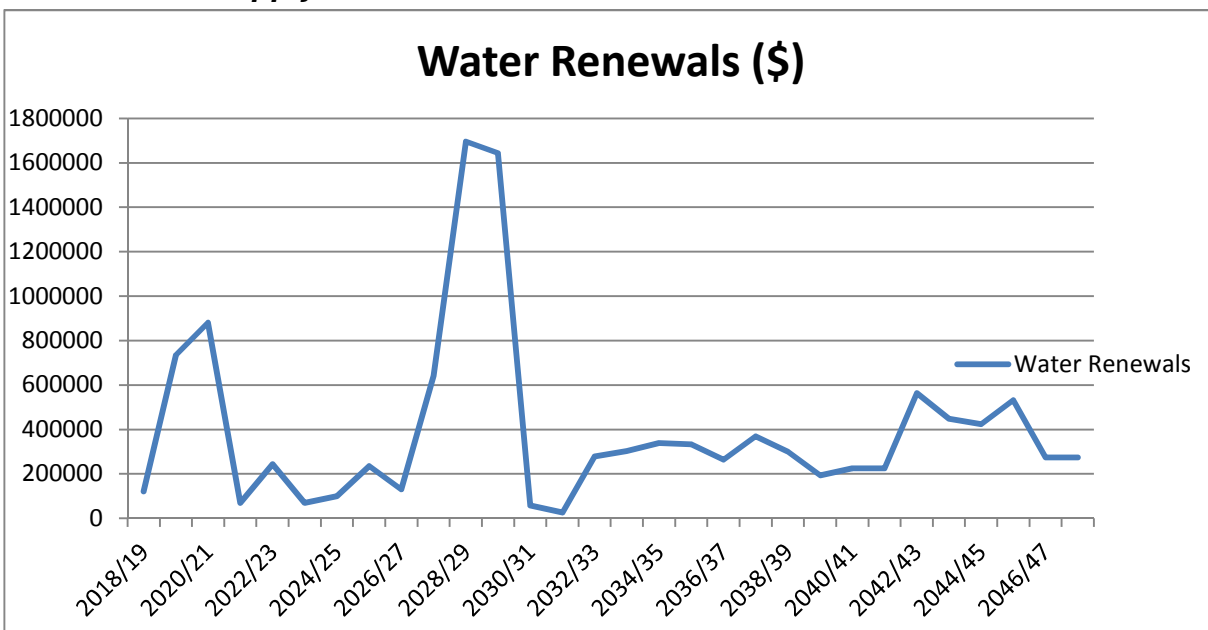


Table: Water supply renewal costs



NOTE: Annual replacement 8 year moving average

Replacement of the rising main from the pumphouse to the reservoirs and of the gravity main from the Umukaraka Spring to the pumphouse cause expenditure spikes in 2019-21 and 2028-30. These are discussed more fully later in the strategy.

Wastewater

Properties connect to the public reticulation system through small pipes. Larger pipes and manholes are used in the network where changes in gradient and direction require. There are two pump stations. All wastewater is brought to the treatment plant. Treatment and the discharge of water to ground are carried out in accordance with resource consent requirements and to maintain a healthy environment. Septic tanks are used for one Council owned toilet block and the few properties in the District not connected to the network.

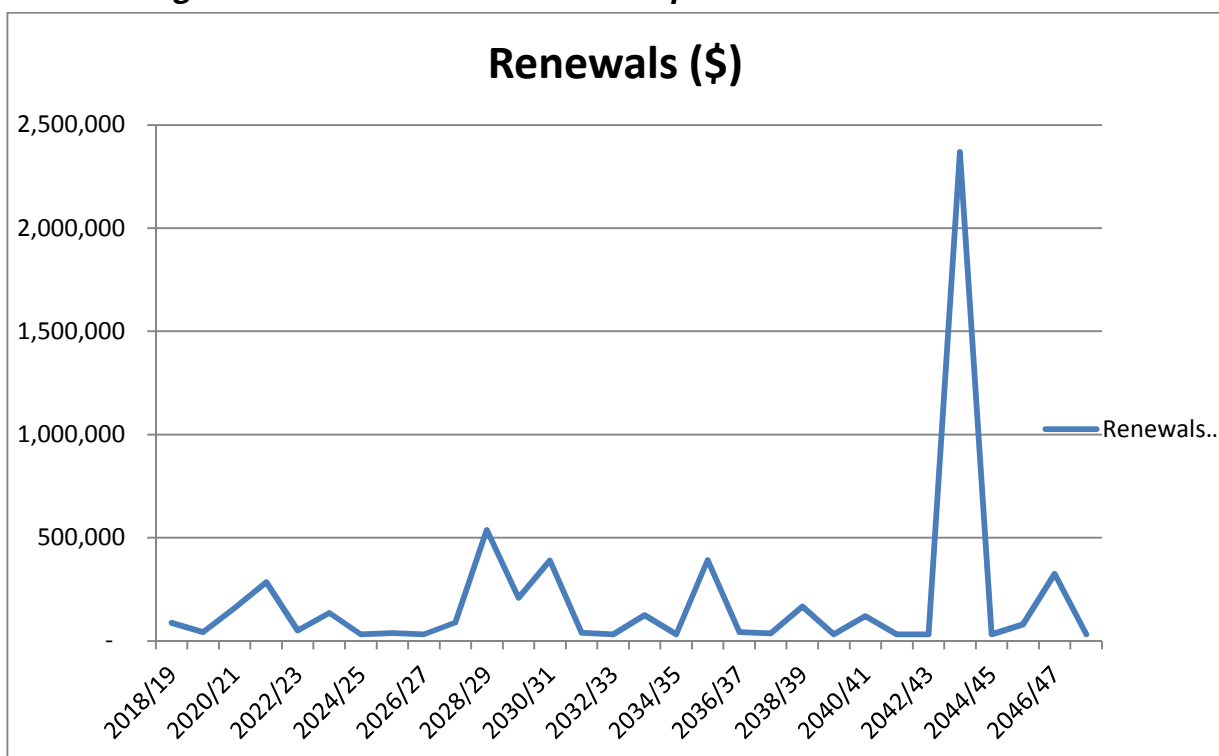
The nett value of Council's wastewater assets at 30 June 2017 was \$10.8 million.

Table: Key components of the wastewater system

Length of reticulation (kms)	54
Number of pumping stations	3
Manholes	754
Treatment Plant	1
Wastewater treated (average m3 per day)	2,000

Nearly 9 kilometres of asbestos cement pipes installed in 1973 are due for replacement in 2043/44. Otherwise there are no other pipe renewals for the next 30 years.

Table: Programmed wastewater renewal expenditure



NB These renewal costs have not been smoothed.

Funding for infrastructure and affordability

Council has funded the depreciation costs of strategic assets since 1998. Depreciation funds are set aside in reserves and used to pay for renewals. Council anticipates it will have cash reserves (depreciation reserves) of approximately \$15.3 million at 30 June 2028 for infrastructure renewals and that there will be sufficient reserves during the remaining period of this strategy to fund all necessary infrastructure renewals.

Council made the decision to fund depreciation because it believed that it was financially prudent to do so. It also ensures that the cost of strategic assets is spread equitably and affordably over each generation of ratepayers.

The effects of climate change, increasing environmental expectations or the need to improve resilience to earthquakes may require a territorial authority to invest in upgrading infrastructure.

When new and improved infrastructure will need to be purchased

Improved Technology

Roading

The upgrade of Kawerau's street lights to LED is being completed in the 2017/18 financial year.

Environmental Expectations

Water Supply

Local demand for water is not expected to increase markedly over the life of this Strategy. The Bay of Plenty Regional Council will review water allocations when issuing resource consents. Water for human consumption is given higher priority than other uses such as irrigation or industry so minimal impact is expected for Kawerau's water supply. If the Regional Council was to reduce Council's maximum water take, we would have to start imposing water restrictions in summer. No additional costs are associated with this risk, however it would be a reduced level of service for the community.

Climate Change

Stormwater

Changing rainfall patterns have impacted on future stormwater requirements. Some flow diversion structures were built in 2017 to reduce overland flows from surrounding farmland onto residential properties.

In 2018/19 two culverts under River Road will be upgraded to eliminate clogging which has resulted in backup of water causing property inundation. Six water retention dams will be built on farmland to reduce the flow during extreme rainfall events.

Council will regularly monitor climate changes and assess the capacity of the network to cope during significant rainfall events. Any decisions to make changes to the network will be based on these assessments.

Earthquake Resilience

Kawerau's infrastructure suffered little or no damage during the major 1987 Edgecumbe earthquake. There is always the possibility that a nearby earthquake of similar or greater magnitude could cause more serious damage.

Roading

The roading network suffered no damage in the 1987 earthquake, which indicates that roading is at minimal risk from earthquakes.

Water Supply

The 1987 earthquake damaged the water reservoirs, which in turn affected water quality for a period of time. There was no damage to pipes, which indicates that the earthquake risk to Council's water reticulation network is low.

Wastewater

The Edgecumbe earthquake caused no known damage to wastewater pipes, which indicates that the network has a low earthquake risk.

Insurance

Council has entered into a funding arrangement with central government which provides that central government would meet up to 60 percent of the cost to restore infrastructure such as reticulation systems after a natural disaster. Council has insurance of \$10 million to meet the remaining 40 percent of the cost.

How much expenditure is required to provide for future needs

Future population

Population size is the main determinant of demand for infrastructure. At the 2013 census the total population of the Kawerau District was 6,363 and was expected to decline to 4,000 people by 2043.

Population projections provided by Statistics New Zealand in February 2018 put Kawerau's population for 2018 at 6,840, reducing to 6,370 by 2028.

District infrastructure has the capacity to service a population of approximately 10,000 so there is more than sufficient capacity for the period of the Long Term Plan.

The additional cost of servicing a population larger than that projected by Statistics NZ would be limited to variable costs such as power. Similarly, if the population was to reduce below the projected level, there would be only a minimal reduction in costs.

Most Likely Scenario

Council does not expect major growth or changes to levels of service for its assets in the foreseeable future. Over the next 30 years, ageing infrastructure will create a need for some significant replacement of Water Supply reticulation and then Wastewater reticulation. In the last decade of this Strategy, substantial Roading renewals will be required. Council's planned infrastructure renewal programme, with alternatives and costs, is discussed in this section.

Roading

The roading network requires continued reseals, road marking and kerb and footpath replacement at current levels to maintain existing levels of service for the foreseeable future. Footpath replacement is also continuously occurring to maintain smooth surfaces.

Most likely scenario

- a. Council has a footpath replacement budget of \$160,000 per annum. This replaces approximately five percent of the

network each year. The location is often random as much of the replacement is from tree root damage.

- b. Two culverts in River Road will be replaced in 2018/19 (costing \$420,000). This is being done to cope with high-intensity rainfall events.
- c. Renewal of the underlying road pavement structure is expected to be required from 2036/37 and cost around \$2.4 million. Council is likely to smooth the expenditure to minimise the impact on rates, as it is considered unlikely that pavement structure will all fail in one year.

Water Supply

1. Replace rising main from Pumphouse to Reservoirs

The rising main from the Pumphouse to the Reservoirs is made from asbestos cement pipe and was installed around 1970. The pipe is approximately 1,200 metres long. AC pipes have been lasting for up to 60 years, but as the rising main is critical to the operation of the Water Supply system, it will be replaced sooner, before failures start to occur. The rising main replacement will cost \$1.2 million and occur from 2019 – 2021.

In June 2018 an old 225mm steel rising main in good condition will be connected to the treatment plant. It will be used as a backup when work is required on the principal rising main.

Most likely scenario

Replace the rising main in 2019-21. The cost is shown in the table at the end of this section.

Principal alternative

Delay replacement, increasing the risk of failure.

2. Replace gravity main from Umukaraka Spring to Pumphouse

The gravity main from the Umukaraka Spring to the Pumphouse is made from AC pipe. It is 3,200 metres in length and 450 mm in diameter. Installed in 1970, it is showing signs of deterioration. Water from Umukaraka Spring has a low pH value (i.e. high acidity

level) so Council's programme of pH correction is not reducing deterioration in the pipes. Without water from this spring, Council would need to impose significant water restrictions, especially in summer. The gravity main is not under pressure so the pipe is expected to last for 60 years. Failure is not anticipated to be catastrophic.

Most likely scenario

Replace the gravity main pipe in 2028-30 (\$3.1 million) before failures start, giving an added level of security to the supply.

Principal alternative

Defer replacement until after two failures have occurred. The season during which pipes failed would determine the level of disruption to the community.

3. Ongoing replacement of mains pipes

Water Supply reticulation pipes are made of a mix of materials: Steel (44%) AC (37%) and PVC (19%) Their ageing profile varies considerably: Steel and PVC are 100 years and AC 70 years. To date pipes have generally been replaced after regular failures occur. Every additional year that the life of the reticulation network can be extended equates to a reduction of approximately 1.5 percent in the depreciation funding required.

Most likely scenario

Replacement decisions for pipes 150mm and smaller will be made after several failures occur. In relation to pipes of 200mm diameter or larger, decisions will be made before failures start to occur. This approach is considered to be a balance between maximising asset life, creating acceptable levels of disruption to users and ensuring there is a cost effective balance between maintenance and renewal.

Principal alternatives

- a. Determine likely failure dates and schedule replacement some time before these dates. This approach could result in pipes being replaced before the actual end of their useful lives and cost the community more for water.
- b. Wait until several pipe failures occur and then replace that area of the

reticulation network only. This maximises the life of the asset but reduces the level of service for households and businesses in the area where pipes have started to fail.

4. Network Extension

The reticulation network will be extended to the north of Kawerau in 2018/19 by a further 1,400 metres (\$50,000). 1700 metres has already been installed to service industrial development occurring in 2019. Council has agreed to provide the pressure main.

Most likely scenario

Council will undertake the work in 2019 when the road is installed to service the developing industries.

Principal alternative

Require the industries to provide their own potable water

Wastewater

1. Ongoing pipe replacement

The AC and concrete pipes in the wastewater reticulation network are also deteriorating with age. They need replacing before or after regular failures occur. Every additional year that the life of pipes can be extended equates to a reduction of approximately 1.5 percent per annum in the depreciation cost.

Most likely scenario

Determine the likely failure date and replace the pipes on this date even if failures are not yet occurring.

Principal alternatives

- a. Determine the likely failure dates and replace well before this date so as to minimise disruption to the community. This would make depreciation costs higher because pipes would be replaced before the end of their useful lives.
- b. Wait until several pipe failures occur and then replace that area of the reticulation network only. This maximises the life of the asset but does provide a reduced level of service for households and businesses in the area when pipes start to fail.

2. Pipe Network Extension

The wastewater network will be also be extended by 1400 metres north of Kawerau in 2018/19 to service the new industries being constructed in 2019. Council has agreed to provide the rising main and pump station required.

Most likely scenario

Council will undertake the work in 2019 when the road is built.

Principal alternative

- a. Require the industries to treat their own waste.

What Would It Cost?

Cost of Replacement Programme

The costs associated with the proposed significant renewals in Water Supply are shown in the table below.

Renewal	Most likely scenario \$
Rising main from Pumphouse to Reservoirs (2019 – 2021)	1,160,600
Gravity main from Umukaraka Spring to Pumphouse (2028 – 2030)	3,099,700
Other water reticulation renewals (2018 – 2048)	3,664,000

The total projected capital expenditure required to fund all the infrastructure renewals proposed in this Strategy is \$39.5 million over the 30 year period. The proposed infrastructure replacement programme for the period and associated capital and operational expenditure (including inflation) are shown below.

Table: Renewal Programme 2018 to 2048 (\$)

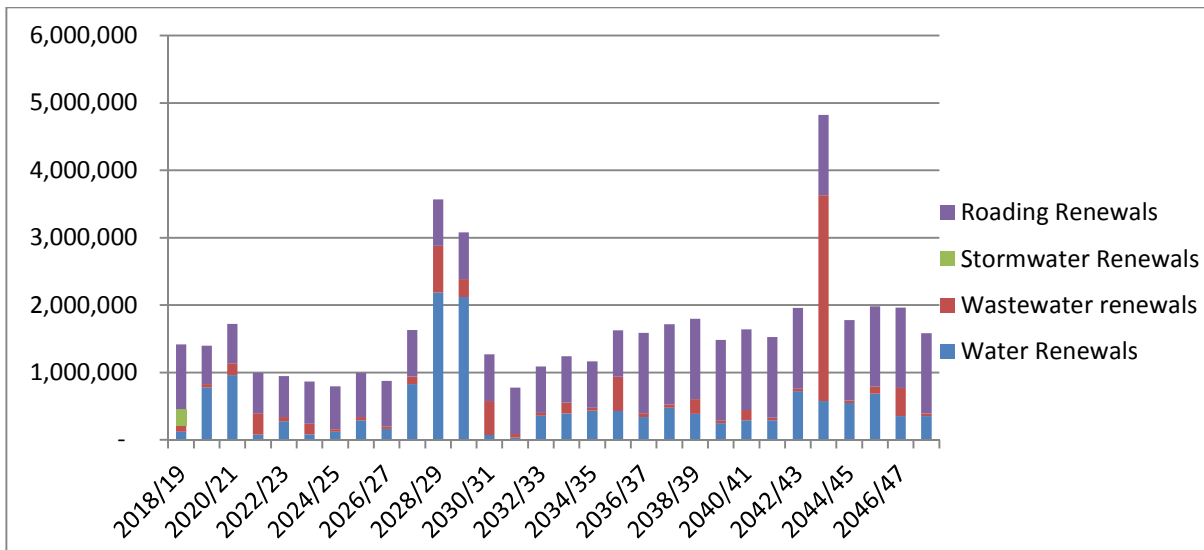
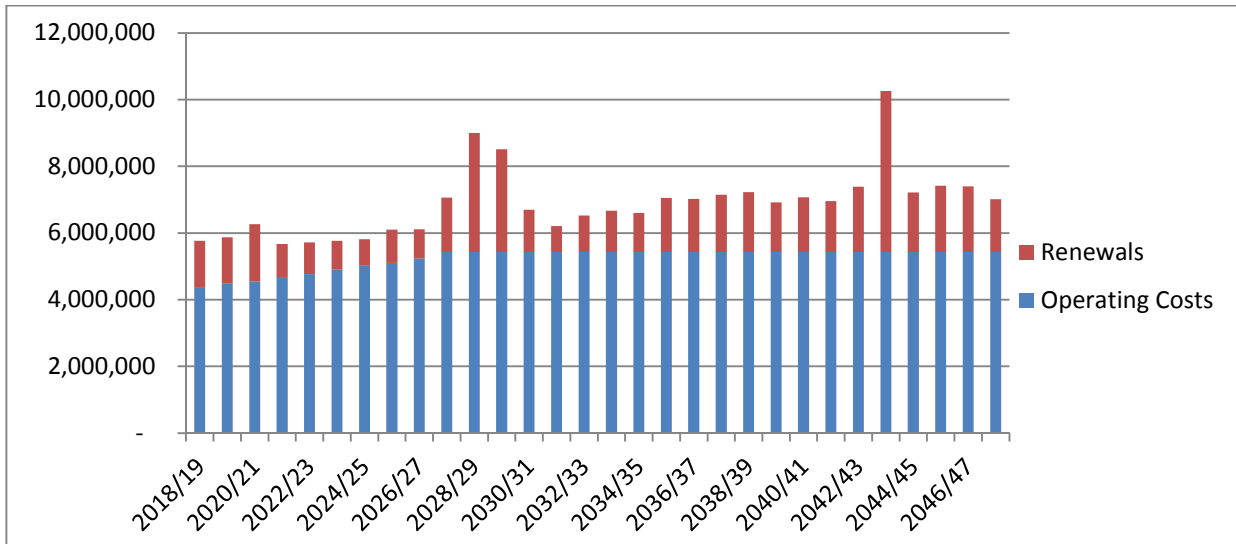


Table: Annual operating and capital expenditure for infrastructure (\$)



Balancing the Budget

Council is required under the Local Government Act to manage its revenues, expenses, assets, liabilities, investments and general dealings in manner that is prudent and which promotes the current and future interests of our Community.

Council is further required to ensure that its projected operating revenues each year are set at a level to meet the year's operating costs. However, Council may set projected operating revenues at a different level if it believes that doing so is financially prudent.

In assessing a financially prudent position, Council gives consideration to:

- The estimated cost of maintaining planned levels of service, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful lives.
- The projected revenue available to fund the estimated expenses associated with delivering services and maintaining the service capacity of assets throughout their useful lives.
- The equitable funding for the provision and maintenance of assets throughout their useful lives.
- Council's funding and financial policies.

Council has not set its operating revenue at a level that meets the operating costs for the period of the Long Term Plan 2018 – 2028. The reason is because in 1998/99 Council decided not to fund depreciation on certain assets. The non-funding of depreciation applied to roads subject to New Zealand

Transport Agency subsidies and buildings and facilities assessed as being individually non-critical, as they were unlikely to be replaced in their present form if destroyed. The non-critical assets included the Swimming Pool Complex, Town Hall, Concert Chamber, Library/Museum, District Office, Tarawera Park Amenity Building, Ron Hardie Recreation Centre, Council Depot and Pensioner Houses.

Council has confirmed this decision. Council believes the reasons for the policy remain unchanged and that the policy is appropriate for the Kawerau District. The non-critical assets remain non-critical. Because of excess capacity the level of utilisation in many cases is significantly below total availability. Replacement of these assets could be by rented accommodation, by third party contribution or funded by way of loans.

The advantage of not funding depreciation on non-critical buildings is that the community is not funding depreciation on assets that are unlikely to be replaced with buildings of equivalent value. Also the benefit of not funding the portion of depreciation where Council expects Land Transport NZ subsidies on asset renewals, is that ratepayers are not funding depreciation that it believes is unlikely to be required in the future. There is a slight risk that the subsidy rate could decrease below the rate identified in this Plan, however Council believes that the risk is very low and that it would look at alternative funding options such as rating and loans if this were to occur.

Rates Charges

Rates for 2018/19

2017/18	Rates (includes GST)	2018/19
\$	General Rates	\$
750.00	Uniform Annual General Charge	850.00
	(Charged per separately used or inhabited part of a rating unit)	
.008843	Residential Rates (per dollar of capital value)	.008820
.022151	Commercial/Industrial Rates (per dollar of capital value)	.023245
	Targeted Rates	
71.63	Water Rate (per connected property)	59.70
158.24	Wastewater Rate (per connected property)	140.90
167.00	Refuse Collection (per serviced property) 60L bin	170.10
227.00	Refuse Collection (per serviced property) 120L bin	230.10
0.162	Water by meter (\$ per m ³)	0.155
3,620.00	Residential Rate Cap	3,800.00
	Capital Value	
270,129,100	Residential Capital Value	271,900,100
236,999,000	Commercial/Industrial Capital Value	238,964,000
\$507,128,100	Total Capital Value	\$510,864,100

The impact of the changes in capital value and the percentage rates increase are shown for some example properties in the following tables:

Residential

Capital Value	Rates 2017/18	Rates 2018/19	Increase	Cost per Week 2017/18	Cost per Week 2018/19
\$	\$	\$	%	\$	\$
\$11,000	\$1,245	\$1,318	5.9%	\$24	\$25
\$59,000	\$1,669	\$1,741	4.3%	\$32	\$33
\$82,000	\$1,872	\$1,944	3.8%	\$36	\$37
\$95,000	\$1,987	\$2,059	3.6%	\$38	\$40
\$120,000	\$2,208	\$2,279	3.2%	\$42	\$44
\$200,000	\$2,916	\$2,985	2.3%	\$56	\$57
\$240,000	\$3,270	\$3,338	2.0%	\$63	\$64

Commercial

Capital Value	Rates 2017/18	Rates 2018/19	Increase	Cost per Week 2017/18	Cost per Week 2018/19
\$	\$	\$	%	\$	\$
\$98,000	\$3,151	\$3,329	5.6%	\$61	\$64
\$140,000	\$4,081	\$4,305	5.5%	\$78	\$83
\$270,000	\$6,961	\$7,327	5.3%	\$134	\$141
\$700,000	\$16,486	\$17,322	5.1%	\$317	\$333
\$1,450,000	\$33,099	\$34,756	5.0%	\$637	\$668
\$15,650,000	\$347,643	\$364,835	4.9%	\$6,685	\$7,016
\$30,600,000	\$678,800	\$712,348	4.9%	\$13,054	\$13,699
\$107,700,000	\$2,386,643	\$2,504,537	4.9%	\$45,897	\$48,164

How much will my Rates be for 2018/19?

Rates Calculator

Write your Capital Value here (a)
(available from your rates invoice or by
going to www.kaweraudc.govt.nz and
accessing 'Your Property')

Uniform Annual General Charge (b) 850.00

Rating factor from Rates and Service Fees table (Residential or Commercial) (c)

Multiply the annual value by the rating factor (d)=(a)x(c)

Water Supply Rate (e)

Wastewater Disposal Rate (f)

Annual Refuse Collection Rate (small or large) (g)

Add all the different rate types together (h)=(b)+(d)+(e)+(f)+(g)
(this is the total projected rates for your property)

TOTAL \$ _____

NB: If your property has separately used parts you will need to add additional UAGC (b), Water supply (e), Wastewater (f) and Refuse Collection (g) charges for each separately used part.

Rates and Service Fees

	(\$)
Residential (c)	.008820
Commercial (c)	.023245
Water Supply Rate (e)	59.70
Wastewater Disposal Rate (f)	140.90
Refuse Collection Rate (small) (g)	170.10
Refuse Collection Rate (large) (g)	230.10



| WHO WE ARE



The District of Kawerau

About our District

Kawerau lies in the Eastern Bay of Plenty region, 100 kilometres southeast of Tauranga and 58 kilometres east of Rotorua. An enclave of 24 square kilometres within the Whakatane District, the Kawerau District is comprised mainly of urban, industrial and commercial land, with only a small area of rural land.

Kawerau's natural resources include the Kawerau Geothermal Field, the Tarawera River and natural springs which produce an abundant supply of good quality water. Kawerau's geology is the result of the Mount Tarawera eruption. Soils in the District are ash/pumice, highly porous and able to be compacted with work. The District topography is generally flat to rolling.

Kawerau enjoys hot summers and mild winters. In summer the daily maximum temperature averages 23.7 degrees Celsius and on some days can reach more than 30 degrees Celsius, often the hottest temperature in New Zealand.

The 2013 Census recorded 6,363 people usually resident in the Kawerau District, a decline of over eight percent since the 2006 Census. Kawerau is 64th in size out of the 67 territorial authority areas in New Zealand. It has 2,385 occupied dwellings and 306 unoccupied dwellings. Kawerau has a significant population of Māori people and higher than average populations of people aged over 70 and people in the 20 – 24 year old age group.

Kawerau is situated in the heart of New Zealand's principal forestry region and is a well-established wood processing centre supported by an engineering and maintenance service industry. Local industry has access to geothermal energy. The Kawerau Geothermal Field is one of the largest of its kind in the world and can substantially increase electricity production and support commercial opportunities which require a consistent direct heat facility.

The Kawerau area is thought to have been first settled by Māori people soon after the first waka migration from Hawaii in 1350AD. The original inhabitants were known as Te-Tini-O-Kawerau tribe. The rangatira Tuwharetoa was born in the area and the early people of Kawerau formed the Tuwharetoa tribe. Over time the rohe of Tuwharetoa was defined with the Tarawera River to the east and Matata as the seaboard. The territory extended along the coast to Otamarakau and then roughly to the south east, skirting Lake Rotoma, to where the town of Kawerau now stands.

The town of Kawerau originated from the decision in 1951 by the government and the Fletcher group to form the Tasman Pulp & Paper Company Limited as a joint venture. An integrated pulp and paper mill was built at Onepu, near the Tarawera River and a town of 3500 people was planned nearby. By October 1953 the first house was completed. The name 'Kawerau' was chosen for the new town as the result of a competition. The Kawerau Borough was officially created on 31 March 1954 by Order in Council.



About the Council



Council Structure

Council

The Council is comprised of His Worship the Mayor and eight Councillors elected from across the District. Council is responsible for making decisions about the overarching objectives, strategies and policies which determine the day to day running Council's operations. Council meets monthly, usually on the last Tuesday of the month. Council elections are held every three years and the next one is due in October 2019.

Regulatory and Services Committee

Council has a Regulatory and Services standing committee, to which all Elected Members belong. The Committee has the delegated responsibility for decisions about Council's services and regulatory functions. It meets monthly, usually on the Tuesday two weeks before the Council meeting.

Audit and Risk Committee

The Audit and Risk Committee assists Council prudently manage its revenues, expenses, assets, liabilities and general financial dealings. The Committee comprises the Mayor, three Councillors and an external appointee. Meetings are held every three months.

Functions of Council

Making Bylaws	Funding and Financial Policies
Setting Policy	Property Sale and Acquisition
Long Term Plan	Rating
Annual Planning and Reporting	Democracy
Consultation and Community Engagement	Governance
Relationship with Māori	Strategic Issues
Community Outcomes	Audit

Functions of Regulatory and Services Committee

REGULATORY		SERVICES	
Resource Management <ul style="list-style-type: none"> • District Plan • Submissions on Regional Plans • Resource Consents • Subdivisions 		Swimming Pools	Economic Development
		Parks and Reserves	Public Library
		Cemetery	Museum
		Roading	Public Halls and Facilities
		Footpaths	Leases
Public Health	Bylaws	Water Supply	Facility Rentals
Building	Dog Control	Stormwater	Asset Management
Plumbing	Noise Control	Wastewater	Investments
Drainage	Stock Control	Refuse and Recycling	Loans
Sale of Liquor	Civil Defence	Plant and Equipment	Accounting
Gambling Venues		Public Toilets	Grants

Functions of Audit and Risk Committee

Ensure the independence and effectiveness of Council's internal audit process
Monitor Council's internal and external audit processes
Monitor existing corporate policies and recommend new policies to prevent questionable, unethical or illegal activities
Provide a communication link between management, internal/external auditors and Council
Support measures to improve management performance and internal controls
Support the professional independence, effectiveness and accountability of Council's Risk Management Framework.

Elected Members of Council



Mayor M J (Malcolm) Campbell, JP
323 7772 (residential)
027 457 6122
Mayor@kaweraudc.govt.nz



Cr W (Warwick) Godfery
027 204 5278
warwick@manna.org.nz



Cr C J (Carolyn) Ion
323 9046 (residential)
027 415 6458
ion.family@xtra.co.nz



Cr B J (Berice) Julian
323 9190 (residential)
berice@xtra.co.nz



Cr S (Sela) Kingi
323 6009 (residential)
027 7665023
sela@tuwharetoa.org.nz



Cr C B (Chris) Marjoribanks
312 5570 (residential)
021 223 3761
chris@tuwharetoa.org.nz



Cr R G K (Rex) Savage
323 7287 (residential)
rgksavage@gmail.com



Cr D (David) Sparks
323 7776 (residential)
027 321 0740
ulricsparks@gmail.com



Cr F K N (Faylene) Tunui
022 320 8840
faylene.tunui@gmail.com

Operational Structure

Leadership Team



Russell George
Chief Executive Officer

07 306 9009

russell.george@kaweraudc.govt.nz



Tom McDowall
Manager
Operations & Services

07 306 9009

tom.mcdowall@kaweraudc.govt.nz



Peter Christophers
Manager
Finance & Corporate Services

07 306 9009

peter.christophers@kaweraudc.govt.nz

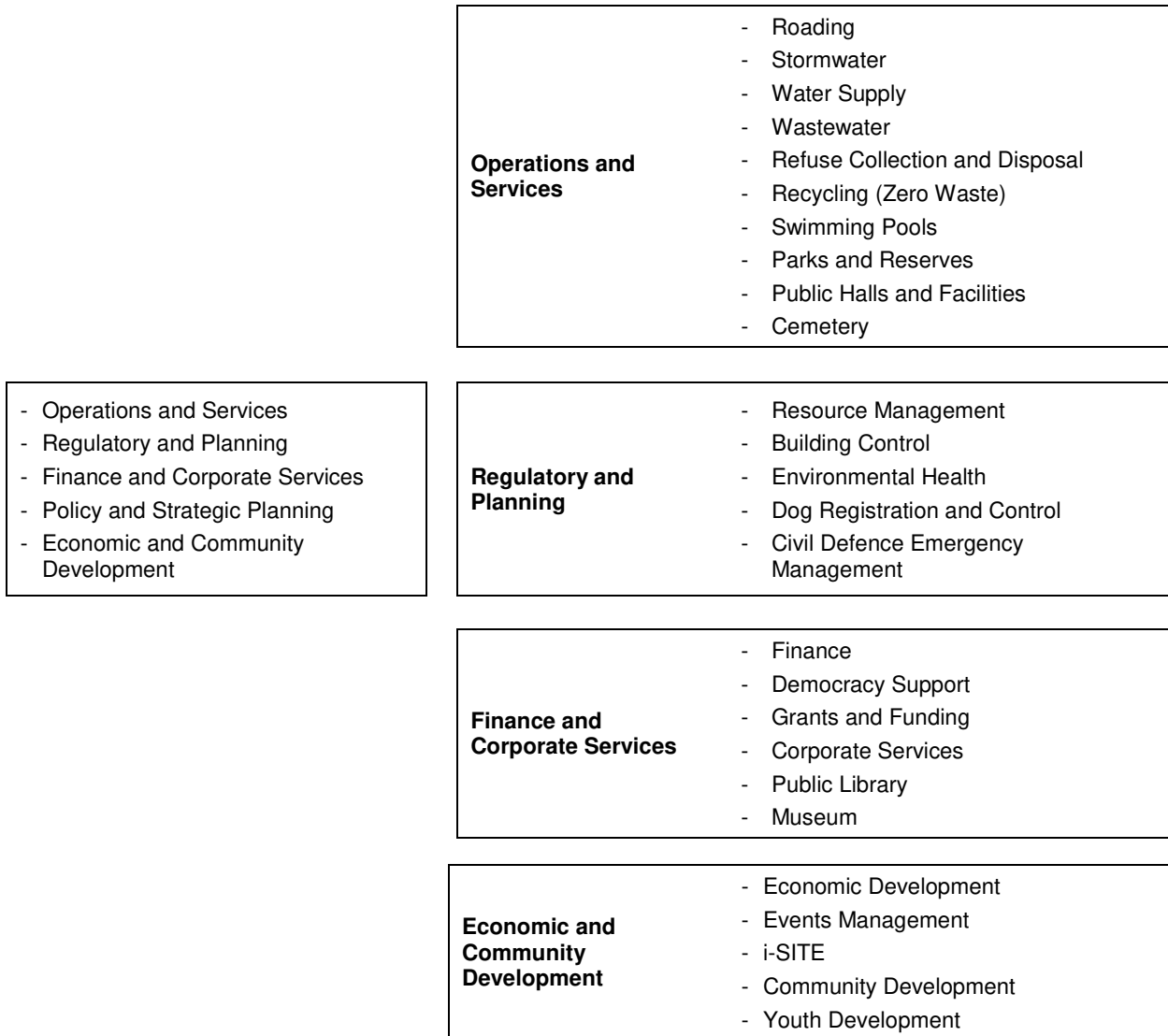


Chris Jensen
Manager
Planning, Compliance & Capability

07 306 9009

chris.jensen@kaweraudc.govt.nz

Departmental Structure





PLANNING AND DECISION MAKING



Strategic Framework

Council's Vision

"To be the best Council in New Zealand"

Mission Statement

1. To represent the interests and aspirations of the Kawerau Community, within and beyond the District.
2. To promote the social, economic, environmental and cultural wellbeing of the Kawerau Community.
3. To continue to provide an industrial base within the District for established industries and their supporting businesses.
4. To promote the advantages of Kawerau in order to grow the District population and to encourage further investment and development.
5. To ensure that the independence of the District is maintained.

Statement of Principles

To achieve its mission, Council will:

1. Provide services, facilities and infrastructure that can support a high quality of life in Kawerau.
2. Deliver cost effectiveness, customer service and community responsiveness.
3. Positively engage with all sectors of the community to determine their needs and priorities.
4. Maintain a fair system of rating to ensure that Council services are sustainable and satisfy community needs.
5. Inform and seek feedback from the community about Council's current and planned activities.
6. Work cooperatively with government agencies, territorial authorities, iwi and other stakeholders to maintain or improve Council services.
7. Maintain relationships with industry and business groups represented in the District.
8. Promote the District to attract development.

Community Outcomes

Community outcomes are the outcomes that a local authority aims to achieve in meeting the current and future needs of its communities for good quality local infrastructure, local public services, and performance of regulatory functions. In this context, 'good quality' means efficient, effective and appropriate to present and anticipated future circumstances.

Council reviewed the outcomes it aims to achieve for the community of Kawerau as part of making this plan. The resulting set of community outcomes underpin and are reflected in the various activities and levels of service that Council plans to deliver, to promote community social, economic, environmental and cultural wellbeing of this community.

<i>L</i>	<i>eadership</i> Council advocates within and beyond the district and governs for community needs and interests.
<i>E</i>	<i>quity</i> Council embraces involvement from all sectors of the community in its democracy and decision making.
<i>A</i>	<i>ctivity</i> Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.
<i>D</i>	<i>evelopment</i> Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our community.
<i>E</i>	<i>nvironment</i> Council sustainably manages Kawerau's environment through its stewardship, planning and consents.
<i>R</i>	<i>egulation</i> Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.
<i>S</i>	<i>ervices</i> Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.

Summary of Significance and Engagement Policy

Policy Objectives

The objectives of this policy are to:

- Enable Council and its communities to identify the degree of significance attached to particular issues, proposals, decisions, matters, assets and activities (matters);
- Inform Council from the beginning of a decision-making process about the level and form of engagement required; and
- Provide clarity about how and when communities can expect to be engaged in decisions made by Council.

Principles

Council's approach to engagement is underpinned by the following principles:

- Council needs to engage with communities and interested parties to understand their views and preferences.
- In general, the more significant a matter, the greater the need for engagement.

Policy Statement

1. Council will use the Local Government Act special consultative procedure as required by statute.
2. For all other matters, Council will assess the degree of significance and determine the level and form of engagement on a case by case basis.
3. Council will use an Engagement Guide based on the International Association for Public Participation spectrum of public participation to determine what level and form of engagement it will use.
4. Council will make decisions in relation to matters only after significance and the level and form of engagement have been determined.
5. The criteria to determine significance and engagement are:

- The level of financial commitment or impact involved
- Whether, and the extent to which, the matter affects the level of service of a Council Activity
- Whether the matter relates to a strategic asset as identified in this Policy
- Whether the matter will affect a large proportion of the community
- The likely impact on present and future community wellbeing, recognising Māori cultural values and the relationship of Māori to land and water
- Whether community interest is high
- Whether the likely consequences are controversial
- Whether community views, including preferences about the form of engagement, are already known
- The form of engagement used in the past for similar matters

6. A matter affected by a number of the above criteria is likely to have a higher degree of significance and therefore a greater need for community engagement.
7. Council will apply a consistent and transparent approach to engagement.

Strategic Assets

The assets considered by the Council to be strategic assets are:

- The roading network
- The stormwater network
- The water supply system as a whole
- The wastewater treatment and disposal system as a whole.

The full policy is available on Council's website: <http://www.kaweraudc.govt.nz>

Working with Others

Council is committed to working with others to enhance community wellbeing by providing effective, sustainable services. In addition to ad-hoc collaborations on various projects, Council participates in a number of formal structures to engage with key sectors of the local community and the wider Bay of Plenty region. These are discussed below.

Industrial Symbiosis Kawerau (ISK)

ISK began in 2011 with the purpose of creating shared opportunities for local industrial development through the smart and sustainable use of Kawerau's resources. Council sits on the Steering Group and provides a management role for ISK. Further information on ISK can be found at: <http://www.embracechange.co.nz>.

Toi EDA

Kawerau, Opotiki and Whakatane District Councils, the Bay of Plenty Regional Council and the Mataatua Iwi Forum are joint settlors of Toi EDA, the economic development agency for the Eastern Bay of Plenty. A description of the organisation is contained in the section on Council Controlled Organisations in this Plan.

Kawerau Seniors Forum

A review of Council's Positive Ageing Strategy in 2011/12 led to the establishment of a forum for people in the community aged 65 and older. The Seniors Forum has adopted as its purpose "To work with and between Council and the older community to facilitate solutions to relevant issues". The Seniors Forum is a conduit for two way communication and engagement with older people about Council policies and plans.

Council also has a collaborative relationship and works closely with other groups focused on the needs and interests of older people. These include Kawerau Grey Power, the Returned Services Association and the Disabilities Resource Centre Trust.

Kawerau Youth Council

The Kawerau Youth Council was established in 2008. Its objective is to develop self-confident youth leaders who go on to be role models and mentors for other young people. The Youth Council meets monthly and is involved in organising youth events and helping run community events. Members are selected annually at the beginning of the school year from among young people aged between 8 and 24 years. Two Councillors are appointed as mentors to the Youth Council and Council engages with the group over matters concerning young people.

Consultation Partners

In its Significance and Engagement Policy Council recognises 20 organisations and groups as consultation partners. These bodies represent key sectors of the community and can provide Council with the views of those interests and groups. Consultation partners are included in Council engagement processes for all but the lowest level decisions. Alternative or additional groups may be included on a case by case basis depending on the nature of the matter subject to engagement.

Collaboration Bay of Plenty

Collaboration Bay of Plenty (COBoP) is a network of all Bay of Plenty local authorities and 26 central government agencies working in the Bay of Plenty. Initially started in 2005, the participating agencies work together to:

- Foster active and ongoing relationships
- Share and communicate information
- Proactively seize opportunities and add value
- Promote thought and incubate ideas
- Connect up and remove barriers
- Use its collective influence.

Triennial Agreement

After each local body election the local authorities in each region enter into an agreement for communication and coordination over the coming three year period. The purpose of the agreements is to promote coordination of responsibilities and collaboration of services. The Bay of Plenty Triennial Agreement is between the BOP Regional Council and all the territorial authorities in the wider BOP region, including the South Waikato and Taupo districts.

The 2016-2019 agreement identifies specific areas of collaboration including:

- regional economic development;
- infrastructure planning and development;
- energy generation, distribution and conservation;
- planning including preparation, change and review of the Regional Policy Statement and district plans; and
- waste minimisation.

The agreement can be found on the BOP Regional Council website:

<http://www.boprc.govt.nz/media/367987/2014-04-11-bay-of-plenty-triennial-agreement-for-the-2013-2016-trienn.pdf>

Bay of Plenty Local Authority Shared Services Ltd

BOPLASS Ltd is a company owned by local authorities in the BOP and the Gisborne District Council. Established in 2007, it promotes shared services between local authorities within and beyond those regions. BOPLASS aims to improve levels of service, reduce cost, improve efficiency and/or increase value for local authorities and their stakeholders. It does this primarily through joint procurement and shared services. Further information is contained in the section on Council Controlled Organisations in this Plan.

Māori Contribution to Council Decision-Making

Council undertakes a range of activities to establish and maintain processes to provide opportunities for Māori to contribute to Council decision-making.

Council acknowledges Ngati Tuwharetoa ki Kawerau as tangata whenua of Kawerau. The iwi governance structure consists of three entities: a Treaty of Waitangi claims settlement trust, a combined marae committee and a hauora. Council recognises all three organisations as consultation partners. Consultation partners are groups that represent and reflect the key interests or constituencies within the Kawerau Community. Council may seek pre-consultation or early engagement with consultation partners to understand their views about matters under consideration before developing proposals for wider consultation. Council has invited such engagement with the local iwi in relation to high level plans and strategies.

Over recent years Council has also worked on a variety of projects with Ngāti Awa, which has a historical tribal interest and owns some land in the Kawerau District. Te Rūnanga o Ngāti Awa is also recognised by Council as a consultation partner.

A significant proportion of Kawerau's Māori residents are from iwi other than the two mana whenua. Council enables those people to contribute to decision-making as Māori by engaging with the committee of Rautahi Marae, an urban marae in the District. The marae committee is another of Council's consultation partners.

Statistics from the 2013 Census show that 62 percent of the Kawerau population is Māori. To recognise this significant level of representation, Council increasingly includes Māori people and protocols as part of its mainstream decision-making. This is particularly the case among Kawerau's young people, who engage with Council decision-making through the Kawerau Youth Council.





COUNCIL ACTIVITIES



Council's Activity Structure

The services that Council provides are organised into what are known as 'Groups of Activities'. The introduction of mandatory activity groups into the Local Government Act increased the number of Activity Groups provided by Council from seven to nine. These are shown below.

Activity Group	Activities
1: Democracy	- Democracy
2: Economic and Community Development	- Economic Development - Events Management - Grants and Funding - Information Centre - Youth Development - Community Development - Pensioner Housing - Commercial Rental Buildings - Residential Development and Retirement Units
3: Environmental Services	- Resource Management - Building Control - Environmental Health - Dog Registration and Control - Civil Defence Emergency Management
4: Roading	- Roads and Footpaths
5: Stormwater	- Stormwater Drainage and Flood Protection and Control Works
6: Water Supply	- Water Supply
7: Wastewater	- Sewerage and Sewage Treatment and Disposal
8. Solid Waste	- Refuse Collection and Disposal - Recycling (Zero Waste)
9: Leisure and Recreation	- Public Library - Museum - Swimming Pools - Public Halls and Facilities - Parks and Reserves

Promoting Community Wellbeing

The contribution of Council's Activities toward achieving the Community Outcomes and promoting the well-being of the Kawerau Community is set out below.

Activity Group	Community Outcome	Well-being
Democracy	Leadership Council advocates within and beyond the district and governs for community needs and interests.	Social
Democracy	Equity Council embraces involvement from all sectors of the community in its democracy and decision making.	Social
Economic and Community Development Leisure and Recreation	Activity Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Social, Cultural
Economic and Community Development	Development Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our Community.	Economic
Leisure and Recreation Environmental Services	Environment Council sustainably manages Kawerau's environment through its stewardship, planning and consents.	Environmental
Environmental Services	Regulation Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Environmental, Social
Environmental Services Roading Stormwater Water Supply Wastewater Solid Waste	Services Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.	Environmental, Economic

From the following page, each Council Activity Group is discussed with reference to the framework set out below:

Heading	Content
What we do	A description of each of the activities that make up the group of activities.
Rationale for Delivery	Why Council delivers the group of activities. Council's aims for the group, any legislative requirements, and the community outcomes to which it principally contributes.
Programme of Work	An overview of any major work planned for the next 10 years.
Significant Negative Effects	Any negative effects that could be caused as a result of providing the Activity
Assessment of Water and Sanitary Services (if applicable)	Any significant variations between the Assessment and the proposals in this Plan
Waste Management and Minimisation Plan (if applicable)	Any significant variations between that Plan and the proposals in the Long Term Plan
Statement of Intended Service Provision	<p>For each activity a table sets out the following:</p> <p>Levels of Service:- The outputs that Council expects to be generated by the activity</p> <p>Performance Measures: - The means used to measure whether the levels of service are being delivered.</p> <p>Performance Targets:- The desired levels of performance against the performance measures.</p>
Funding Impact Statement	The sources of funding to be used by Council, the amount of funds expected to be produced from each source; and how the funds are to be applied.
Breakdown of Capital Expenditure (if applicable)	Any budgeted and forecast capital expenditure for the period of the Plan.
Other information	Where information is required in addition to that outlined above.

Activity Group 1: Democracy

What we do

Democracy is the political arm of Council. It involves the Mayor and Councillors making decisions to promote the social, economic, environmental, and cultural well-being of the Kawerau community both in the present and for the future.

The Mayor and Councillors are elected every three years, currently by a postal vote of registered electors in the District.

Council has the following Committees:

- Regulatory and Services Committee
- Audit and Risk Committee

Rationale for Delivery

The aim of the Democracy activity is to represent the Kawerau District by making decisions and advocating on behalf of the needs and interests of the community.

Its objectives are to conduct Council affairs in a democratic and representative manner, thereby providing the community with quality democracy and representation.

Programme of Work

The major activities in Council's programme of work will include:

- Triennial Elections for Mayor and Councillors (2019, 2022 and 2025)
- Community satisfaction surveys (three-yearly NRB Communitrak surveys (2020, 2023 and 2026)
- A Representation Arrangements Review in 2021
- Setting Long Term Plans in 2021, 2024 and 2027 and Annual Plans in all other years of this Plan
- Ongoing support for the Mayor's Taskforce for Jobs.

Significant Negative Effects

The Democracy activity requires Council to balance the needs and wants of many community members to help achieve community wellbeing for the District overall. Some decisions made for the wider public good might at times have a negative impact on some individuals or groups.

Statement of Intended Service Provision: Democracy

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source	
Quality Indicators									
<p>Council advocates within and beyond the district and governs for community needs and interests.</p> <p>Council embraces involvement from all sectors of the community in its democracy and decision making.</p>	The community has confidence in the quality of democracy and representation provided by their Elected Members	Community satisfaction with Mayor and Councillors	87%	Not applicable	88% ¹	Not applicable	88%	Three yearly NRB Communitrak Survey	
	Council encourages the community to contribute to Council decision-making and informs the Community about key issues and activities.	Community satisfaction with Council consultation	63%	Not applicable	69% ¹	Not applicable	69%		
	Financial management is prudent, effective and efficient	Community satisfaction with the Way Rates are Spent	93%	Not applicable	91% ¹	Not applicable	91%		
		Percentage completion of the annual work programme	69%	>90%	>90%	>90%	>90%	Council records	
	Quantity Indicators								
	Council informs the community about key issues and activities.	Public notification of meetings	100%	100%	100%	100%	100%	Council records	
		Number of newsletters	11	At least 11	At least 11	At least 11	At least 11 pa	Council records	
		Number of visits to Council's website	New measure	At least 44,000	At least 45,000	At least 46,000	At least 46,000	Council records	
	Responsiveness Indicators								
	Council encourages the community to contribute to Council decision-making	Provision of a public forum at public Council and Committee meetings	Every meeting	Every meeting	Every meeting	Every meeting	Every meeting	Council records	

¹ Average of 2011, 2014 and 2017 Survey Results

Kawerau District Council:

Funding Impact Statement for 2018 – 2028 - Democracy

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	620,620	593,150	574,850	555,300	590,550	609,860	590,200	626,850	642,300	626,470	664,100
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	3,900	3,470	3,540	3,610	3,680	3,750	3,830	3,910	3,990	4,070	4,150
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	20,900	0	0	22,330	0	0	23,970	0	0
Total Operating Funding (A)	624,520	596,620	599,290	558,910	594,230	635,940	594,030	630,760	670,260	630,540	668,250
Applications of operating funding											
Payments to staff and suppliers	337,020	366,750	391,930	358,770	386,820	414,090	380,370	409,830	439,660	405,140	436,490
Finance Costs	3,160	1,470	1,550	1,470	1,430	1,340	1,300	1,240	1,180	1,130	1,060
Internal charges and overheads applied	262,870	212,490	189,480	182,680	188,410	202,620	194,840	200,650	210,130	205,180	209,840
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	603,050	580,710	582,960	542,920	576,660	618,050	576,510	611,720	650,970	611,450	647,390
Surplus (deficit) of operating funding (A-B)	21,470	15,910	16,330	15,990	17,570	17,890	17,520	19,040	19,290	19,090	20,860

Funding Impact Statement: Democracy (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	21,470	15,910	16,330	15,990	17,570	17,890	17,520	19,040	19,290	19,090	20,860
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	21,470	15,910	16,330	15,990	17,570	17,890	17,520	19,040	19,290	19,090	20,860
Surplus (deficit) of capital funding (C – D)	(21,470)	(15,910)	(16,330)	(15,990)	(17,570)	(17,890)	(17,520)	(19,040)	(19,290)	(19,090)	(20,860)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Activity Group 2: Economic and Community Development

What We Do

The Economic and Community Development group of activities includes the delivery of:

- Economic Development
- Events Management
- Grants and Funding
- i-SITE Visitor Information Centre
- Youth Development
- Community Development
- Pensioner Housing

Economic Development

Council takes a leadership role in local economic development initiatives and is also involved in economic development at sub-regional and regional levels.

Council is a key member of Industrial Symbiosis Kawerau (ISK), which is based on the principles of creating shared opportunities through the smart and sustainable use of resources and waste streams. ISK aims to stimulate external investment interests; demonstrate the benefits of the Kawerau District to regional, national and global audiences; increase the prosperity and resilience of the community and provide an efficient, sustainable platform for industries looking to lower their carbon footprint and minimise waste.

Council also works closely with the Opotiki and Whakatane District Councils and the BOP Regional Council as an active member of the Eastern BOP economic development agency, Toi EDA.

Events Management

Council supports a diverse range of events in the District and provides a strategic framework to meet future needs and demands. The purpose of Council's involvement in events management is to take advantage of and showcase the natural resources of the District and to build the capability and capacity of local volunteers.

Residential Development

Council is undertaking three developments to increase the supply of suitable housing for our community:

- Subdivision of land in Te Ariki Place into sections to enable houses to be built.
- Development of the reserve on the corner of River Road and Porritt Drive for retirement accommodation. Up to 28 two-bedroomed duplex units will be built there.
- Development of the former Central School site on Bowen Street in conjunction with a construction company of up to 31 homes.

Grants and Funding

Council administers various grants which help achieve its desired community outcomes by:

- Supporting community organisations to help maintain community services
- Assisting event organisers to organise new and innovative community-run events
- Funding small business entrepreneurs to conduct feasibility studies of proposed new business ventures in the District.

Council also administers the Creative New Zealand Creative Communities Scheme. Its purpose is to increase participation in the arts and increase the range and diversity of arts available to communities.

i-SITE Visitor Information Centre

The Kawerau i-SITE provides information and services to residents and visitors ranging from tourism information, activity and event information, internet access, accommodation and travel bookings, forestry permits, agency services and public toilets.

Youth Development

The youth development activity includes supporting Kawerau Youth Council activities (funded by the Ministry of Youth Development), providing school holiday activities and selecting recipients and presenting Young Achievers Awards.

Community Development

Council is involved in several Community Development initiatives and also provides support to community organisations.

Pensioner Housing

Council owns seven pensioner units in Waterhouse Street and 20 units in Porritt Drive. They are leased to the Kawerau Social Services (Mountain View Rest Home) Trust Board at a nominal rental, which is considered a more effective and efficient option than Council operating the units in-house.

Commercial Rental Buildings

A small shop space in the Tarawera Mall is regarded as a commercial rental building. It is used as a community office and can be booked by community groups at no charge.

Rationale for Delivery

This group of activities is primarily focused on promoting and encouraging industrial development, marketing the District as a desirable place to visit and live and developing community capability and cohesion. It contributes mainly to the economic and social wellbeing of the community. The specific aims of each activity are outlined below.

Economic Development

To facilitate the development of Kawerau as a place which supports a diverse, resilient industry base capable of providing a wide range of job opportunities for people of all ages and skill levels.

Residential Development

To provide and facilitate the provision of additional housing for the existing community, the growing population of older people and additional people who will move here to work in new industries.

Events Management

To enhance public perceptions of Kawerau and increase volunteer capability and capacity to organise events.

Grants and Funding

To fund initiatives and ventures which contribute to community vibrancy and resilience.

i-SITE Visitor Information Centre

To contribute to the Kawerau marketing strategy and the Eastern Bay of Plenty Visitor Economy Strategy by delivering a range of relevant information and services to visitors and the local community.

Youth Development

To promote and celebrate youth achievements in our community as positive examples for other young people to follow.

Community Development

To foster and further develop community identity, resilience and cohesion.

Pensioner Housing

To offer pensioner housing as part of the local retirement village complex.

Programme of Work

Economic Development

Council plans to continue encouraging industrial development and investment through active participation in ISK and Toi EDA.

Residential Development

Council plans to subdivide and develop two council residential blocks - Te Ariki Place (4 sections) and Bowen Street (31 sections), with development work to begin in the 2018/19 year and sales expected from the 2018/19 through to 2021/22. Council is using the net proceeds from the anticipated sales for Te Ariki Place (\$200,000) to offset rates in 2018/19 but will set aside the proceeds from Bowen Street for future capital projects.

Events Management

Council will review the events strategy in 2018/19 to determine the future direction it will take in this activity. Lead delivery of Kawerau Woodfest, King of the Mountain and Christmas in the Park will continue.

Youth Development

Council will continue to deliver the current Youth Strategy including the appointment, induction and development of a Youth Council each year. Subject to Ministry of Youth Development funding, the Youth Council will facilitate a range of activities for the benefit of young people in the District.

Information Centre

In 2017 Council brought operation of the information centre in house and expanded range of services it provides. Current operations will be consolidated and then adapted or modified where required.

Pensioner Housing and Commercial Rental Buildings

Council plans to continue to deliver current levels of service in these activities.

Retirements Units

Council plans to construct 28 retirement units on a reserve at River Road to meet the need/demand for this type of residence. It is anticipated that the land development and the construction of 6 units will be completed during 2018/19 with the rest of the units constructed over the following 2 years. The ownership of the units will be transferred to the resident with the acquisition of a licence to occupy, and they will largely be responsible for the day to day management of the unit. The units will be repurchased by Council at the end of the tenancy at an agreed valuation and then a new resident will acquire a licence to occupy the unit.

Significant Negative Effects

Potential significant negative effects in this Activity Group include:

- Inappropriate industrial development impacting on environmental wellbeing
- A reliance on Council involvement in events management and youth development acting as a disincentive for participation by voluntary and community groups
- A dependence on grants or funding leading to local voluntary and community groups being unsustainable.
- Development of residential sections (37) and there not being the demand for vacant residential sections
- Establishment of retirement units and there not being the anticipated demand for them and they remain vacant.

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Quality Indicators								
<p>Council works in partnership to attract people to visit, live and do business in Kawerau and to enhance economic and employment opportunities for our community.</p> <p>Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.</p>	Council is actively involved in Industrial Symbiosis Kawerau	Allocation of resources to ISK	0.6 FTE	0.5 FTE staff resource allocated	0.5 FTE staff resource allocated	0.5 FTE staff resource allocated	0.5 FTE staff resource allocated	Council Records
	Council contributes to successful events	Allocation of resources to event coordination	New measure	1.0 FTE staff resource allocated	1.0 FTE staff resource allocated	1.0 FTE staff resource allocated	1.0 FTE staff resource allocated	Council Records
	Council provides an Information Centre which suits community needs	Community satisfaction with the Information Centre	New measure	Not applicable	80%	Not applicable	83% 2021/22 85% 2022/23	Three yearly NRB Communitrak Survey
		User satisfaction with the Information Centre	New measure	Not applicable	95%	Not applicable	95% 2021/22 95% 2022/23	Three yearly NRB Communitrak Survey
Council supports young people to develop skills and attitudes needed to take a positive part in society	Satisfaction with youth council collaboration from collaborating groups	New measure	75%	80%	85%	90% 2021/22 95% 2022/23	Annual survey of collaborating groups.	

Statement of Intended Service Provision (continued)

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Quantity Indicators								
	Council is actively involved in the Eastern BOP Regional Economic Development Agency	Representation at Trustee meetings	100%	90%	90%	90%	90%	Toi-EDA minutes
	Council encourages positive perceptions of Kawerau by supporting local events	Frequency of events from February to December	1 per month	At least 1 per month	At least 1 per month	At least 1 per month	At least 1 per month	Council records
	Council provides a local Information Centre which is accessible to visitors and the local community	Number of days open each year	364 days	At least 360	At least 360	At least 360	At least 360	Council records
	Council supports young people to develop skills and attitudes needed to take a positive part in society.	Youth Council in place	Appointments made	Annual appointments made	Annual appointments made	Annual appointments made	Annual appointments made	Council records

Kawerau District Council:

Funding Impact Statement for 2018 – 2028 - Economic and Community Development

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	939,830	965,060	1,150,250	1,116,480	1,113,710	1,136,000	1,162,340	1,172,280	1,190,450	1,229,190	1,235,420
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	112,000	453,800	432,670	490,060	500,530	511,660	523,200	535,340	548,310	561,690	575,970
Internal charges and overheads recovered	0	0	0	8,500	27,570	34,290	34,610	34,940	35,280	35,640	36,000
Local authorities fuel tax, fines, infringement fees, and other receipts	0	337,000	650,000	805,000	895,000	90,000	90,000	96,200	96,200	96,200	103,900
Total Operating Funding (A)	1,051,830	1,755,860	2,232,920	2,420,040	2,536,810	1,771,950	1,810,150	1,838,760	1,870,240	1,922,720	1,951,290
Applications of operating funding											
Payments to staff and suppliers	729,450	1,264,170	1,524,720	1,560,250	1,676,250	1,257,900	1,282,220	1,313,680	1,340,720	1,368,490	1,405,840
Finance Costs	45,270	76,730	77,330	48,830	47,480	46,110	44,780	43,460	42,130	40,790	39,410
Internal charges and overheads applied	237,100	355,920	355,390	379,920	380,450	393,190	408,020	404,790	410,340	435,680	426,510
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	1,011,820	1,696,820	1,957,440	1,989,000	2,104,180	1,697,200	1,735,020	1,761,930	1,793,190	1,844,960	1,871,760
Surplus (deficit) of operating funding (A - B)	40,010	59,040	275,480	431,040	432,630	74,750	75,130	76,830	77,050	77,760	79,530

Funding Impact Statement: Economic and Community Development (Continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	1,572,900	4,315,600	1,560,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
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)	0	1,572,900	4,315,600	1,560,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
Applications of capital funding											
Capital expenditure											
- to meet additional demand*	0	2,880,000	3,200,000	1,200,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	0	20,000	20,380	20,770	21,190	21,630	22,090	22,570	23,080	23,620	24,190
Increase (decrease) in reserves	40,010	(1,268,060)	1,370,700	770,270	411,440	53,120	53,040	54,260	53,970	54,140	55,340
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	40,010	1,631,940	4,591,080	1,991,040	1,763,690	1,417,900	1,430,750	1,445,630	1,460,140	1,474,410	1,491,120
Surplus (deficit) of capital funding (C-D)	(40,010)	(59,040)	(275,480)	(431,040)	(432,630)	(74,750)	(75,130)	(76,830)	(77,050)	(77,760)	(79,530)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

*Retirement unit developments/acquisition

Activity Group 3: Environmental Services

What We Do

The Environmental Services group of activities includes the delivery of:

- Resource Management planning and consenting
- Building Control services (including Building Consent Authority functions)
- Environmental Health services (including alcohol regulation)
- Dog Registration and Control
- Civil Defence Emergency Management.

Territorial authorities carry out the functions included within these activities under statutory direction.

Rationale for Delivery

Resource Management Planning

Council is required under the Resource Management Act 1991 (RMA) to implement objectives, policies, and methods to achieve integrated management of the effects of the use, development, or protection of the land and associated natural and physical resources of the district. Council must also control any actual or potential effects of the use, development, or protection of land with reference to natural hazards, hazardous substances, contaminated land, indigenous bio-diversity, noise and the effects of activities on the surface of water (lakes, rivers).

Resource Management planning principally involves providing advice and facilitating land use which is structured and logical. This relies on the District Plan, which identifies resource management issues and provides objectives, policies and rules to address them. This activity also involves Council monitoring to enable review and reporting of the state of the environment and the suitability and effectiveness of the District Plan, as well as consultation and advocacy on regional and national resource management matters.

Resource Management consenting involves processing land use and subdivision consents under the RMA. It is concerned with implementing the District Plan and balancing development opportunities against the need to ensure there are no long term adverse effects on the environment.

Building Control

Council is the registered and accredited building consent authority (BCA) for Kawerau under the Building Act 2004. BCA functions require Council to process applications and to issue building consents, notices to fix, code compliance certificates and compliance schedules and to inspect building work.

Council (as distinct from the BCA) also:

- issues project information memoranda
- grants exemptions for work that does not require a building consent
- grants waivers and modifications of the building code
- issues certificates of acceptance
- issues and amends compliance schedules
- administers and enforces annual building warrants of fitness
- decides the extent to which buildings must comply with the building code when certain changes are made
- monitors and enforces provisions relating to dangerous, earthquake-prone and insanitary buildings.

Environmental Health

Under the Health Act 1956, Council must:

- improve, promote, and protect public health within its district
- provide for regular inspections for nuisances or conditions likely to injure health or be offensive
- abate or remove anything identified
- enforce various regulations (e.g. hairdressers and notifiable and infectious diseases)

- make bylaws for the protection of public health if it chooses.

Under the Food Act 2014, Council has a duty to ensure that operators provide safe and suitable food and to require operators to take responsibility for this.

Under the Sale and Supply of Alcohol Act 2012 Council must deal with licensing matters and establish a licensing committee(s) for Kawerau. The District Licensing Committee (DLC) is responsible for licence and managers' certificate applications and renewals and enforces licence suspensions for non-compliance with public health or precaution requirements.

Dog Registration and Control

Council is required by the Dog Control Act 1996 to perform various functions and duties set out in the Act. These are to:

- Keep a register of all registered dogs in the District .
- Appoint a dog control officer(s) (and dog ranger(s)) to carry out dog control functions.
- Have a dog pound and make provision for the proper custody, care and exercise of impounded dogs.
- Have a policy on dogs and give effect to the policy by making bylaws.

Civil Defence Emergency Management

Council is required by the Civil Defence Emergency Management Act 2002 to plan and provide for civil defence emergency management within its district and ensure it can function to the fullest possible extent during and after an emergency.

Council is also required to work with the other councils in the BOP region. We are a partner in 'Emergency Management BOP' which coordinates and supports activities and programmes across the region.

Programme of Work

Resource Management Planning

In 2018/19 work will continue to promulgate and give effect to District Plan Changes to ensure its continuing effectiveness and compliance with National Environmental Standards. A full review is due in 2021/22. Council will continue to work proactively with industry, developers and landowners to facilitate projects and process resource consents which may be required.

Building Control

Council's programme of work will focus on maintaining quality assurance systems so that accreditation reassessments are successful and BCA accreditation and registration are retained. A review for continued compliance is due in October 2018.

Council will continue to participate in the Lakes Coast regional cluster building group to optimise the delivery of building consent functions to the community.

Environmental Health

A continuing focus of work over the 2018/19 year will be managing final transition to the Food Act 2014 and ensuring compliance with Food Plans approved.

Council will carry out policy and bylaw reviews as they become due.

Civil Defence Emergency Management

The focus in this activity will be on improving Council's response capabilities and developing a plan for recovery activities.

Dog Registration and Control

Activity will focus on the registration programme and maintaining the usual 24 hour, seven day a week response to complaints and incidents. Regular patrols for compliance monitoring will continue while education initiatives will be explored.

Significant Negative Effects

Resource Management

Planning that does not reflect community expectations and Resource Management Act provisions could result in ad hoc, uncontrolled or unsustainable development. Not providing resource management services (particularly monitoring) from within the District could result in unconsented activities being undertaken. Both have the potential to cause negative effects on the social, economic and environmental wellbeing of this community.

Building Control

Not retaining accreditation could have the negative social and economic effect of forcing local people to travel outside the District for building advice and services. Not having local control over building activity could increase the risk of unconsented building work being undertaken.

Dog Registration and Control

Failing to meet legislative requirements or community expectations could create significant risks to community safety and hence social wellbeing from uncontrolled dogs in the District.

Environmental Health

Unsafe and unsuitable food and uncontrolled liquor, gambling or other registered or licensed premises would pose a significant risk to community health and safety and social and environmental wellbeing.

Civil Defence Emergency Management

Being unprepared to respond to an emergency would pose serious risk to human life.

Statement of Intended Service Provision

Building Control

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Quality Indicators							
	Service users consider Council's Building Control Activity to be effective	Satisfaction survey of service users - building consents processes	100%	90%	90%	90%	90%	Targeted survey of service users
		Satisfaction survey of service users - building inspection processes	86%	90%	90%	90%	90%	Targeted survey of service users
	Quantity Indicators							
	Council provides in-house building consent, inspection and approval services	Bi-annual Building Authority re-accreditation assessment	BCA registered and accredited.	Accreditation and registration retained	Accreditation and registration retained	Accreditation and registration retained	Accreditation and registration retained	Council records
	Kawerau buildings requiring Building Warrants of Fitness are compliant	Number of buildings audited for BWOFF requirements	35.6%	35%	35%	35%	35%	Council records
	Swimming pools comply with statutory requirements	Survey to identify swimming pools in the District	Survey completed and all follow up actions undertaken	Survey and all follow up action undertaken	Survey and all follow up action undertaken	Survey and all follow up action undertaken	Survey and all follow up action undertaken	Council records
		Inspection of pool fencing for compliance	35%	35%	35%	35%	35%	Council records

Environmental Health

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source	
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Quality Indicators								
	Customers consider Council's Environmental Health Activity effective	Satisfaction of service users – Environmental Health inspection processes	(No users surveyed)	90%	90%	90%	90%	Targeted survey of service users	
	Quantity Indicators								
	Registered premises comply with statutory requirements	Audit of food premises operating Food Control Plans	100%	100% annually	100% annually	100% annually	100% annually	Council records	
		Inspection of registered premises for compliance with relevant standards	66.7% (2 of 3 premises)	100% annually	100% annually	100% annually	100% annually	Council records	
	Premises licensed under the Sale and Supply of Alcohol Act 2012 comply with licence conditions	Inspection of licensed premises for compliance	100%	100% annually	100% annually	100% annually	100% annually	Council records	
Council monitors and keeps public places free of litter and general environmental health conditions	Weekday patrols	506	At least 480 weekday patrols	At least 480 weekday patrols	At least 480 weekday patrols	At least 480 weekday patrols	Council and contractor records		
Responsiveness Indicators									
Council responds to complaints and service requests for environmental health conditions (noise complaints, nuisance conditions/health risks)	Response to noise complaints	99.6% within 30 minutes	80% within 20 minutes and 98% within 30 minutes ²	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	Council Request for Service Database		
	Response to other Environmental Health service requests/complaints	100%	100% within 1 working day	100% within 1 working day	100% within 1 working day	100% within 1 working day	Council Request for Service Database		

² The response to a service request received while the officer/contractor is responding to another callout may be delayed for up to 2 hours.

Dog Registration and Control

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Quality Indicators							
	Council maintains community satisfaction levels for the Dog Control service	Community satisfaction with Dog Control Service	69%	Not applicable	75% ³	Not applicable	75%	Three yearly NRB Communi-trak Survey
	Quantity Indicators							
The level of dog registration is maximised	Frequency of dog patrols	506 weekday and 347 after hours patrols	At least 480 weekday and 345 after hours dog patrols	At least 480 weekday and 345 after hours dog patrols	At least 480 weekday and 345 after hours dog patrols	At least 480 weekday and 345 after hours dog patrols	At least 480 weekday and 345 after hours dog patrols	Council and contractor records
	Annual District survey to detect unregistered dogs	Survey undertaken and all follow up action completed	All residential properties surveyed and follow up action undertaken	All residential properties surveyed and follow up action undertaken	All residential properties surveyed and follow up action undertaken	All residential properties surveyed and follow up action undertaken	All residential properties surveyed and follow up action undertaken	Council records
		Number of dogs on Council's register of known dogs that are unregistered	None as at 30 April	None as at 30 April ⁴	None as at 30 April	None as at 30 April	None as at 30 April	Council records
	Responsiveness Indicators							
Service requests about uncontrolled dogs are actioned	Adherence to complaint response process to respond, investigate and record the complaint and advise complainant of progress or the outcome within 24 hours	80% within 20 minutes and 99.8% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	80% within 20 minutes and 98% within 30 minutes	Council Request for Service Database

³ Average of 2011, 2014 and 2017 Survey Results

⁴ Date chosen to coincide with beginning of cycle for the ensuing year's registration programme.

Civil Defence Emergency Management

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source	
Council regulates, monitors and acts to protect public health and safety, to prevent harm and nuisance and to improve standards in Kawerau's home, commercial and public environments.	Quality Indicators								
	Council plans and provides for civil defence emergency management as required by the Civil Defence Emergency Management Act	Level of household planning and preparedness for a civil defence emergency	54%	Not applicable	60%	Not applicable	65% 2019/20 70% 2022/23	Three yearly NRB Communitrak Survey	
		Kawerau District Civil Defence Emergency Management Plans are current and reviewed every three years.	Two KDC plans still to be reviewed	All plans reviewed within past 3 years	All plans reviewed within past 3 years	All plans reviewed within past 3 years	All plans reviewed within past 3 years	Council records	
		Quantity Indicators							
		Emergency Operating Centre (EOC) is equipped, operational and staffed ⁵ within two hours of the controller activating.	3 tests undertaken	Staff are identified, trained and exercised twice each year	Staff are identified, trained and exercised twice each year	Staff are identified, trained and exercised twice each year	Staff are identified, trained and exercised twice each year	Council records	
Council delivers 4 public engagement initiatives to promote Community awareness, preparedness and resilience.	Five engagements delivered	Initiatives delivered	Initiatives delivered	Initiatives delivered	Initiatives delivered	Council records.			

⁵ Being staffed requires that sufficient numbers of staff are identified to cover EOC positions for 24 hour operation in an emergency.

Kawerau District Council:

Funding Impact Statement for 2018 – 2028 - Environmental Services

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	763,820	936,930	1,064,620	1,065,100	1,127,670	1,021,560	1,080,750	1,061,960	1,112,030	1,115,660	1,162,320
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	167,480	189,770	194,110	198,520	202,710	207,390	212,210	217,200	222,550	228,250	234,000
Internal charges and overheads recovered	32,920	33,780	34,520	35,290	36,060	36,890	37,730	38,630	39,590	40,580	41,630
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)	964,220	1,160,480	1,293,250	1,298,910	1,366,440	1,265,840	1,330,690	1,317,790	1,374,170	1,384,490	1,437,950
Applications of operating funding											
Payments to staff and suppliers	601,550	746,120	832,140	826,290	887,420	784,290	824,930	818,280	862,130	855,970	902,850
Finance Costs	3,400	14,310	26,220	25,360	24,390	23,400	22,410	21,430	20,370	19,290	18,120
Internal charges and overheads applied	338,230	371,240	395,770	408,080	411,500	415,160	439,960	431,170	444,520	462,010	465,100
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	943,180	1,131,670	1,254,130	1,259,730	1,323,310	1,222,850	1,287,300	1,270,880	1,327,020	1,337,270	1,386,070
Surplus (deficit) of operating funding (A - B)	21,040	28,810	39,120	39,180	43,130	42,990	43,390	46,910	47,150	47,220	51,880

Funding Impact Statement: Environmental Services (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026- 27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0
- to replace existing assets*	9,200	700,000	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	11,840	(671,190)	39,120	39,180	43,130	42,990	43,390	46,910	47,150	47,220	51,880
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	21,040	28,810	39,120	39,180	43,130	42,990	43,390	46,910	47,150	47,220	51,880
Surplus (deficit) of capital funding (C – D)	(21,040)	(28,810)	(39,120)	(39,180)	(43,130)	(42,990)	(43,390)	(46,910)	(47,150)	(47,220)	(51,880)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

*Renewal of Dog Pound

Activity Group 4: Roothing and Footpaths

What we do

Kawerau has a network of approximately 40 kilometres of sealed roads, associated footpaths, and other infrastructure including bridges, kerbing, car parks, street lights and signs. Council provides or contracts the maintenance, repair and upgrading of this infrastructure in the District. The section of State Highway 34 which runs through Kawerau is managed by the New Zealand Transport Agency (NZTA) and not Council.

Rationale for Delivery

Council's aim for the Roothing Group of Activities is to provide and maintain a network of roads and footpaths for the safe and comfortable passage of vehicles and vulnerable road users such as pedestrians, cyclists and mobility scooter users, in and through the District. Control over the rooding network is vested in local authorities by the Local Government Act.

Programme of Work

Footpaths

Council has ongoing engagement with representatives of the older and disabled population to ensure that footpaths are kept free of tripping hazards and that - particularly in and around the Town Centre and main access routes - there is easy mobility access.

Town Centre

Council plans to make the Town Centre a more accessible, vibrant and attractive place where local people and visitors want to shop and spend time.

In 2018/19 Council will work with stakeholders and the wider community to develop a community strategy to improve the Town Centre.

Significant Negative Effects

The most significant negative effect of the Roothing Activity Group is that traffic accidents sometimes occur. To reduce the number and severity of accidents, Council undertakes safety audits, provides street lighting, signage and pavement marking, and is a member of Road Safety Eastern BOP, which is involved in various community road safety programmes.

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Roading								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Quality Indicators							
	Council maintains community satisfaction levels for Roding activity	Community satisfaction with roading assets	97%	Not applicable	91% ⁶	Not applicable	91%	Three yearly NRB Communitrak Survey
	Council provides a network of roads which facilitates the safe movement of people and vehicles around the District	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	No fatalities or serious injuries	Increase of zero or less	Increase of zero or less	Increase of zero or less	Increase of zero or less	NZ Police
	Road quality	The average quality of ride on a sealed local road network, measured by smooth travel exposure ⁷	98%	No less than 95%	No less than 95%	No less than 95%	No less than 95%	Annual independent survey
	Quantity Indicators							
	Road maintenance	The percentage of the sealed local road network that is resurfaced.	10.7%	Between 5 and 6.5 % per annum	Between 5 and 6.5 % per annum	Between 5 and 6.5 % per annum	Between 5 and 6.5 % per annum	Council records
Council infrastructure and services are accessible, age and disability-friendly,	Responsiveness Indicators							
	Response to service requests	The percentage of customer service requests relating to roads to which Council	100% within 14 days	Potholes: 90% within 14 days	Potholes: 90% within 14 days and	Potholes: 90% within 14 days	Potholes: 90% within 14 days and 100%	Council Request for Service Database

⁶ Average of 2011, 2014 and 2017 Survey Results

⁷ The percentage of Vehicle Kilometres Travelled in the District exposed to roads with roughness less than the threshold for urban roads set by the National State Highway Strategy

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
effective, efficient and affordable, now and for the future.		responds within the time frame specified.		and 100% within 28 days	100% within 28 days	and 100% within 28 days	within 28 days	
			95% within 14 days. 99% within 28 days.	Streetlights: 90% within 14 days and 100% within 28 days	Streetlights: 90% within 14 days and 100% within 28 days	Streetlights: 90% within 14 days and 100% within 28 days	Streetlights: 90% within 14 days and 100% within 28 days	Council Request for Service Database
Footpaths								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Quality Indicators							
	Council provides an appropriate network of footpaths for pedestrian use	Community satisfaction with footpaths	85%	Not applicable	76% ⁸	Not applicable	76%	3 yearly NRB Communitrak Survey
	Footpath condition	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths set out in the Long Term Plan.	Survey not conducted.	95% ⁹	95%	95%	95%	Annual independent survey
Responsiveness Indicators								
	Response to service requests	The percentage of footpath-related customer service requests to which Council responds within the time frame specified.	100% within 14 days	100% within 14 days	100% within 14 days	100% within 14 days	100% within 14 days	Council Request for Service Database

⁸ Average of 2011, 2014 and 2017 Survey Results

⁹ 'Against a standard of no more than 20 lips in the 70 km of footpaths (each lip above 20 mm equates to three metres of footpath needing replacement).

Kawerau District Council:

Funding Impact Statement for 2018 – 2028 - Roading

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	1,012,880	900,980	947,850	971,380	985,560	1,005,220	1,028,390	1,046,950	1,062,240	1,096,610	1,115,790
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	172,520	196,280	200,380	204,590	209,090	213,870	218,830	224,050	229,630	235,530	241,820
Fees and charges	0	32,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Internal charges and overheads recovered	77,150	61,960	55,780	60,300	65,210	70,300	75,370	80,630	86,100	91,550	97,220
Local authorities fuel tax, fines, infringement fees, and other receipts	61,150	65,500	66,940	68,410	69,980	71,660	73,380	75,210	77,170	79,250	81,470
Total Operating Funding (A)	1,323,700	1,256,720	1,287,950	1,321,680	1,346,840	1,378,050	1,412,970	1,443,840	1,472,140	1,519,940	1,553,300
Applications of operating funding											
Payments to staff and suppliers	438,620	436,990	446,260	455,680	465,750	476,410	487,440	499,140	511,580	524,710	538,710
Finance Costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	451,580	489,990	507,860	528,200	528,090	544,230	563,630	565,120	576,060	605,050	603,360
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	890,200	926,980	954,120	983,880	993,840	1,020,640	1,051,070	1,064,260	1,087,640	1,129,760	1,142,070
Surplus (deficit) of operating funding (A - B)	433,500	329,740	333,830	337,800	353,000	357,410	361,900	379,580	384,500	390,180	411,230

Funding Impact Statement: Roading (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	270,320	708,530	439,680	411,030	420,490	430,570	440,910	451,940	463,670	476,200	489,530
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	270,320	708,530	439,680	411,030	420,490	430,570	440,910	451,940	463,670	476,200	489,530
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	823,000	50,000	0	0	0	0	0	0	0	0
- to replace existing assets	601,200	666,000	586,630	599,530	613,320	628,040	643,120	659,190	676,330	694,590	714,040
Increase (decrease) in reserves	102,620	(450,730)	136,880	149,300	160,170	159,940	159,690	172,330	171,840	171,790	186,720
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	703,820	1,038,270	773,510	748,830	773,490	787,980	802,810	831,520	848,170	866,380	900,760
Surplus (deficit) of capital funding (C – D)	(433,500)	(329,740)	(333,830)	(337,800)	(353,000)	(357,410)	(361,900)	(379,580)	(384,500)	(390,180)	(411,230)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Breakdown of Capital Expenditure: Roading

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Kerb replacement	35,284	89,500	91,469	93,481	95,631	97,927	100,277	102,784	105,456	108,303	111,336
Street Light renewals	165,000	78,000	79,716	81,470	83,344	85,344	87,392	89,577	91,906	94,387	97,030
Reseals	99,995	128,000	130,816	133,694	136,769	140,051	143,413	146,998	150,820	154,892	159,229
Pavement Treatment	37,590	34,200	34,952	35,721	36,543	37,420	38,318	39,276	40,297	41,385	42,544
Minor Safety Improvements	34,221	35,000	35,770	36,557	37,398	38,295	39,214	40,195	41,240	42,353	43,539
Reseal Carparks	13,160	103,500	13,797	14,101	14,425	14,771	15,126	15,504	15,907	16,336	16,794
Footpath Repairs	190,000	160,000	163,520	167,117	170,961	175,064	179,266	183,747	188,525	193,615	199,036
Rubbish bin Replacements	5,180	5,300	5,417	5,536	5,663	5,799	5,938	6,087	6,245	6,413	6,593
District Seating	1,250	1,300	1,329	1,358	1,389	1,422	1,457	1,493	1,532	1,573	1,617
Town Centre Music	3,110	3,200	3,270	3,342	3,419	3,501	3,585	3,675	3,770	3,872	3,981
Video Camera renewals	7,000	10,000	10,220	10,441	10,685	10,942	11,204	11,484	11,783	12,101	12,440
Culvert Replacement	-	420,000	50,000	0	0	0	0	0	0	0	0
Decorative Lighting Renewals	9,410	16,000	16,354	16,712	17,093	17,504	17,930	18,370	18,849	19,360	19,901
Other (seal & carpark extension & flood protection)	0	405,000	0	0	0	0	0	0	0	0	0
Total Capital Expenditure	601,200	1,489,000	636,630	599,530	613,320	628,040	643,120	659,190	676,330	694,590	714,040

Activity Group 5: Stormwater

What We Do

Kawerau's stormwater system is a 30 kilometre network of pipes, manholes and cesspits which collects stormwater from roads and transports it to the Tarawera River either directly, or via the Ruruanga Stream and the Overflow Stream, which are tributaries.

The activity involves:

- The collection and removal of stormwater
- Repairing or replacing unsound pipes and other stormwater structures
- Cleaning and unblocking gutters, cesspits and pipes.

Most of the stormwater network is made of concrete. However pipes in the geothermal portion of the CBD are either glazed earthenware or High Density Polyethylene, which are much more resistant to the sulphur present in this area.

Specialist contractors are engaged for around 20 hours per annum to conduct CCTV inspections of stormwater pipes which staff have identified as performing below optimum levels.

Rationale for Delivery

The aim of this activity is to dispose of stormwater in a manner which protects the community from flooding and minimises negative impacts to the environment.

Programme of Work

Council will:

- In 2018/2019 install earth bunds in the farmland beyond Beattie Rd, Hardie Ave and River Road to reduce the stormwater runoff into the above streets during exceptionally heavy rain.
- In 2018/2019 the two culverts in River Road will be upgraded to eliminate debris build-up on the upstream end of the culvert during heavy rain to stop houses being inundated.
- Continue pipe cleaning and inspections with CCTV, to reduce the number of blockages caused by debris and tree roots.
- From 2022, replace approximately 1.8 kilometres of stormwater pipes each year until 2032.

Significant Negative Effects

The collection and discharge of stormwater has a negative environmental effect because it contains contaminants such as grit, organic material and chemicals from road surfaces. The receiving water, the Tarawera River, is large, clear and fast flowing and capable of dealing with the discharges

Flooding from the stormwater network can cause property damage which would have a detrimental effect to the social and environmental wellbeing of the community.

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Stormwater								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Quality Indicators							
	Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (System adequacy)	The number of flood events that occur in the District.	1	No more than 10	No more than 10	No more than 10	No more than 10	Council Request for Service Database
		For each flood event, the number of habitable floors affected.	N/a ¹⁰	Not applicable	Not applicable	Not applicable	Not applicable	
	Council provides an effective stormwater network which removes stormwater to protect dwellings from flooding (Customer satisfaction)	The number of complaints received by Council about the performance of its stormwater system.	N/a ¹¹	Not applicable. ¹²	Not applicable	Not applicable	Not applicable	
	Responsiveness Indicators							
Response times	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.	Less than one hour	Less than one hour	Less than one hour	Less than one hour	Less than one hour	Less than one hour	Council Request for Service Database

¹⁰ Mandatory measure

¹¹ Mandatory measure

¹² Kawerau properties are not connected to Council's stormwater system.

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Stormwater								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Discharge compliance	Compliance with Council's resource consents for discharge from the system, measured by the number of: <ul style="list-style-type: none"> • abatement notices • infringement notices • enforcement orders, and • convictions, received by Council in relation to those resource consents.	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	Council records

Kawerau District Council: Funding Impact Statement for 2018 – 2028 - Stormwater

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	90,650	45,970	46,500	45,770	47,230	46,270	45,400	47,290	46,090	45,490	47,790
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	3,880	24,060	24,590	25,130	25,710	26,330	26,960	27,620	28,340	29,110	29,930
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	14,040	13,160	13,290	14,710	16,180	17,710	19,230	20,810	22,450	24,090	25,790
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)	108,570	83,190	84,380	85,610	89,120	90,310	91,590	95,720	96,880	98,690	103,510
Applications of operating funding											
Payments to staff and suppliers	26,440	32,080	32,790	33,510	34,280	35,100	35,940	36,830	37,780	38,810	39,900
Finance Costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	8,510	9,350	9,820	10,330	10,220	10,580	11,020	10,930	11,130	11,900	11,650
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	34,950	41,430	42,610	43,840	44,500	45,680	46,960	47,760	48,910	50,710	51,550
Surplus (deficit) of operating funding (A - B)	73,620	41,760	41,770	41,770	44,620	44,630	44,630	47,960	47,970	47,980	51,960

Funding Impact Statement: Stormwater (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	18,430	187,500	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	18,430	187,500	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0
- to replace existing assets*	27,110	260,000	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	69,940	(30,740)	41,770	41,770	44,620	44,630	44,630	47,960	47,970	47,980	51,960
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	92,040	229,260	41,770	41,770	44,620	44,630	44,630	47,960	47,970	47,980	51,960
Surplus (deficit) of capital funding (C - D)	(73,620)	(41,760)	(41,770)	(41,770)	(44,620)	(44,630)	(44,630)	(47,960)	(47,970)	(47,980)	(51,960)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

*Stormwater pipe renewals

Activity Group 6: Water Supply

What We Do

The Kawerau drinking water supply provides water to a population of approximately 6,300 people and is categorised as a medium sized drinking water supply by the Health (Drinking Water) Amendment Act. Raw water is sourced from two springs and transported by gravity mains to a pumphouse. At the pumphouse, water is pumped through a UV treatment plant for disinfection and chlorine is added for residual protection along with lime for pH correction. After treatment, the water is conveyed to one of three reservoirs, which gravity feed two distribution networks.

Water is supplied to properties through a network of approximately 75km of pipes. The pipes are 40% A.C, 15% P.V.C and 45% Steel/Iron. The network was installed from 1955, when the town water supply was established, and continued as the town grew until 1985. Very limited additional pipework has been added to the network since then. The typical life of AC pipes is 60 years. Ten percent of the total pipe network has been replaced in the period 2010-2015. Further replacement is programmed to commence in 2026/2027.

Kawerau's water supply system can supply a maximum capacity of 13,000 m³ per day. Usage fluctuates significantly according to temperature and season. Winter usage can be less than 3,000 m³ per day but in summer it increases to as much as 13,000 m³ per day.

Rationale for Delivery

Council is involved in the Water Supply Activity because it recognises that a reliable supply of potable water is a vital part of the public infrastructure necessary to sustain the community of Kawerau. Territorial authorities also have several statutory duties in relation to water supply. Under the Local Government Act 2002, territorial authorities are obliged to either directly provide water or retain an overview of provision if it is supplied by another organisation. Under the Health Act 1956, territorial authorities are obliged to improve, promote and protect public health

Programme for the Next 10 Years

Council will continue a programme to identify and complete preventative maintenance on tobies. This will reduce the number of service requests from plumbers and property owners.

The rising main from the Pumphouse to the Reservoirs will be replaced in 2019-21.

The gravity main from the Umukaraka Spring to the Pumphouse will be renewed in 2028-30.

In 2026/27 Council will recommence a programme of replacing AC pipes.

Significant Negative Effects

In general terms, providing either an inadequate supply of water, or water of poor quality which does not meet required standards under the 2008 NZ Drinking Water Standards. These could have negative effects to community social and economic wellbeing.

The water taken from the two springs for Kawerau's water supply would otherwise flow into the Tarawera River through tributary streams. Although taking the water for the town water supply only reduces the flow of the river by 0.2 to 0.7 percent, this reduces the volume of water available for other uses, primarily recreational or commercial. This could be regarded as a negative effect to social, environmental and economic wellbeing.

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Water Supply								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Quality Indicators							
	Provision of a quality water supply	Community satisfaction with water supply	96%	Not applicable	97% ¹³	Not applicable	97%	3 yearly NRB Community Survey
	Customer satisfaction	The total number of complaints received about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) Council's response to any of these issues expressed per 1000 connections to the networked reticulation system.	a) No complaints b) No complaints c) No complaints d) 2.96 complaints per 1000 connections e) No water main breaks f) No complaints	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	a) No more than 4 per 1000 connections b) No more than 2 per 1000 connections c) No more than 1 per 1000 connections d) No more than 2 per 1000 connections e) No more than 2 per 1000 connections f) 0 per 1000 connections	Council Request for Service Database

¹³ Average of 2011, 2014 and 2017 Survey Results

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Water Supply (Continued)								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Safety of drinking water	The extent to which Council's drinking water supply complies with: a) part 4 of the 2008 drinking-water standards (bacteria compliance criteria), and b) part 5 of the 2008 drinking-water standards (protozoal compliance criteria).	Three instances of bacterial non-compliance and one instance of protozoal non-compliance.	a) No more than 1 instance of bacteria criteria non-compliance, and b) No instances of protozoal criteria non-compliance	a) No more than 1 instance of bacteria criteria non-compliance, and b) No instances of protozoal criteria non-compliance	a) No more than 1 instance of bacteria criteria non-compliance, and b) No instances of protozoal criteria non-compliance	a) No more than 1 instance of bacteria criteria non-compliance, and b) No instances of protozoal criteria non-compliance	Toi Te Ora Public Health Service reports
	Maintenance of the reticulation network	The percentage of real water loss from the Council's networked reticulation system, measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.	180 litres per connection per day	<200 litres per connection per day ¹⁴	<200 litres per connection per day	<200 litres per connection per day	<200 litres per connection per day	Council records
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Quantity Indicators							
	Demand management	The average consumption of drinking water per day per resident within the district.	0.5m ³	0.6 m ³	0.6 m ³	0.6 m ³	0.6 m ³	Council records

¹⁴ Measured using the minimum night flow (MNF) analysis method contained in the DIA Guidelines.

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Responsiveness Indicators								
	Fault response times	Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the median response times are						
		a) attendance for urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	No urgent call-outs	Less than two hours	Less than two hours	Less than two hours	Less than two hours	Council Request for Service Database
		b) resolution of urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	No urgent call-outs	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Council Request for Service Database
		c) attendance for non-urgent call-outs: from the time that Council receives notification to the time that service personnel reach the site, and	100% within 24 hours	24 hours	24 hours	24 hours	24 hours	Council Request for Service Database

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Water Supply (Continued)								
		d) resolution of non-urgent call-outs: from the time that Council receives notification to the time that service personnel confirm resolution of the fault or interruption	100% within 48 hours	48 hours	48 hours	48 hours	48 hours	Council Request for Service Database
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Reliability Indicators							
	The water supply is reliable and has minimal disruptions	Number of unplanned shutdowns – reticulation	Nil	No more than 12	No more than 12	No more than 12	No more than 12	Council records
		Number of unplanned shutdowns – pump stations	2	None	None	None	None	Council records
		Number of water main breaks	Nil	No more than 8	No more than 8	No more than 8	No more than 8	Council records
	Environmental Indicators							
	Water is sourced with minimal environmental effects	Compliance with BOP Regional Council water supply resource consents as reported in Annual Consents and Compliance Field Sheet.	Compliance	Compliance ¹⁵	Compliance	Compliance	Compliance	BOP Regional Council

¹⁵ BOPRC inspection reports state either compliance or non-compliance.

Kawerau District Council: Funding Impact Statement for 2018 – 2028 - Water Supply

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	726,050	703,980	745,040	745,370	788,490	790,340	823,410	822,860	824,540	831,050	908,450
Targeted rates	204,120	173,920	179,030	184,280	186,750	191,630	197,080	200,330	204,950	212,380	215,680
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	145,180	145,910	142,350	126,600	123,540	132,780	141,960	154,470	163,990	172,760	172,970
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)	1,075,350	1,023,810	1,066,420	1,056,250	1,098,780	1,114,750	1,162,450	1,177,660	1,193,480	1,216,190	1,297,100
Applications of operating funding											
Payments to staff and suppliers	328,380	306,700	333,830	320,000	326,930	334,260	364,270	350,010	358,650	367,590	401,900
Finance Costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	301,760	293,350	308,450	312,210	314,810	323,410	340,790	336,820	344,030	357,620	367,830
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	630,140	600,050	642,280	632,210	641,740	657,670	705,060	686,830	702,680	725,210	769,730
Surplus (deficit) of operating funding (A - B)	445,210	423,760	424,140	424,040	457,040	457,080	457,390	490,830	490,800	490,980	527,370

Funding Impact Statement: Water Supply (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	0	0	0	0	0	0	0	0	0	0	0
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	130,000	0	0	0	0	0	0	0	0	0
- to replace existing assets	499,540	137,550	795,560	974,110	91,310	292,400	95,750	133,950	304,140	178,420	841,410
Increase (decrease) in reserves	(54,330)	156,210	(371,420)	(550,070)	365,730	164,680	361,640	356,880	186,660	312,560	(314,040)
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	445,210	423,760	424,140	424,030	457,040	457,080	457,390	490,830	490,800	490,980	527,370
Surplus (deficit) of capital funding (C - D)	(445,210)	(423,760)	(424,140)	(424,040)	(457,040)	(457,080)	(457,390)	(490,830)	(490,800)	(490,980)	(527,370)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Breakdown of Capital Expenditure: Water Supply

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Pipework Replacement/Extension	427,890	50,000	618,220	633,680	0	0	0	0	0	38,960	86,440
Toby Replacement	11,740	21,850	22,440	23,000	23,550	24,120	24,700	25,290	45,740	46,830	20,790
Value Refurbishment	12,000	35,100	126,350	36,910	37,790	38,700	39,630	59,190	87,660	25,810	6,360
Refurbish Pumps	7,910	29,100	0	167,400	0	114,040	0	17,290	29,510	15,230	52,210
UV Tube Replacements	0	12,200	12,530	12,840	13,150	13,470	13,790	14,120	14,450	14,810	15,160
Headworks, Bore, Dosing & Hydrants	40,000	119,300	16,020	100,280	16,820	102,070	17,630	18,060	126,780	36,780	660,450
Total Capital Expenditure	499,540	267,550	795,560	974,110	91,310	292,400	95,750	133,950	304,140	178,420	841,410

Activity Group 7: Wastewater

What We Do

Council's wastewater system is concerned with the collection, treatment and disposal of wastewater (sewage) from properties in the District. Its components are a network of underground pipes, a pumping station and a treatment plant with soakage basins. Wastewater enters the network from properties in built-up parts of the District and is conveyed to the treatment plant where it is treated and then disposed of in rapid infiltration basins and by vermicomposting.

The Wastewater Activity involves:

- Providing a network of pipes to collect wastewater
- Checking, unblocking, cleaning, repairing and replacing pipes so that the network is operational
- Treating wastewater at the treatment plant
- Disposing of the effluent in a manner that meets resource consent requirements.

Specialist work associated with pipe network maintenance, such as CCTV inspections and water blasting, is carried out by external contractors.

Rationale for Delivery

Wastewater collection and disposal is an integral part of Kawerau's effective, efficient and sustainable infrastructure and helps prevent harm and nuisance and protect people's health and safety. Council is involved in the collection and disposal of wastewater to fulfil a range of duties imposed by legislation. These include the Health Act, the Building Act, the Local Government Act and resource consents issued under the Resource Management Act.

Programme of Work

Council will maintain its regime of pipe inspection and cleaning using CCTV to inspect sections at a time. This will continue reducing the number of blockages and providing better information on pipe deterioration. Significant renewal of Council of wastewater pipes is currently not planned until 2043/44. The major programmed work for the period of the long term plan will be renewal of variable speed drives and switch gear annually and replacement of the contra-shear 2019 - 21

Significant Negative Effects

A potential negative effect of the Wastewater Group of Activities is the potential overflow of sewage due to pipe blockages. This would have environmental and potential health effects (i.e. environmental and social wellbeing).

The impact of blockages is minimised by very prompt attendance to blockages to reduce the quantity of spillage, and by disinfection of contaminated areas.

Potential significant negative effects would also occur if the treatment plant failed to operate for a period in excess of one day. This would negatively affect health and the environment (social and environmental wellbeing).

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Wastewater								
Quality Indicators								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Provision of domestic wastewater collection and primary treatment	Community satisfaction with wastewater disposal	Achieved. 91%	Not applicable	97% ¹⁶	Not applicable	97%	3 yearly NRB Communitrak Survey
	Customer satisfaction	The total number of complaints received about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) Council's response to issues with its sewerage system, expressed per 1000 connections to the sewerage system.	a) Nil b) Nil c) 5.2 per 1000 connections d) Nil	e) No more than 1 per 1000 connections f) No more than 15 per 1000 connections g) No more than 15 per 1000 connections h) 0 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	a) No more than 1 per 1000 connections b) No more than 15 per 1000 connections c) No more than 15 per 1000 connections d) 0 per 1000 connections	Council Request for Service Database
Quantity Indicators								
	System adequacy	The number of dry weather	Nil	0 per 1000	0 per 1000	0 per 1000	0 per 1000	Council records

¹⁶ Average of 2011, 2014 and 2017 Survey Results

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
		sewage overflows from Council's sewerage system, expressed per 1000 connections to that sewerage system.		connections to the sewerage system	connections to the sewerage system	connections to the sewerage system	connections to the sewerage system	
Responsiveness Indicators								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Fault response times	Where Council attends to sewage overflows resulting from a blockage or other fault in its sewerage system, the median response times are:						
		a) attendance time: from the time that Council receives notification to the time that service personnel reach the site, and	Less than 1 hour	Less than 1 hour	Less than 1 hour	Less than 1 hour	Less than 1 hour	Council Request for Service Database
		b) resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Less than 8 hours	Council Request for Service Database
Reliability Indicators								
	Council provides a reliable domestic wastewater collection and disposal service	Number of disruptions to wastewater collection service	14	No more than 50	No more than 50	No more than 50	No more than 50	Council records

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Wastewater (Continued)								
<i>Environmental Indicators</i>								
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Discharge compliance	Compliance with resource consents for discharge from Council's sewerage system measured by the number of: a)abatement notices b)infringement notices c)enforcement orders, and d)convictions, received in relation those resource consents.	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	No notices, orders or convictions	Council records
	The wastewater treatment plant operates effectively	Compliance with wastewater treatment plant resource consents as reported in annual Consents and Compliance Field Sheet	Compliance	Compliance ¹⁷	Compliance	Compliance	Compliance	BOP Regional Council

¹⁷ BOPRC inspection reports state either compliance or non-compliance.

Kawerau District Council:
Funding Impact Statement for 2018 – 2028 - Wastewater

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	838,310	863,680	869,580	874,070	911,370	917,710	925,030	956,750	957,510	963,490	999,880
Targeted rates	389,810	348,320	357,870	368,350	372,310	381,660	392,020	397,260	405,560	419,860	424,520
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and Charges	64,150	75,000	77,100	78,950	80,920	83,020	85,260	87,650	90,190	92,900	95,870
Internal charges and overheads recovered	147,110	134,390	143,570	154,250	160,830	169,690	181,500	194,060	209,210	224,310	238,890
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)	1,439,380	1,421,390	1,448,120	1,475,620	1,525,430	1,552,080	1,583,810	1,635,720	1,662,470	1,700,560	1,759,160
Applications of operating funding											
Payments to staff and suppliers	554,000	541,650	553,860	565,720	578,190	591,380	605,220	619,840	635,450	651,700	669,200
Finance Costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	454,450	450,470	464,730	480,230	484,090	497,480	515,240	518,380	529,530	551,110	555,530
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	1,008,450	992,120	1,018,590	1,045,950	1,062,280	1,088,860	1,120,460	1,138,220	1,164,980	1,202,810	1,224,730
Surplus (deficit) of operating funding (A - B)	430,930	429,270	429,530	429,670	463,150	463,220	463,350	497,500	497,490	497,750	534,430

Funding Impact Statement: Wastewater (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	0	0	0	0	0	0	0	0	0	0	0
Applications of capital funding											
Capital expenditure											
- to meet additional demand	0	50,000	0	0	0	0	0	0	0	0	0
- to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
- to replace existing assets	156,940	199,400	48,180	175,510	318,360	60,860	161,200	40,620	50,650	42,680	118,720
Increase (decrease) in reserves	273,990	179,870	381,350	254,160	144,790	402,360	302,150	456,880	446,840	455,070	415,710
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	430,930	429,270	429,530	429,670	463,150	463,220	463,350	497,500	497,490	497,750	534,430
Surplus (deficit) of capital funding (C – D)	(430,930)	(429,270)	(429,530)	(429,670)	(463,150)	(463,220)	(463,350)	(497,500)	(497,490)	(497,750)	(534,430)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Breakdown of Capital Expenditure: Wastewater

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Pipework Replacement/Extension	17,470	50,000	0	0	0	0	0	0	0	0	74,930
Refurbish Pumps	21,840	32,700	33,420	34,160	34,910	35,710	36,530	37,410	38,350	39,310	40,330
Milliscreen Bearings	2,630	2,700	2,870	2,930	2,990	3,060	3,130	3,210	3,290	3,370	3,460
Treatment Plant & Pumping Station	115,000	164,000	11,890	138,420	280,460	22,090	121,540	0	9,010	0	0
Total Capital Expenditure	156,940	249,400	48,180	175,510	318,360	60,860	161,200	40,620	50,650	42,680	118,720

Activity Group 8: Solid Waste

Refuse collection involves the weekly collection of residual waste and the fortnightly collection of green waste from residential properties. Recycling collection from both residential and commercial properties is undertaken on a weekly basis. Council also provides a transfer station where waste can be taken.

Disposal involves the transfer of residual waste out of the District to a consented landfill. Refuse is taken to the transfer station where it is stored and then transported to Tirohia, a sanitary landfill. Fees charged at the transfer station cover the costs of the transport, disposal fee and some of the transfer station operational costs.

The transfer station also offers recycling facilities with reduced fees for recycled material as against residual waste. It is open from 12 p.m. to 4.00 p.m. every day except Christmas Day.

Recycled material is sent to a further processing plant where it is sorted and then becomes part of the relevant recycled waste stream. Green waste is disposed of by making it into compost.

Rationale for Delivery

The purpose of the refuse collection is to provide the community with a convenient method to remove unwanted materials from their properties, and thereby uphold public health and hygiene standards.

The aim of refuse disposal is to dispose of refuse in an environmentally acceptable manner.

The recycling/zero waste activity aims to reduce the volume of waste going to landfill by maximising the amount going to reusable waste streams, thereby minimising some of the negative environmental effects of human consumption. The fortnightly green waste and weekly recycling collections, the recycling undertaken at the transfer station and zero waste initiatives are part of this activity.

Programme of Work

Council will continue to work toward the goal of reducing the volume of waste going to landfill with measures such as continued community education, reviewing collection operations and annual review of transfer station fees. The Waste Management and Minimisation Plan is due for review in 2018-19.

Waste Management and Minimisation Plan

There is no significant variation between the Waste Management and Minimisation Plan and the proposals outlined in this Plan.

Significant Negative Effects

Refuse collection and disposal services and the recycling activity can cause odour, health risks, vermin infestations and visual pollution. These can impact on social and environmental wellbeing of the Community. The regularity and effectiveness of the collection and disposal services minimise these impacts.

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Refuse Collection and Disposal								
<p>Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.</p> <p>Council sustainably manages Kawerau's environment through its stewardship, planning and consents.</p>	Quality Indicators							
	Provision of a cost effective refuse collection and disposal that will encourage a healthy, clean and tidy district	Community satisfaction with refuse collection	97%	Not applicable	90% ¹⁸	Not applicable	90%	3 yearly NRB Communitrak Survey
		Community satisfaction with refuse disposal	81%	Not applicable	73% ¹⁸	Not applicable	73%	
		User satisfaction with refuse disposal	90%	Not applicable	83% ¹⁸	Not applicable	83%	
	Quantity Indicators							
	Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment	Frequency of residual refuse collection from residential properties	52 weekly collections	52 weekly collections	52 weekly collections	52 weekly collections	52 weekly collections	Council records
<p>Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.</p> <p>Council sustainably manages Kawerau's environment through its stewardship, planning and consents.</p>	Environmental Indicators							
	Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment	Level of compliance with BOP Regional Council refuse disposal resource consents as reported in annual Consents and Compliance Field Sheet	Not compliant	Compliance ¹⁹	Compliance	Compliance	Compliance	BOP Regional Council

¹⁸ Average of 2011, 2014 and 2017 Survey Results

¹⁹ BOPRC inspection reports state either compliance or non-compliance

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Zero Waste (Recycling)								
<p>Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.</p> <p>Council sustainably manages Kawerau's environment through its stewardship, planning and consents.</p>	Quality Indicators							
	Council's refuse collection and disposal services meet the needs of the Kawerau Community	Community satisfaction with recycling services	95%	Not applicable	92% ²⁰	Not applicable	92%	Three yearly NRB Communitrak Survey
	Quantity Indicators							
	Material that would otherwise go to landfill as household refuse is collected by the recycling collection service	Average amount of recyclable material collected from each household.	235 kg	No less than 178kg per annum	No less than 178kg per annum	No less than 178kg per annum	No less than 178kg per annum	Council records
	Council's refuse collection and disposal services meet the needs of the Kawerau Community and help maintain public health and a clean environment	Frequency of recycling collection from properties.	52 weekly collections	52 weekly collections	52 weekly collections	52 weekly collections	52 weekly collections	Council records

²⁰ Average of 2011, 2014 and 2017 Survey Results

Kawerau District Council:

Funding Impact Statement for 2018 – 2028 - Solid Waste

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	915,140	855,500	880,560	907,230	900,280	922,510	948,160	957,850	975,390	1,011,980	1,018,910
Targeted rates	399,090	409,960	421,210	433,270	439,260	450,450	462,910	470,280	480,830	497,140	504,690
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	333,040	348,180	355,840	363,680	371,690	380,230	388,980	398,310	408,280	418,500	429,380
Internal charges and overheads recovered	14,360	14,860	15,330	15,810	16,260	16,720	17,250	17,800	18,380	18,960	19,590
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)	1,661,630	1,628,500	1,672,940	1,719,990	1,727,490	1,769,910	1,817,300	1,844,240	1,882,880	1,946,580	1,972,570
Applications of operating funding											
Payments to staff and suppliers	1,131,980	1,117,460	1,140,470	1,164,320	1,178,280	1,204,160	1,230,920	1,259,220	1,289,440	1,320,370	1,353,450
Finance Costs	10,540	11,450	12,320	11,940	11,590	11,230	10,890	10,700	10,280	9,940	9,590
Internal charges and overheads applied	493,920	470,430	490,350	513,580	505,540	522,220	542,970	539,660	548,570	581,070	572,210
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	1,636,440	1,599,340	1,643,140	1,689,840	1,695,410	1,737,610	1,784,780	1,809,580	1,848,290	1,911,380	1,935,250
Surplus (deficit) of operating funding (A - B)	25,190	29,160	29,800	30,150	32,080	32,300	32,520	34,660	34,590	35,200	37,320

Funding Impact Statement: Solid Waste (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	0	0	0	0	0	0	0	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0
- to replace existing assets*	0	70,000	0	0	6,060	0	5,000	10,000	0	0	0
Increase (decrease) in reserves	25,190	(40,840)	29,800	30,150	26,010	32,300	27,520	24,660	34,590	35,200	37,320
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	25,190	29,160	29,800	30,150	32,070	32,300	32,520	34,660	34,590	35,200	37,320
Surplus (deficit) of capital funding (C – D)	(25,190)	(29,160)	(29,800)	(30,150)	(32,070)	(32,300)	(32,520)	(34,660)	(34,590)	(35,200)	(37,320)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

*Hotmix, gate & fence

Activity Group 9: Leisure and Recreation

What We Do

The Kawerau District Library is a local civic space accessible to the public on six days a week. The type of resources and delivery methods have changed over the years but the following core roles remain:

Library services Providing community-based services with programmes, activities and a venue.

Collections Collecting, curating and providing a wide range of content in multiple formats to the community.

Reading and literacy Encouraging reading for pleasure and supporting literacy in all its forms.

Lifelong learning Supporting individuals with lifelong learning and research needs.

Community identity, culture and history Collecting, creating, celebrating and promulgating local content and history.

Museum

Originally run by a community trust, Council assumed responsibility for the Sir James Fletcher Kawerau Museum in 2009. The Museum is located in the Library building and has the same operating hours and accessibility. Council has recently also established a museum workshop, storage and archives facility in Jellicoe Court opposite the library building.

The Kawerau Museum has a narrower focus than many others in that it exists to collect, preserve and communicate the history only of Kawerau and immediate surrounds. This is achieved through the following core roles:

Collections Collecting and conserving past and current historical material about Kawerau.

Public programmes Educating, exhibiting and providing information relating to the community of Kawerau.

Customer services and community relationships Supporting study, research and learning queries and developing relationships with the local community and heritage sectors.

Swimming Pools

The Maurie Kjar Memorial Swimming Pool Complex is a year-round geothermally heated facility. The public has free entry during opening hours. The complex contains a large 30 metre pool divided by a bulkhead into a 25 metre pool and a five metre pool; plus a large spa pool and two small children's pools. Council has recently undertaken a number of significant upgrades to this facility with the construction of new changing rooms, a splash-pad for children, a jumping pillow and a new barbeque and picnic area.

During the colder months the water temperature of the pools is kept in the mid to high 30 degrees centigrade. In summer, the temperature is reduced to make the pools suitable for physical activity. In summer, local and neighbouring schools, groups and learn to swim classes use the pools during opening hours. These users pay a hire charge.

Outside Council operating hours the complex is available for private hire for the swimming club, organised fitness activities, functions and groups camping in self-contained motorhomes.

Public Halls and Facilities

Council owns and operates five community halls: the Bert Hamilton Hall Concert Chamber, Firmin Lodge, the Town Hall and the Ron Hardie Recreation Centre. All are available for public hire for events and functions. Discounts are offered to encourage use by local and charitable groups. A facilities custodian provides access to the buildings and checks and cleans the buildings after use.

Formerly managed by a hall committee, the **Bert Hamilton Hall** is a small community hall located in Porritt Drive. It caters for up to 60 people and is ideal for events or meetings which don't require a large amount of space.

The **Concert Chamber** has a small stage, modern audio and visual system, air conditioning, tables and chairs and a certified kitchen. It has a much lower ceiling than the Town Hall and is suitable for various functions. The Concert Chamber is designated as the Emergency Operating Centre for any civil defence emergency, however all the halls could play a significant role.

Firmin Lodge is an accommodation facility at Firmin Field situated next to the Tarawera River. It has the capacity to sleep 60 people in ten dormitory rooms. There is a modern and well equipped kitchen for hire included with a large main hall.

The **Ron Hardie Recreation Centre** has an overall court area of 850 m², a large meeting room and a mezzanine floor measuring 200 m². Over the years the building has been used for a wide range of sports including gymnastics, basketball, netball, tae kwon do, volleyball, badminton and roller derby. It has also been used for large events such as the 'Fight for Life' boxing fundraisers and the annual Woodskills competition.

The **Town Hall** has a modern audio and visual system on stage. The venue has the capacity to accommodate large stage sets as well as changing/makeup rooms. Tables and chairs and a certified kitchen are available. There is also heating. A passageway connecting the Town Hall and the Concert

Chamber allows for very large events to take place using both facilities.

There are two main **Public Toilets**, one located in the Visitor Information Centre in Plunket Street and a recently constructed set of toilets outside Tarawera Mall. Other toilets are located on various reserves.

Parks and Reserves

Council owns and maintains a large number and area of recreation reserves and local purpose reserves in Kawerau. The recreation reserves include 13 reserves which Council regards as 'important reserves' and a number of neighbourhood reserves. The local purpose reserves include esplanade reserves, utility reserves and amenity reserves and strips, planted with trees and flowerbeds to enhance the visual beauty of the District.

Rationale for Delivery

The rationale for providing this group of Activities is to enhance the lifestyle of the community. Council owns and operates public halls for the purpose of providing venues for a range of public gatherings. Public toilets are provided to meet community needs and expectations. The Kawerau Cemetery is operated to meet the interment needs of the local community.

The Leisure and Recreation Group of Activities helps promote the following Council community outcomes:

- Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.
- Council infrastructure and services are accessible, age-friendly, effective, efficient and affordable, now and for the future.

Programme of Work

Significant areas of work will be:

Swimming Pools

Council completed a number of significant upgrades to the pools facility between 2015 and 2018. Other than regular ongoing renewals, there are no additional projects planned for the pool complex.

Public Library

The significant expenditure for the library activity will be the purchase of an automatic book issuing and return system. This will greatly improve the service to customers and allow resources to be utilised for other services. An upgrade of library software is planned during 2021/22. This will bring it in line with changes occurring in library usage.

Parks and Reserves

Council plans to install an irrigation system at Tarawera Park during 2018/19. Over the next 10 years there will be ongoing renewal of playground equipment and renewal of field amenity buildings.

Significant Negative Effects

Negative social effects may be caused in this group of activities by people creating noise or nuisance, or posing danger to other people and property. Significant negative social and economic effects can be caused by shading, injury or property damage caused by big trees. Kawerau has a large area in parks and reserves for the size of the town. The cost of maintaining these could be regarded as having a negative economic impact.

Statement of Intended Service Provision

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Library								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Quality Indicators							
	Council provides public library services and resources which suit Community needs	Community satisfaction with the Public Library	84%	Not applicable	86% ²¹	Not applicable	86%	Three yearly NRB Communitrak Survey
User satisfaction with the Public Library		98%	Not applicable	96% ²¹	Not applicable	96%		
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Quantity Indicators							
	The library is accessible to the public	Percentage of the population active members of the library ²²	27.5%	>25%	>25%	>25%	>25%	Council records
		New items per 1,000 population added to the collection each year.	541	500	500	500	500	Council records
		Number of visits to the library per annum	New measure	>90,000	>90,000	>90,000	>90,000	Council records

²¹ Average of 2011, 2014 and 2017 Survey Results

²² Those who have used library services in the past two years.

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Museum and Archives								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Council provides a museum service which reflects Community needs	Community satisfaction with the Museum	63%	Not applicable	64% ²³	Not applicable	64%	Three yearly NRB Communitrak Survey
		User satisfaction with the Museum	92%	Not applicable	95% ²³	Not applicable	95%	
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Council provides a museum service which reflects Community needs	Quantity Indicators						
		Number of exhibitions held	6	6	6	6	6	Council records
		Number of historical articles produced ²⁴	10	10	10	10	10	Council records
		Number of objects processed into the museum collection per annum	366	200	200	200	200	Council records

²³ 2014 Survey Result (not measured prior to 2014).

²⁴ Historical articles include a mix of oral histories, exhibition booklets and special event DVDs.

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Swimming Pools								
Quality Indicators								
Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.	Council provides a swimming pool complex which reflects Community needs	Community satisfaction with Public Swimming Pools	90%	Not applicable	93% ²⁵	Not applicable	93%	Three yearly NRB Communitrak Survey
		User satisfaction with Public Swimming Pools	97%	Not applicable	97% ²⁵	Not applicable	97%	
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	Swimming pool water meets water quality standards	Level of compliance with standards	96%	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Full compliance in 95% of tests	Council records
		Quantity Indicators						
		Council provides a Swimming Pool Complex which is accessible to the Community	Weeks open per year	49	At least 48	At least 48	At least 48	At least 48

²⁵ Average of 2011, 2014 and 2017 Survey Results

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Public Halls and Facilities								
<p>Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.</p> <p>Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.</p>	Quality Indicators							
	Council provides public halls and facilities which reflect Community needs	Community satisfaction with Public Halls	75%	Not applicable	82% ²⁶	Not applicable	82%	Three yearly NRB Communitrak Survey
		User satisfaction with Public Halls	96%	Not applicable	94% ²⁶	Not applicable	94%	
		Community satisfaction with Public Toilets	54%	Not applicable	66% ²⁷	Not applicable	66%	
		User satisfaction with Public Toilets	71%	Not applicable	83% ²⁷	Not applicable	83%	
	Quantity Indicators							
	Four Community halls are available for hire: Ron Hardie Recreation Centre, Town Hall, Concert Chambers and the Bert Hamilton Hall	Number of weeks public halls available for hire	52	Each hall is available for 50 weeks ²⁸	Each hall is available for 50 weeks	Each hall is available for 50 weeks	Each hall is available for 50 weeks	Council records
	Clean public toilets are provided in the central business district	Town centre public toilets are open for at least 360 days	364 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	Open at least 360 days	Council records

²⁶ Average of 2011, 2014 and 2017 Survey Results

²⁷ Average of 2011, 2014 and 2017 Survey Results

²⁸ Each hall is closed for scheduled maintenance for up to two weeks per year.

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
Parks and Reserves								
<p>Council facilitates a vibrant community life with opportunities for creative, cultural and recreational activity.</p> <p>Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.</p>	Quality Indicators							
	Council provides parks and reserves which meet Community needs	Community satisfaction with Parks and Reserves	96%	Not applicable	94% ²⁹	Not applicable	94%	Three yearly NRB Community Survey
		Community satisfaction with Community attractiveness and beautification	100%	Not applicable	99% ³⁰	Not applicable	99%	
	Sports field playing surfaces meet requirements of codes for which they are used	Implementation of recommendations of NZ Sports Turf Institute advisory reports.	100%	Not applicable	100%	100%	100%	Council records
	Quantity Indicators							
	Council provides an appropriate number of reserves for Community leisure and recreation	Percentage of households situated within 500 metres of a reserve	100%	At least 95%	At least 95%	At least 95%	At least 95%	Council records
	Bedding displays are attractive and updated to suit the season	Number of bedding displays	2	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	2 (1 summer and 1 winter)	Council records
	Responsiveness Indicators							
	Playground equipment is safe for children to use	Monthly inspections of all playground equipment	6	12 ³¹ inspections conducted	12 inspections conducted	12 inspections conducted	12 inspections conducted	Council records

²⁹ Average of 2011, 2014 and 2017 Survey Results

³⁰ Average of 2011, 2014 and 2017 Survey Results

³¹ In 2018 the target was increased from 6 to 12

Community Outcome	Level of Service	Measure	Current Performance (2016/2017)	2018/19	2019/20	2020/21	2021/22 to 2027/28	Data Source
	Reliability Indicators							
	Playground equipment is safe for children to use	Remediation of all identified ³² problems	All repairs completed within 2 weeks	All repairs completed within 2 weeks	All repairs completed within 2 weeks	All repairs completed within 2 weeks	All repairs completed within 2 weeks	Council records
Cemetery								
	Quality Indicators							
Council infrastructure and services are accessible, age and disability-friendly, effective, efficient and affordable, now and for the future.	The Kawerau cemetery meets Community interment needs in the present and the medium term	Community satisfaction with the Cemetery	71%	Not applicable	79%	Not applicable	79%	Three yearly NRB Community Survey
		Visitor satisfaction with the Cemetery	98%	Not applicable	97%	Not applicable	97%	
	Quantity Indicators							
	The Kawerau cemetery meets Community interment needs in the present and the medium term	Number of burial plots available	16 years	At least enough for the next five years ³³	At least enough for the next five years	At least enough for the next five years	At least enough for the next five years	Council records

³² Problems can be identified by users, parents, community members or staff at any time.

³³ Based on the average number of sales in the previous two financial years.

Kawerau District Council:

Funding Impact Statement for 2018 – 2028 - Leisure and Recreation

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	3,633,010	3,990,300	4,050,070	4,161,720	4,160,080	4,242,400	4,332,710	4,380,800	4,631,900	4,587,180	4,708,770
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	1,140	900	920	940	960	980	1,000	1,020	1,050	1,080	1,110
Fees and charges	66,130	65,210	66,680	68,230	69,550	71,120	72,800	74,330	76,090	78,120	79,910
Internal charges and overheads recovered	31,430	29,040	33,850	40,650	48,040	55,730	63,300	71,000	82,010	96,890	113,980
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)	3,731,710	4,085,450	4,151,520	4,271,540	4,278,630	4,370,230	4,469,810	4,527,150	4,791,050	4,763,270	4,903,770
Applications of operating funding											
Payments to staff and suppliers	1,998,590	2,137,370	2,124,730	2,155,550	2,190,190	2,244,240	2,292,640	2,326,500	2,446,650	2,431,220	2,501,400
Finance Costs	92,800	110,780	109,230	102,650	96,240	89,540	81,770	74,260	67,580	63,760	61,720
Internal charges and overheads applied	1,132,260	1,201,680	1,269,320	1,300,650	1,237,710	1,275,700	1,328,120	1,313,180	1,455,540	1,440,040	1,457,640
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	3,223,650	3,449,830	3,503,280	3,558,850	3,524,140	3,609,480	3,702,530	3,713,940	3,969,770	3,935,020	4,020,760
Surplus (deficit) of operating funding (A - B)	508,060	635,620	648,240	712,690	754,490	760,750	767,280	813,210	821,280	828,250	883,010

Funding Impact Statement: Leisure and Recreation (continued)

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	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)	0	0	0	0	0	0	0	0	0	0	0
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	53,000	0	0	0	0	0	0	0	0	0
- to replace existing assets	682,500	519,760	260,200	251,080	344,160	258,180	305,540	312,490	209,130	275,600	235,610
Increase (decrease) in reserves	(174,440)	62,860	388,040	461,610	410,330	502,570	461,740	500,720	612,150	552,650	647,400
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	508,060	635,620	648,240	712,690	754,490	760,750	767,280	813,210	821,280	828,250	883,010
Surplus (deficit) of capital funding (C – D)	(508,060)	(635,620)	(648,240)	(712,690)	(754,490)	(760,750)	(767,280)	(813,210)	(821,280)	(828,250)	(883,010)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0	0	0	0	0

Breakdown of Capital Expenditure: Leisure and Recreation

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Library and Museum											
-Collection Renewals	66,520	68,320	69,820	71,360	72,930	74,610	76,330	78,160	80,110	82,110	84,240
-Office Equipment	15,000	53,000	3,190	0	75,370	790	0	1,780	0	0	0
-Fixtures and Fittings	0	33,500	0	17,355	6,650	0	0	0	0	0	0
-Building	11,070	25,740	9,650	11,650	13,720	12,180	10,570	16,660	11,090	13,430	15,870
Swimming Pool	177,500	96,000	61,500	7,600	6,500	25,500	56,700	13,700	8,000	10,000	10,000
Recreation Centre	160,000	67,800	6,340	22,460	71,620	13,170	17,670	19,170	7,280	26,400	13,250
Town Hall	90,000	41,500	22,560	8,585	2,680	2,740	9,190	2,870	2,940	9,890	3,090
Concert Chambers	33,000	6,800	10,370	14,400	14,600	3,710	11,350	19,820	11,910	4,090	16,920
Public Toilets	5,000	0	0	0	0	0	40,000	30,000	0	0	0-
Sportsfield Buildings & Amenities	28,580	51,000	21,220	4,340	22,170	28,680	23,200	29,760	24,350	24,960	25,610
Passive Reserve Renewals	67,060	50,600	51,720	52,850	54,010	55,260	56,530	57,900	59,350	60,840	62,430
Playground Renewals	23,670	58,500	3,830	35,260	3,910	36,080	4,000	36,950	4,100	37,870	4,200
Cemetery (Building& Carpark)	5,100	20,000	0	5,220	0	5,460	0	5,720	0	6,010	0
Total Capital Expenditure	682,500	572,760	260,200	251,080	344,160	258,180	305,540	312,490	209,130	275,600	235,610

Council Controlled Organisations

A Council Controlled Organisation (CCO)

is a company, trust or other type of organisation in which a local authority holds 50 percent or more of the voting rights or has the power to appoint half or more of the directors. Council is a member of two CCOs:

- Bay of Plenty Local Authority Shared Services (BOPLASS) Ltd
- The Eastern BOP Economic Development Agency, Toi EDA.

BOPLASS has signed a Statement of Intent which is agreed with Kawerau District Council and the other member councils. Toi-EDA has been exempted from CCO reporting requirements under Section 7 of the Local Government Act 2002.

BOPLASS Ltd

Purpose

- Enable the provision of shared services to any or all local authorities within the Bay of Plenty region. BOPLASS may also sell 'shared' processes and systems as set up under individual agreements to local authorities outside the region.
- Pursue all opportunities to procure shared services that will benefit the community in the widest sense, through enhanced back

office services and/or reduced costs for councils.

- Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case and risk assessment.
- BOPLASS will also act as a true regional vehicle to attract government and other funding, if or when it is made available.

Ownership and Control

The shareholding Councils of BOPLASS are:

- Bay of Plenty Regional Council
- Gisborne District Council
- Opotiki District Council
- Rotorua District Council
- Taupo District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Whakatane District Council
- Kawerau District Council.

Nature and Scope of Activities

To investigate, develop and deliver shared back office services and communications where and when that can be done more effectively for any combinations of some, or all of the councils.

BOPLASS Performance Measures and Targets – 2018 to 2021

Target	Measure
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	0.25 FTE provided to assist councils in shared service developments and measured from project job tracking.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase the usage of the Collaboration Portal. Number of listed projects to increase by 20% per year and number of Team Sites to increase by 20% per year. The portal is operational outside of the BOPLASS group with a minimum of ten additional councils having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Affirmative feedback received from shareholding councils at least annually.
Communicate with each shareholding council at appropriate levels.	At least one meeting (with each Executive Leadership Team) per year.
Ensure current funding model is appropriate.	Performance against budgets reviewed quarterly. Company remains financially viable.

Toi-EDA

About Toi- EDA

Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency set up by three territorial authorities (Kawerau, Opotiki and Whakatane) and Te Rūnanga o Ngāti Awa on behalf of the Mataatua Iwi Forum.

The primary objective of Toi-EDA is to make a positive difference to the Eastern Bay of Plenty economy by supporting sustainable business and industry and increasing productivity by focusing on the region's natural and human resources.

Toi-EDA provides social benefits rather than making a financial return. Accordingly, it is designated as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Toi-EDA as an Exempt CCO

Until 2010, Toi-EDA was required by legislation to meet a number of reporting requirements which were considered onerous and costly in relation to its size. On 30 March 2010, Council resolved that Toi-EDA would become an exempt CCO under the Local Government Act. As an exempt CCO, the reporting requirements of Toi-EDA are similar to those of other council activities. This allows Toi-EDA to focus more of its limited resources on economic development. This change has not affected the nature or delivery of the services delivered by Toi-EDA.

Trustees

Toi-EDA operates under a Trust Deed. Toi-EDA's trustees are experienced business people and community leaders who play a vital role in leading and guiding the organisation. They bring with them a wealth of experience and skills spanning commercial, finance, governance and business development, as well as entrepreneurial skills.

The role of Trustees is to:

- Provide strategic leadership and oversee strategy.
- Meet and network with key stakeholders.
- Provide advocacy.
- Ensure sustainable economic development.
- Monitor progress.
- Provide governance.
- Generate ideas / foster growth.
- Influence the community and stakeholders.
- Support staff.
- Take positions / prepare submissions on major developments.
- Perform a custodial role over resources

Significant Policies and Objectives in regard to Ownership and Control

- To attract people to work, live and play in the Eastern Bay of Plenty.
- To align Toi-EDA with regional and national economic development activity.
- To encourage alignment with Māori economic development.
- To support and develop industry.
- To align training and education with employment needs.
- To advocate for improved infrastructure and transportation.
- To foster communication with the community and partners.
- To secure and diversify the Toi-EDA funding base.

Nature and Scope of Activities

- Developing and implementing a co-ordinated marketing strategy to attract more people to visit and live in the region.
- Identify, support and grow events that attract visitors and promote the Eastern Bay of Plenty.
- Advocate for new facilities and event resources.
- Promote conference opportunities.
- Implementing economic development projects.



FINANCIAL STATEMENTS



Significant Forecasting Assumptions

– 2018 to 2028

Financial estimates in a Long Term Plan are based on assumptions about future conditions and events which may or may not occur. Their quality is therefore dependent on the appropriateness, completeness and reasonableness of the assumptions and underlying information. Actual results may differ from the forecasting assumptions and variations may be material.

The Local Government Act requires significant forecasting assumptions to be disclosed. This enables readers to make their own judgements about the quality and reliability of the estimates. To further assist readers make an informed judgement, Council must also provide information about the degree of sensitivity (to change) of its financial estimates.

The Local Government Act recognises that forecasting assumptions involve “a high level of uncertainty”. The audit report on the Long Term Plan must specifically address the

quality of the information and assumptions underlying the forecast information.

The Long Term Plan must clearly identify:

- All significant forecasting assumptions and risks underlying the financial estimates
- Council’s assumptions concerning the useful lives of significant assets and the sources of funds for future replacement of those 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 information provided by Council in these financial statements is initially intended for the purpose of consulting with the Kawerau community on the spending priorities outlined in the Long Term Plan.

1. Useful Lives of Significant Assets

Table: Estimated economic life of Council’s significant assets.

Class	Asset	Life (years)
Operational	Buildings	10-67
	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	4-120
	Water Supply:	
	Collection and storage	5-80
	Local distribution	50-100
	Wastewater:	
	Reticulation system	70-100
Pumping and treatment	2-80	
Restricted	Buildings and Other	5-53

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

Risk: That the useful lives of assets are longer or less than the estimate.

Likelihood: Low. Council has recently reviewed the lives of its assets.

Impact: That current ratepayers will contribute more (or less) toward the cost of significant assets than future ratepayers. Council endeavours to achieve inter-generational equity for the cost/renewal of assets over their useful lives.

2.Sources of Funds for Future Replacement of Significant Assets

Council funds the depreciation cost of significant assets. Depreciation funds are set aside as reserves and invested until needed. Council buildings and facilities for which utilisation is significantly below capacity are not considered strategic. This is because Council is unlikely to replace the assets in their present form. They may be replaced with rented accommodation or buildings funded by way of loans. The advantage of not funding depreciation on non-strategic assets is that the community is not rated to fund depreciation at too high a level.

Assets assessed as being non-strategic include the Town Hall, Concert Chamber, Ron Hardie Recreation Centre, Swimming Pool, Library/Museum, District Office, Council Depot, Tarawera Park Amenity Building and pensioner housing.

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

Risk: That the community expects non-strategic assets to be renewed in their present form and Council has no funding available

Likelihood: Medium

Impact: Minimal. Council would need to raise loans to fund the renewals.

3.Projected Growth Change Factors (population and development)

At the 2013 Census Kawerau's population was 6,363. Population projections provided by Statistics New Zealand indicate the projected population for 2018 is 6,840 and in 2028 it will be 6,370. The projections also show that from 2018 to 2028 the number of young people (under 20) will reduce by 9.4 percent while those aged over 60 will increase by 13.5 percent.

Council, through its economic development initiatives and strategies, is promoting growth in the district. Planned industrial developments will significantly increase the number of jobs available, and this is expected to increase the population.

Additionally the lower cost of living and higher quality of life in Kawerau when compared to larger centres means the district will continue to be a desirable place to live.

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 these services. It is not anticipated that the current levels of service will need to change over the period of the current Long Term Plan.

Risk: That Statistics New Zealand population projections are not correct

Likelihood: Medium

Impact: Minimal. Existing infrastructure has sufficient capacity to cope with a much higher population.

4. Cost Factors (inflation)

Forecasts in this Plan have been adjusted for inflation using projections developed specifically for local government by Business and Economic Research Limited (BERL). These are listed below.

Table: Inflation adjusters:- Percentage change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2019	2.0%	2.0%	3.0%	3.0%	1.6%	2.0%
June 2020	2.2%	2.2%	2.8%	2.8%	1.6%	2.2%
June 2021	2.2%	2.2%	2.4%	2.4%	1.7%	2.2%
June 2022	2.3%	2.2%	2.5%	2.5%	1.8%	2.2%
June 2023	2.4%	2.3%	2.6%	2.6%	1.8%	2.3%
June 2024	2.4%	2.4%	2.7%	2.7%	1.9%	2.3%
June 2025	2.5%	2.4%	2.8%	2.8%	1.9%	2.4%
June 2026	2.6%	2.5%	2.9%	2.9%	2.0%	2.5%
June 2027	2.7%	2.6%	3.0%	3.0%	2.0%	2.5%
June 2028	2.8%	2.7%	3.2%	3.2%	2.1%	2.6%

Source: BERL Oct 2017

Risk: That the actual rate of inflation is different to what is projected

Likelihood: Medium

Impact: Minimal. If needed, Council will amend its budgets as part of preparing Annual Plans.

5. New Zealand Transport Agency (NZTA) Subsidy Rates

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

2018/19	75%
2019/20	75%
2020/21	75%

When the NZTA previously reviewed subsidy rates for the whole country, the rate for Kawerau was to be increased by 1 percent each year until it reached 75 percent in 2023/24. However, NZTA have since advised that the subsidy for the Kawerau District will be increased to 75 percent from 2018/19.

Table: Budgeted land transport subsidies

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
1,116,370	664,650	640,750	655,290	670,770	686,700	703,610	721,640	740,840	761,280

Risk: Reduction in subsidy rate

Likelihood: Low (recently reviewed by NZTA)

Impact: See table below

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

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
74,425	44,410	44,715	43,685	44,720	45,780	46,910	48,110	49,390	50,750

Council would continue the existing level of service and fund the shortfall from rates if the subsidy rate was reduced by up to 5%. This would add up to a further 0.8% increase to Council's rates for 2018/19.

If NZTA stopped subsidising roading, Council would consult with the community about reducing service levels and the cost of maintaining roads at current levels. Funding the projected subsidy for 2018/19 entirely from rates would add a further 11.8 percent 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 2016. Revaluations will occur as at 30 June in the years 2019, 2022, 2025 and 2028. The effect of the revaluations has been estimated using BERL price level change adjustors as shown above.

Risk: That the actual revaluation and the consequential depreciation expense are materially different

Likelihood: Medium

Impact: Minimal. Council will amend its depreciation budgets accordingly.

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 investments as at May 2018.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Interest rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Average investment	6,067,880	5,162,760	6,649,900	8,403,680	9,960,550	11,154,600	12,291,200	13,509,300	14,919,300	16,126,190

Risk: Change in rate

Likelihood: High

Impact: See table below

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

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	60,680	51,630	66,500	84,040	99,610	111,550	122,910	135,090	149,190	161,260

8.Expected Interest Rates on Internal Borrowing

Council does not anticipate a need to raise any external loans during the period of the Long Term Plan. Renewal projects are funded from depreciation reserves. New capital works and renewals for which there are not sufficient reserves and the funds are not needed for another purpose during the loan term are funded by internal borrowing. The primary objective of internal borrowing is to use reserves efficiently and create operational savings by eliminating the interest rate margin between external borrowing and investment.

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 loan.
- Principal amounts are repaid in monthly instalments. Amounts are agreed at the commencement of the loan and determined on a table mortgage basis.
- Interest is based on the average rate of Council's investments on the date the resolution to lend internally is made.
- Council has the ability to reset interest rates annually during the preparation of the Long Term Plan or Annual Plan

It is anticipated that any borrowing during the life of this Plan will be internal loans from depreciation reserves. The expected interest rates on borrowing are therefore based on the forecast interest rates for Council investments, as shown below.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Interest rate	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Average borrowing (\$)	69,175	50,200	29,900	37,700	66,775	69,175	50,200	29,900	37,300	66,775

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

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

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
692	502	299	373	668	695	502	299	373	668

9. Climate Change and Natural Disasters

Extreme weather events in Kawerau have not generally caused significant flooding or required Council to change levels of service. Flooding in the district in 2017 however, from high intensity rainfall over a short duration, required Council to undertake some work to increase capacity in the stormwater system to prevent possible future flooding.

Council recognises that due to climate change, more extreme weather events are likely over the period of the Long Term Plan. However, it assumes that district 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 such events.

The planned costs in this Plan do not include 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.

Risk: That an extreme weather event causes significant damage.
 Likelihood: Medium
 Impact: Could be significant. Council has put in place all reasonable mitigations to reduce the impact of natural disasters.

10. Societal Changes

Council is aware that there will be some minor societal changes over the period of the Long Term Plan. As in the rest of the country, the district’s population will age and more people will receive 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.

Risk: That there will be a significant change in the demographic makeup of the district requiring different Council services
 Likelihood: Low
 Impact: Minimal. Most of the current council services will still be required even if there was a significant societal change.

11. Possible Impact of Future Legislative Changes

The Local Government Act has been amended in recent years and the changes have been included as appropriate in the Long Term Plan. At this time there are no further anticipated changes to legislation affecting Council. Any future changes will be incorporated into Council’s operations as and when required.

Risk: That future legislative changes will require resources (costs) in addition to those planned
 Likelihood: Low
 Impact: Council will comply with all legislation prudently and in the best interests of our community.

12. Depreciation Rates on Planned Asset Acquisitions

The following depreciation rates will be used for the asset acquisitions in the Long Term Plan:

Asset	Depreciation Rate	Depreciation Basis
Operational	%	
Buildings	1.5 -10.0	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	0.8 - 25.0	SL
Water Supply:		
Collection and storage	1.3- 20.0	SL
Local distribution	1.0- 14.0	SL
Wastewater:		
Reticulation system	1.0- 25.0	SL
Pumping and treatment	1.4- 50.0	SL
Restricted		
Buildings and Other	1.8- 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.

Risk: That depreciation rates are greater (or less) than the estimate

Likelihood: Low. Council has recently reviewed the lives of its assets.

Impact: That current ratepayers will contribute more (or less) toward the cost of these assets than other generations of ratepayers. Council endeavours to achieve inter-generational equity for the cost/renewal of assets over their useful lives

13. Resource Consents

During the period of the Long Term Plan Council will apply to renew the resource consents for:

- disposing of waste onto land (worm farm)
- taking water for the purpose of providing drinking water to residents
- taking water from the Tarawera River to irrigate sports fields
- taking water from the Ruruanga Stream to irrigate sports fields, and
- taking and discharging geothermal steam into the Ruruanga Stream for heating the swimming pool.

Council anticipates that all these consents will be renewed, as to date there has been no indication to the contrary. All estimated costs associated with the renewals and any

subsequent conditions which are reasonably anticipated are included in the Long Term Plan figures.

Risk: That resource consents may not be granted or may require additional costly conditions to be met

Likelihood: Low

Impact: Council would look for realistic alternatives.

14. Currency Movements and Related Asset Values

Council has made no assumptions about future movements in exchange rates for the period of the Long Term Plan. Council neither owns nor plans to acquire any assets whose value would be significantly affected by exchange rate movements.

Risk: That currency movements impact on the renewal cost of Council assets

Likelihood: Low

Impact: Minimal. Council assets are not significantly impacted by exchange rate fluctuations.

15. Emissions Trading Scheme (ETS)

Council does not own forestry assets and does not participate in the ETS. It does own a landfill site, which was closed in 2006. While there is an ongoing liability for the maintenance and monitoring of the closed landfill, there are no ETS cost implications which need to be recognised. Council pays an ETS fee for the disposal of district solid waste at Tirohia. This is included in the Long Term Plan estimates.

Risk: That there will be future emissions costs for Council

Likelihood: Low

Impact: Council would need to consider how best to reduce these costs.

16. External Funding Assumptions

All reasonably certain estimated external funding and corresponding expenditure have been included in the Long Term Plan. Where external funding is less than reasonably certain it is not included. Corresponding expenditure is only included if Council is prepared to fund the project in total.

Risk: That budgeted external funds are not received

Likelihood: Medium

Impact: Council would reduce the corresponding expenditure accordingly or consider funding the shortfall from other sources.

17. Significant Ratepayers

Four significant ratepayers in the Kawerau district when combined, are charged approximately 36.7 percent of the Council's total rates. One of those ratepayers is charged 22 percent of total rates.

Council has assumed for the purposes of preparing the Long Term Plan that all four ratepayers will continue to operate over the period of the Plan and that their property

values will not change significantly relative to others.

Risk: That one or more of the significant ratepayers closes.

Likelihood: Medium

Impact: Council would consider the impact to other ratepayers and whether to reduce services.

18. Council Collaboration

Council is a shareholder in Bay of Plenty Local Authority Shared Services (BOPLASS). BOPLASS has achieved a number of significant savings for members through collaborative procurement projects. These include: insurance, printing and copying, telecommunications, courier services costs and others.

The Long Term Plan includes the lower cost estimates which have resulted from these procurement projects, as Council anticipates the cost savings to continue when new contracts are negotiated.

Risk: That cost savings previously achieved do not continue

Likelihood: Low

Impact: There would be additional costs for those services, but these are not a large portion of Council's total costs.

19. Quality of Asset Data

Council's stormwater, water supply and wastewater reticulation networks were installed between 1955 and 1985. The pipes consisted of A.C, P.V.C, steel and concrete which each have different lives. Based on the different deterioration rate (lives) for each material type and install date, a replacement profile has been developed. The replacement costs have been spread over up to 10 years to match the anticipated spread of pipe failures due to the actual variability in pipe deterioration.

Risk: That asset data is incorrect and consequential planned renewals are too soon or too late.

Likelihood: Low. Council has recently reviewed its data including asset lives.

Impact: There a cost impact if the asset data is materially flawed

20. Residential Development

Council has planned for the development and sale of 4 sections on its land at Te Ariki Place and similarly the development and sale of 31 sections at Bowen Street over the next four years. The cost for these developments is \$150,000 for Te Ariki Place and \$1,540,000 for Bowen Street. The net proceeds from the sale of Te Ariki Place (\$200,000) has been used to reduce rates for 2018/19, whereas the proceeds from the sale of the Bowen Street properties will be set aside to fund future Council projects.

Risk: That there are additional costs associated with these developments and the sections do not sell.

Likelihood: Moderate. Council has obtained an estimate from consultants for the cost of developing these sections but cannot be certain of the demand for vacant sections.

Impact/Mitigation: There are funds in reserves to enable Council to manage its cashflows should there be delays in the sales occurring.

21. Retirement Units

Council has planned for the construction of 28 retirement units on its reserve in River Road from 2018 to 2021. Once constructed, residents will purchase a licence to occupy which will be the cost of the construction of the unit as well as the development of the land. The resident will be largely responsible for the day to day management of the unit. At the end of the tenancy a valuation of the unit will be done and the resident or the estate will be paid the valuation of the unit less the cost to refurbish it. The unit will then be sold to the next resident. Council, in preparing these estimates, has had to make a number of assumptions concerning the acquisition and sale of these retirement units. These include:

- The cost of the construction and development of land for each unit will be approximately \$260,000 each (Total cost \$7.28 million).
- It is assumed that six units will be constructed in 2018/19, 14 in 2019/20 and six in 2020/21 and there is sufficient demand so the units will be "sold" as soon as they are constructed.

- As the resident is responsible for the day to day management of the unit, the acquisition of the licence to occupy is recognised as a disposal of asset. Similarly, Council's payment to the resident at the end of the tenancy is a purchase of an asset. The estimates anticipate that the sale and acquisition of the units will occur in the same financial year.
- It is assumed that the average tenancy will be just over five years (this is the period that most retirement villages use), and therefore it is budgeted that five units will be bought and sold by Council each year from 2021/22.
- The estimate for the unit purchases and sales from 2021/22 is cost plus a provision for inflation (BERL) less anticipated depreciation.
- There will be additional maintenance costs for refurbishment annually when the units are bought and sold (from 2021/22) but this will be funded by the departing resident.

Risks: That there are additional costs associated with the construction of units and there is not the anticipated demand for these units (and the associated costs). Also the anticipated tenancy period is greater (or less) than assumed resulting in lower asset expenditure and subsequent asset disposal income.

Likelihood: Moderate. Council has obtained an estimate from consultants for the cost of the land development and construction of the units but cannot be certain of the demand for retirement units. Also has used the estimated tenancy period of national retirement villages.

Impact/Mitigation: There are funds in reserves to enable Council to manage its cashflows should there be delays in the sales occurring. Also, Council will only initially construct four units, which will have to be occupied before it proceeds with the construction of more units.

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 at 30 June 2018 of the future events Council expects to take place. 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 2017 and adjusted for anticipated movements for 2017/18.

Authorisation for Issue

This document was adopted and authorised for issue by Council and is dated 28 June 2018.

Prospective Statement of Accounting Policies

Reporting Entity

Council is a local authority under the Local Government Act. It designates itself as a Public Benefit Entity with the primary objective of providing goods and services for the benefit of the Kawerau Community rather than for financial return. The purpose of prospective financial statements in this Plan is to provide readers with information about:

- The core services Council intends to provide
- The expected cost of those services, and;

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 this Plan have been prepared in accordance with the requirements of the Local Government Act. This includes the requirement to comply with Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with applicable reporting standards as appropriate for public benefit entities. The prospective financial statements have been prepared in accordance with the reduced disclosure regime of tier 2 public benefit entities. This is because Council:

- Has total expenses of less than \$30 million and
- Has neither debt or equity instruments nor holds assets in a fiduciary duty for external parties.

Council's 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 assets. The preparation of financial statements that conform to NZ GAAP requires 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 these form the basis of judgements about carrying the value of assets which may not be readily apparent from other sources.

Estimates and assumptions are subject to ongoing review and any revisions to the accounting estimates reflected in the period of the revision and any future period(s) that are affected. Actual results may vary from the estimates. The accounting policies set out below have been applied consistently to all periods presented in the prospective financial statements.

Revenue

Rates revenue

Rates are set annually by Council resolution and rates revenue recognised at the start of the financial year to which the resolution applies. Rates are recognised at amounts due. Council does not treat any interest revenue generated from payment by instalments as sufficient to discount the amount of rates receivable. Rates arising from late payment penalties are recognised as revenue when rates become overdue. Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rate remission policy.

Government grants and subsidies

Grants received from the New Zealand Transport Agency (formerly Land Transport New Zealand) partly subsidise the cost of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants revenue

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return if the conditions of the grant are not met. If there is

an obligation, the grants are initially recorded as received in advance and recognised as revenue when conditions of the grant are satisfied.

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 year end is accrued based on the actual reading at 30 June.

Revenue from service provision is recognised according to the stage of progress at balance date, as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. The recognised revenue is the gross amount of the sale.

Where a physical asset is acquired for no 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 also 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 specified criteria. These are recognised as expenditure when an application meeting the grant criteria is received.

Discretionary grants are those which Council has no obligation to award. Successful grants

are recognised as expenditure in the financial year in which they are awarded.

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 which substantially transfers to the lessee all risks and rewards incidental to ownership of an asset, regardless of whether title is eventually transferred. On entering a lease, Council recognises finance leases in the Statement of Financial Position as assets and liabilities. Lease value is put at the lower of either the fair value of the asset or the current minimum lease payments.

The value of a leased 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 or 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 include cash in hand, on call deposits held with banks, bank overdrafts and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Trade and Other Receivables

Trade and other receivables are measured at face value, less any provision for impairment. Impairment is established when there is objective evidence that Council will not be able to collect the full amounts due under the original terms. The amount is calculated as the difference between the asset's carrying amount and the 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.

Classifications are made based on the purpose for which the investment is acquired and then re-evaluated at each 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 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, and not 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

These are the fixed utility systems (roads, water, wastewater and stormwater) owned by Council. Each asset class includes all items required for the network to function. Wastewater reticulation for example, includes pipes 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 are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant or equipment is recognised as an asset only if its cost can be reliably measured and it is probable that the item will have future economic benefit or service potential for Council.

Council is constructing 28 retirement units during 2018 – 2021. These units will be sold to tenants who will acquire a licence to occupy, and at the end of the tenancy Council will acquire the unit back and then resell it to

the next tenant. Therefore, these are assets that Council will continue to buy and resell at the end of each tenancy.

In most instances an item is recognised at cost value. Where an asset is acquired at no cost or 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 values listed in asset revaluation reserves are transferred to retained earnings.

Subsequent costs

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

Depreciation of Property, Plant and Equipment

Depreciation is charged on all property, plant and equipment other than land and pavement formation. It is calculated using either the straight-line or diminishing value method and set at rate which will write off the cost (or valuation) of the asset to its estimated residual value over its useful life.

The estimated useful lives, depreciation rates and basis of depreciation for all major asset classes are shown below:

Table: Depreciation of property, plant and equipment

Asset	Estimated useful life (years)	Depreciation rate	Method
Operational:		%	
Buildings	10 - 67	1.50-10.0	SL
Computers/electronic office equipment	3 - 5	20.0-33.3	SL
Fixtures, fittings and equipment	5 - 50	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 - 95	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	1.3- 20.0	SL
Local distribution	7 - 79	1.3- 14.0	SL
Wastewater System:-			
Reticulation system	4-68	1.5- 25.0	SL
Pumping and treatment	2-70	1.2 – 20.0	SL
Restricted:			
Buildings and Other	5-53	1.8- 20.0	SL

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

Revaluation

Land, buildings and infrastructure assets are revalued every three years. The next revaluation is due on 30 June 2019. The 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 from an independent valuer. These are also due to be revalued at 30 June 2019.

Infrastructural assets

Infrastructural assets are reported at fair value, based on market-based evidence from an independent valuer. The next valuation is 30 June 2019.

Infrastructural asset classes: are Roads, water reticulation, wastewater reticulation and stormwater systems.

Restricted land and buildings

Restricted land and buildings are recorded at fair value based on a depreciated replacement cost basis from an independent valuer. The next valuation will be as at 30 June 2019.

Land under roads

The valuation of land under roads is based on fair value of adjacent land, effective 1 July 2004. Under NZ IFRS, Council has elected to use the fair value 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 a 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:

Asset	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 an 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 expenditure will be required to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

These are not recognised for future operating losses.

Provisions are estimated at the current cost required to settle the obligation. A pre-tax discount rate which reflects current market assessments of the time value of money and relevant risks is used. Any increase in the value of the provision over time is recognised as an interest expense.

Landfill

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

While Council recognises a liability for costs, the longevity of the responsibility makes it difficult to accurately estimate the level of cost that will be incurred. Estimates are based on existing technology and discounted at the rate of Council's weighted average interest rate.

Financial guarantee

A financial guarantee requires Council to make specified reimbursing payments to the holder for losses incurred when a specified debtor fails to make payment when due. Council currently does not have any financial guarantees.

Borrowings

Borrowings are initially recognised at fair value and then 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. Council may alter these without reference to the Courts or any third party. Transfers to and from Council-created reserves are at Council's discretion.

Restricted reserves

Restricted reserves are a component of equity and generally represent a particular use to which various amounts of equity have been

assigned. Reserves may be legally restricted or created by Council.

Legally restricted reserves are subject to specific conditions which Council must accept as binding and may not revise 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 except receivables and payables are stated exclusive of GST. Receivables and payables are GST-inclusive.

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 that which relates to investment and financing activities, is classified as operating cash flow in the Statement of Cash Flows.

Estimates and Assumptions

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

Prospective Statement of Comprehensive Revenue and Expense

	<u>Annual Plan</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>	<u>Forecast</u> <u>2025-26</u>	<u>Forecast</u> <u>2026-27</u>	<u>Forecast</u> <u>2027-28</u>
Revenue											
Rates	9,477,847	9,941,630	10,581,770	10,707,650	10,888,250	10,965,920	11,222,690	11,358,020	11,731,510	11,816,070	12,167,220
Subsidies and Grants	476,250	1,117,270	665,570	641,690	656,250	671,750	687,700	704,630	722,690	741,920	762,390
Interest Revenue	329,850	220,040	164,130	219,190	266,300	316,030	363,970	416,520	471,970	526,540	572,380
Fees and Charges	947,330	1,358,460	1,360,580	1,414,590	1,442,480	1,494,870	1,503,720	1,536,330	1,595,270	1,607,780	1,646,060
Other Revenue	61,150	402,500	716,940	873,410	964,980	161,660	163,380	171,410	173,370	175,450	185,370
Total Revenue	11,292,427	13,039,900	13,488,990	13,856,530	14,218,260	13,610,230	13,941,460	14,186,910	14,694,810	14,867,760	15,333,420
Expenditure											
Personnel Costs	4,454,130	4,762,610	4,839,020	4,924,420	5,015,020	5,105,460	5,202,600	5,301,590	5,407,790	5,516,140	5,632,250
Depreciation and amortisation	2,694,450	2,783,120	2,812,360	2,881,950	3,070,240	3,082,310	3,094,900	3,299,500	3,313,590	3,328,430	3,564,550
Finance Costs	13,907	6,790	5,510	4,000	2,300	6,800	5,900	4,200	2,690	3,000	6,990
Other Expenses	4,813,640	5,486,560	5,966,570	6,054,750	6,182,710	5,816,380	6,028,950	6,022,630	6,400,590	6,437,890	6,606,950
Total Expenditure	11,976,127	13,039,080	13,623,460	13,865,120	14,270,270	14,010,950	14,332,350	14,627,920	15,124,660	15,285,460	15,810,740
Surplus/(Deficit)	(683,700)	820	(134,470)	(8,590)	(52,010)	(400,720)	(390,890)	(441,010)	(429,850)	(417,700)	(477,320)
Other Comprehensive Revenue and Expense	0	0	0	0	0	0	0	0	0	0	0
Gain on Asset Revaluations	0	2,296,440	0	0	4,055,980	0	0	4,561,580	0	0	5,322,760
Total Comprehensive Revenue and Expense	(683,700)	2,297,260	(134,470)	(8,590)	4,003,970	(400,720)	(390,890)	4,120,570	(429,850)	(417,700)	4,845,440

Prospective Statement of Changes in Equity

	Annual Plan 2017- 18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28
Total Equity											
Opening Balance	68,866,638	67,881,118*	70,178,378	70,043,908	70,035,318	74,039,288	73,638,568	73,247,678	77,368,248	76,938,398	76,520,698
Total Comprehensive Income	(683,700)	2,297,260	(134,470)	(8,590)	4,003,970	(400,720)	(390,890)	4,120,570	(429,850)	(417,700)	4,845,440
Closing Balance	68,182,938	70,178,378	70,043,908	70,035,318	74,039,288	73,638,568	73,247,678	77,368,248	76,938,398	76,520,698	81,366,138
<i>Made up of:</i>											
Retained Earnings											
Opening Balance	37,106,574	36,443,764*	38,679,764	36,645,214	35,527,164	34,037,134	32,352,674	30,657,824	29,037,164	27,147,284	25,221,064
Total Comprehensive Income	(683,700)	820	(134,470)	(8,590)	(52,010)	(400,720)	(390,890)	(441,010)	(429,850)	(417,700)	(477,320)
Movements in Depreciation Reserve	(66,040)	2,235,180	(1,900,080)	(1,109,460)	(1,438,020)	(1,283,740)	(1,303,960)	(1,179,650)	(1,460,030)	(1,508,520)	(1,059,980)
Closing Balance	36,356,834	38,679,764	36,645,214	35,527,164	34,037,134	32,352,674	30,657,824	29,037,164	27,147,284	25,221,064	23,683,764
Asset Revaluation Reserve											
Opening Balance	23,044,604	23,044,604	25,341,044	25,341,044	25,341,044	29,397,024	29,397,024	29,397,024	33,958,604	33,958,604	33,958,604
Asset Revaluation	0	2,296,440	0	0	4,055,980	0	0	4,561,580	0	0	5,322,760
Closing Balance	23,044,604	25,341,044	25,341,044	25,341,044	29,397,024	29,397,024	29,397,024	33,958,604	33,958,604	33,958,604	39,281,364
Depreciation Reserve											
Opening Balance	8,715,460	8,392,750*	6,157,570	8,057,650	9,167,110	10,605,130	11,888,870	13,192,830	14,372,480	15,832,510	17,341,030
Movements	66,040	(2,235,180)	1,900,080	1,109,460	1,438,020	1,283,740	1,303,960	1,179,650	1,460,030	1,508,520	1,059,980
Closing Balance	8,781,500	6,157,570	8,057,650	9,167,110	10,605,130	11,888,870	13,192,830	14,372,480	15,832,510	17,341,030	18,401,010

*Revised figures based on anticipated balance at 30 June 2018.

Prospective Statement of Financial Position

	<u>Annual Plan</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>	<u>Forecast</u> <u>2025-26</u>	<u>Forecast</u> <u>2026-27</u>	<u>Forecast</u> <u>2027-28</u>
ASSETS											
Current Assets											
Cash & Cash Equivalents	8,522,410	4,474,247	6,107,984	7,665,374	9,624,723	10,781,737	12,011,561	13,052,479	14,447,337	15,871,637	16,857,607
Trade & Other Receivables	1,409,480	1,195,590	1,236,770	1,270,470	1,303,640	1,247,890	1,278,260	1,300,760	1,347,330	1,363,190	1,405,880
Inventories	144,530	1,028,390	1,317,910	755,690	194,720	183,180	189,870	189,670	201,580	202,750	208,080
Other Financial Assets	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	10,076,420	6,698,227	8,662,664	9,691,534	11,123,083	12,212,807	13,479,691	14,542,909	15,996,247	17,437,577	18,471,567
Non-Current Assets											
Property, Plant and Equipment	61,061,383	66,271,489	64,301,619	63,253,619	65,947,599	64,379,079	62,759,229	65,775,179	63,982,729	62,212,409	66,143,799
Intangible Assets	75,560	81,640	85,100	88,890	92,840	97,060	101,580	106,410	111,690	117,340	123,400
Investments in CCOs	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250	36,250
Total Non-Current Assets	61,173,193	66,389,379	64,422,969	63,378,759	66,076,689	64,512,389	62,897,059	65,917,839	64,130,669	62,365,999	66,303,449
Total Assets	71,249,613	73,087,606	73,085,633	73,070,293	77,199,772	76,725,196	76,376,750	80,460,748	80,126,916	79,803,576	84,775,016

Prospective Statement of Financial Position (cont'd)

	Annual Plan 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28
LIABILITIES											
Current Liabilities											
Trade & Other Payables	2,208,786	1,946,209	2,101,269	2,117,255	2,208,059	2,112,281	2,173,488	2,156,831	2,273,328	2,331,256	2,422,205
Provisions	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	0	0
Employee Benefit Liabilities	476,760	567,970	577,080	587,270	598,070	608,860	620,440	632,250	644,910	657,840	671,680
Finance Leases	18,700	19,600	21,000	15,200	13,600	18,700	19,600	21,000	15,200	13,600	18,700
Total Current Liabilities	2,714,246	2,543,779	2,709,349	2,729,725	2,829,729	2,749,841	2,823,528	2,820,081	2,943,438	3,002,696	3,112,585
Non-Current Liabilities											
Provisions/Deferred Revenue	213,559	217,459	203,666	189,810	175,865	161,807	147,614	133,259	118,720	113,972	109,413
Employee Benefit Liabilities	102,570	107,590	109,310	111,240	113,290	115,330	117,530	119,760	122,160	124,610	127,230
Finance Leases	36,300	40,400	19,400	4,200	41,600	59,650	40,400	19,400	4,200	41,600	59,650
Total Non-Current Liabilities	352,429	365,449	332,376	305,250	330,755	336,787	305,544	272,419	245,080	280,182	296,293
Total Liabilities	3,066,675	2,909,228	3,041,725	3,034,975	3,160,484	3,086,628	3,129,072	3,092,500	3,188,518	3,282,878	3,408,878
Net Assets	68,182,938	70,178,378	70,043,908	70,035,318	74,039,288	73,638,568	73,247,678	77,368,248	76,938,398	76,520,698	81,366,138
RATEPAYER EQUITY											
Retained Earnings	36,356,834	38,679,764	36,645,214	35,527,164	34,037,134	32,352,674	30,657,824	29,037,164	27,147,284	25,221,064	23,683,764
Reserves	31,826,104	31,498,614	33,398,694	34,508,154	40,002,154	41,285,894	42,589,854	48,331,084	49,791,114	51,299,634	57,682,374
Total Ratepayer Equity	68,182,938	70,178,378	70,043,908	70,035,318	74,039,288	73,638,568	73,247,678	77,368,248	76,938,398	76,520,698	81,366,138

Prospective Statement of Cash Flows

	Annual Plan 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28
CASHFLOW FROM OPERATING ACTIVITIES											
Cash will be provided from											
General Rates	8,391,030	8,849,210	9,582,480	9,688,050	9,856,760	9,997,930	10,140,310	10,267,650	10,593,600	10,670,830	10,979,640
Targeted Rates	993,020	932,200	958,110	985,900	998,320	1,023,740	1,052,010	1,067,870	1,091,340	1,129,380	1,144,890
Subsidies	476,250	1,117,270	665,570	641,690	656,250	671,750	687,700	704,630	722,690	741,920	762,390
Other Fees & Charges	1,008,480	1,760,960	2,077,520	2,288,000	2,407,460	1,656,530	1,667,100	1,707,740	1,768,640	1,783,230	1,831,430
Interest Income	329,850	220,040	164,130	219,190	266,300	316,030	363,970	416,520	471,970	526,540	572,380
Total cash provided	11,198,630	12,879,680	13,447,810	13,822,830	14,185,090	13,665,980	13,911,090	14,164,410	14,648,240	14,851,900	15,290,730
Cash will be spent on											
Payments to Suppliers & Employees	9,080,226	10,856,435	10,926,873	10,385,490	10,591,101	11,038,626	11,163,266	11,326,222	11,687,552	11,942,390	12,174,840
Interest Paid on Debt	13,907	6,790	5,510	4,000	2,300	6,800	5,900	4,200	2,690	3,000	6,990
Total cash spent	9,094,133	10,863,225	10,932,383	10,389,490	10,593,401	11,045,426	11,169,166	11,330,422	11,690,242	11,945,390	12,181,830
Net Cash Flow from Operations	2,104,497	2,016,455	2,515,427	3,433,340	3,591,689	2,620,554	2,741,924	2,833,988	2,957,998	2,906,510	3,108,900
CASHFLOW FROM INVESTING ACTIVITIES											
Cash will be provided from											
Disposal of Assets	0	1,572,900	4,315,600	1,560,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
Total cash provided	0	1,572,900	4,315,600	1,560,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
Cash will be spent on											
Purchase & Development of Property, Plant & Equipment	2,293,440	6,780,910	5,177,690	3,414,950	3,003,500	2,833,790	2,849,010	3,142,270	2,925,230	2,918,960	3,561,620
Net Purchase of Investments	0	0	0	0	0	0	0	0	0	0	0
Total cash spent	2,293,440	6,780,910	5,177,690	3,414,950	3,003,500	2,833,790	2,849,010	3,142,270	2,925,230	2,918,960	3,561,620
Net Cash Flow from Investing	(2,293,440)	(5,208,010)	(862,090)	(1,854,950)	(1,672,440)	(1,490,640)	(1,493,400)	(1,773,470)	(1,542,140)	(1,522,310)	(2,150,030)

Prospective Statement of Cash Flows (cont'd)

	<u>Annual Plan</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>	<u>Forecast</u> <u>2025-26</u>	<u>Forecast</u> <u>2026-27</u>	<u>Forecast</u> <u>2027-28</u>
CASHFLOW FROM FINANCING ACTIVITIES											
Cash will be provided from											
Loans Raised/Lump sum contributions	0	0	0	0	55,300	40,700	0	0	0	55,300	40,700
Total cash provided	0	0	0	0	55,300	40,700	0	0	0	55,300	40,700
Cash will be spent on											
Debt Repayment	15,000	18,700	19,600	21,000	15,200	13,600	18,700	19,600	21,000	15,200	13,600
Total cash spent	15,000	18,700	19,600	21,000	15,200	13,600	18,700	19,600	21,000	15,200	13,600
Net Cash Flow from Financing	(15,000)	(18,700)	(19,600)	(21,000)	40,100	27,100	(18,700)	(19,600)	(21,000)	40,100	27,100
Net Total Cash Inflow (Outflow)	(203,943)	(3,210,255)	1,633,737	1,557,390	1,959,349	1,157,014	1,229,824	1,040,918	1,394,858	1,424,300	985,970
Plus Projected Opening Cash Balances – 1 July	8,726,353	7,684,502*	4,474,247	6,107,984	7,665,374	9,624,723	10,781,737	12,011,561	13,052,479	14,447,337	15,871,637
Projected Closing Cash Balances - 30 June	8,522,410	4,474,247	6,107,984	7,665,374	9,624,723	10,781,737	12,011,561	13,052,479	14,447,337	15,871,637	16,857,607

*Revised figures based on anticipated balance at 30 June 2018.

Kawerau District Council: Funding Impact Statement for 2018 – 2028 – Whole of Council

	<u>Annual Plan</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>	<u>Forecast</u> <u>2025-26</u>	<u>Forecast</u> <u>2026-27</u>	<u>Forecast</u> <u>2027-28</u>
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	8,619,830	9,109,400	9,723,670	9,821,760	9,989,930	10,042,170	10,270,660	10,390,180	10,740,170	10,786,670	11,122,330
Targeted rates	993,020	932,200	958,110	985,900	998,320	1,023,740	1,052,010	1,067,870	1,091,340	1,129,380	1,144,890
Subsidies and grants for operating purposes	187,500	221,240	225,890	230,660	235,760	241,180	246,790	252,690	259,020	265,720	272,860
Fees and charges	812,330	1,258,460	1,239,680	1,314,590	1,342,480	1,372,540	1,403,720	1,436,330	1,471,300	1,507,780	1,546,060
Interest and dividends from investments	329,840	220,040	164,120	219,200	266,280	316,040	363,970	416,520	471,980	526,520	572,380
Local authorities fuel tax, fines, infringement fees, and other receipts	61,150	402,500	737,840	873,410	964,980	183,990	163,380	171,410	197,340	175,450	185,370
Total Operating Funding (A)	11,003,670	12,143,840	13,049,310	13,445,520	13,797,750	13,179,660	13,500,530	13,735,000	14,231,150	14,391,520	14,843,890
Applications of operating funding											
Payments to staff and suppliers	9,270,620	10,249,180	10,805,590	10,979,220	11,197,740	10,921,820	11,231,480	11,324,270	11,808,320	11,954,110	12,239,290
Finance Costs	11,040	6,800	5,500	4,000	2,300	6,800	5,900	4,200	2,700	3,000	7,000
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)	9,281,660	10,255,980	10,811,090	10,983,220	11,200,040	10,928,620	11,237,380	11,328,470	11,811,020	11,957,110	12,246,290
Surplus (deficit) of operating funding (A - B)	1,722,010	1,887,860	2,238,220	2,462,300	2,597,710	2,251,040	2,263,150	2,406,530	2,420,130	2,434,410	2,597,600

Funding Impact Statement – (cont'd)

	Annual Plan 2017-18	Forecast 2018-19	Forecast 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26	Forecast 2026-27	Forecast 2027-28
Sources of capital funding											
Subsidies and grants for capital expenditure	288,750	896,030	439,680	411,030	420,490	430,570	440,910	451,940	463,670	476,200	489,530
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(15,000)	(18,350)	(19,600)	(21,000)	35,800	23,150	(18,350)	(19,600)	(21,000)	35,800	23,150
Gross proceeds from sale of assets	0	1,572,900	4,315,600	1,560,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
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)	273,750	2,450,580	4,735,680	1,950,030	1,787,350	1,796,870	1,778,170	1,801,140	1,825,760	1,908,650	1,924,270
Applications of capital funding											
Capital expenditure											
- to meet additional demand	0	2,930,000	3,200,000	1,200,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
- to improve the level of service	0	1,006,000	50,000	0	0	0	0	0	0	0	0
- to replace existing assets	2,293,440	2,844,910	1,927,690	2,214,950	1,672,440	1,490,640	1,493,400	1,773,470	1,542,140	1,522,310	2,150,030
Increase (decrease) in reserves	(297,680)	(2,442,470)	1,796,210	997,380	1,381,560	1,214,120	1,192,310	1,065,400	1,320,660	1,424,100	960,250
Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)	1,995,760	4,338,440	6,973,900	4,412,330	4,385,060	4,047,910	4,041,320	4,207,670	4,245,890	4,343,060	4,521,870
Surplus (deficit) of capital funding (C – D)	(1,722,010)	(1,887,860)	(2,238,220)	(2,462,300)	(2,597,710)	(2,251,040)	(2,263,150)	(2,406,530)	(2,420,130)	(2,434,410)	(2,597,600)
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>2017/18</u>		<u>LT P Estimate</u> <u>2018/19</u>
GENERAL RATES		
750.00	Uniform Annual General Charge¹ (UAGC) per separately used or inhabited part of a rating unit ² (Incl. GST)	850.00
2,183,000	Revenue sought from the UAGC (Incl GST)	2,473,500
Differential General Rate³:		
0.8843	Residential, Rural Lifestyle and Reserve Rate per cents in \$ of Capital Value (Incl GST)	0.8820
2,388,750	Revenue sought from Residential, Rural Lifestyle and Reserve Rates (Incl GST)	2,398,200
2.2151	All Other Zones (other than Residential, Rural Lifestyle and Reserve) Rate per cents in \$ of Capital Value (Incl GST)	2.3245
5,249,760	Revenue sought from All Other Zones Rates (Incl GST)	5,554,700
TARGETED RATES⁴:		
71.63	Water Supply Rate (Incl GST)	59.70
199,350	Revenue sought from Water Supply Rate (Incl GST)	166,660
0.162	Water by meter – dollar per cubic metre (Incl GST)	0.155
46,770	Revenue sought from Water by Meter Rate (Incl GST)	46,500
158.24	Wastewater Disposal Rate (Incl GST)	140.90
448,300	Revenue sought from Wastewater Disposal Rate (Incl GST)	400,440
167.00	Refuse Collection Rate - 60 litre bin (Incl GST)	170.10
400,960	Revenue sought from Refuse Collection Rate – 60 litre bin (Incl GST)	405,180
227.00	Refuse Collection Rate - 120 litre bin (Incl GST)	230.10
56,980	Revenue sought from Refuse Collection Rate – 120 litre bin (Incl GST)	66,270
CAPITAL VALUES (for assessing the General Rate)		
270,129,100	Residential	271,900,100
236,999,000	Commercial/Industrial	238,964,000
\$507,128,100	Total Capital Values	\$510,864,100
87,344,100	Total Land Value (at end of previous financial year)	90,331,600
2,928	Number of rating units (at end of previous financial year)	2,931

¹ 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.

² 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**.

³ 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.

⁴ 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. Each of 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 where 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

Rating Impact for 2018/19						
	General Rate and UAGC	Targeted Rates			Total Rates (incl GST)	Increase
	(UAGC = \$850.00)	Water Supply	Wastewater	Refuse Collection		%
Residential:						
\$11,000	947.02	59.70	140.90	170.10	1,318	5.9%
\$59,000	1,370.38	59.70	140.90	170.10	1,741	4.3%
\$82,000	1,573.24	59.70	140.90	170.10	1,944	3.8%
\$95,000	1,687.90	59.70	140.90	170.10	2,059	3.6%
\$120,000	1,908.40	59.70	140.90	170.10	2,279	3.2%
\$200,000	2,614.00	59.70	140.90	170.10	2,985	2.4%
\$240,000	2,966.80	59.70	140.90	170.10	3,338	2.1%
Commercial:						
\$98,000	3,128.01	59.70	140.90	0	3,329	5.6%
\$140,000	4,104.30	59.70	140.90	0	4,305	5.5%
\$270,000	7,126.15	59.70	140.90	0	7,327	5.3%
\$700,000	17,121.50	59.70	140.90	0	17,322	5.1%
\$1,450,000	34,555.25	59.70	140.90	0	34,756	5.0%
\$15,650,000	364,634.25	59.70	140.90	0	364,835	4.9%
\$30,600,000	712,147.00	59.70	140.90	0	712,348	4.9%
\$110,000,000	2,504,336.50	59.70	140.90	0	2,504,537	4.9%

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

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
No of rating units	2,931	2,935	2,945	2,955	2,966	2,966	2,966	2,966	2,966	2,966

Prospective Revenue by Activity

	<u>Annual Plan</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> \$	<u>Forecast</u> <u>2025-26</u> \$	<u>Forecast</u> <u>2026-27</u> \$	<u>Forecast</u> <u>2027-28</u> \$
Democracy	3,900	3,470	24,440	3,610	3,680	26,080	3,830	3,910	27,960	4,070	4,150
Economic Development	112,000	790,800	1,082,670	1,303,560	1,423,100	635,950	647,810	666,480	679,790	693,530	715,870
Environmental Services	200,410	223,550	228,630	233,800	238,770	244,270	249,940	255,830	262,140	268,850	275,640
Roading	581,140	1,064,270	779,780	761,330	781,770	803,400	825,490	848,830	873,570	899,530	927,040
Stormwater	36,350	224,720	37,880	39,840	41,890	44,040	46,190	48,430	50,790	53,200	55,720
Water Supply	349,300	319,830	321,380	310,880	310,290	324,410	339,040	354,800	368,940	385,140	388,650
Wastewater	601,070	557,710	578,540	601,550	614,060	634,370	658,780	678,970	704,960	737,070	759,280
Solid Waste	746,500	773,010	792,380	812,760	827,210	847,400	869,140	886,390	907,490	934,600	953,660
Leisure & Recreation	98,690	95,140	101,460	109,820	118,570	127,830	137,100	146,350	159,140	176,090	194,990
Sundry	261,820	211,560	164,580	167,690	169,870	171,560	174,290	177,780	181,530	184,180	186,290
Eliminations	(183,580)	(233,590)	(246,410)	(210,060)	(200,880)	(191,260)	(180,830)	(171,010)	(161,670)	(155,190)	(150,200)
	2,807,600	4,030,470	3,865,330	4,134,780	4,328,330	3,668,050	3,770,780	3,896,760	4,054,640	4,181,070	4,311,090
General Rates	8,484,827	9,009,430	9,623,660	9,721,750	9,889,930	9,942,180	10,170,680	10,290,150	10,640,170	10,686,690	11,022,330
Total Revenue	11,292,427	13,039,900	13,488,990	13,856,530	14,218,260	13,610,230	13,941,460	14,186,910	14,694,810	14,867,760	15,333,420

Prospective Expenditure by Activity

	<u>Annual Plan</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> \$	<u>Forecast</u> <u>2025-26</u> \$	<u>Forecast</u> <u>2026-27</u> \$	<u>Forecast</u> <u>2027-28</u> \$
Democracy	680,430	653,620	657,530	618,450	655,070	698,180	657,700	695,960	737,100	699,040	738,530
Economic Development	1,118,337	1,849,500	2,110,270	2,142,470	2,264,700	1,858,140	1,896,370	1,931,210	1,962,710	2,015,170	2,051,130
Environmental Services	964,200	1,160,480	1,293,250	1,298,880	1,366,400	1,265,860	1,330,680	1,317,780	1,374,150	1,384,450	1,437,920
Roading	1,668,650	1,719,770	1,750,990	1,784,730	1,841,610	1,872,820	1,907,750	1,975,630	2,003,920	2,051,720	2,129,320
Stormwater	264,630	207,460	208,650	209,880	221,910	223,100	224,380	238,440	239,590	241,400	258,120
Water Supply	1,075,360	1,023,800	1,066,410	1,056,250	1,098,760	1,114,740	1,162,450	1,177,660	1,193,490	1,216,210	1,297,100
Wastewater	1,439,370	1,421,390	1,448,130	1,475,620	1,525,430	1,552,080	1,583,810	1,635,720	1,662,480	1,700,560	1,759,160
Solid Waste	1,661,630	1,628,500	1,672,930	1,719,980	1,727,480	1,769,890	1,817,300	1,844,250	1,882,880	1,946,600	1,972,560
Leisure & Recreation	3,859,660	4,194,560	4,261,030	4,381,420	4,395,770	4,487,780	4,587,850	4,653,110	4,917,590	4,890,270	5,040,190
Sundry	21,230	37,500	38,030	38,620	39,240	39,880	40,600	41,300	42,050	42,810	43,650
Eliminations	(777,370)	(857,500)	(883,760)	(861,180)	(866,100)	(871,520)	(876,540)	(883,140)	(891,300)	(902,770)	(916,940)
Total Expenditure	11,976,127	13,039,080	13,623,460	13,865,120	14,270,270	14,010,950	14,332,350	14,627,920	15,124,660	15,285,460	15,810,740

Prospective Operational Shortfall by Activity

	Annual Plan 2017-18 \$	Forecast 2018-19 \$	Forecast 2019-20 \$	Forecast 2020-21 \$	Forecast 2021-22 \$	Forecast 2022-23 \$	Forecast 2023-24 \$	Forecast 2024-25 \$	Forecast 2025-26 \$	Forecast 2026-27 \$	Forecast 2027-28 \$
Operating shortfall by activity:											
Economic Development	66,500	93,650	(122,650)	(277,550)	(272,100)	86,200	86,200	92,460	92,460	92,460	99,860
Roading	74,650	(245,530)	23,340	51,960	74,260	64,230	53,920	79,870	68,200	55,500	86,360
Stormwater	137,620	(63,220)	124,280	124,280	132,790	132,790	132,790	142,720	142,720	142,720	154,600
Leisure & Recreation	127,930	109,100	109,500	109,900	117,060	117,500	117,980	125,960	126,470	127,020	136,500
Sundry	277,000	105,180	0	0	0	0	0	0	0	0	0
Total Operating Shortfall/(Surplus)	683,700	(820)	134,470	8,590	52,010	400,720	390,890	441,010	429,850	417,700	477,320
<i>Made up of:</i>											
Funded from Surplus	277,000	105,180	0	0	0	0	0	0	0	0	0
Funded from property sales	0	12,900	203,400	358,300	358,300	0	0	0	0	0	0
Depreciation not funded											
Economic Development	65,500	80,750	80,750	80,750	86,200	86,200	86,200	92,460	92,460	92,460	99,860
Roading	344,950	463,050	463,050	463,050	494,770	494,770	494,770	531,780	531,780	531,780	576,020
Stormwater	156,070	124,280	124,280	124,280	132,790	132,790	132,790	142,720	142,720	142,720	154,600
Leisure & Recreation	127,930	109,100	109,500	109,900	117,060	117,500	117,980	125,960	126,470	127,020	136,500
Total depreciation not funded	695,450	777,180	777,580	777,980	830,820	831,260	831,740	892,920	893,430	893,980	966,980
Funding for capital work :											
Roading & Stormwater	(288,750)	(896,080)	(439,710)	(411,090)	(420,510)	(430,540)	(440,850)	(451,910)	(463,580)	(476,280)	(489,660)
Total subsidy for capital	(288,750)	(896,080)	(439,710)	(411,090)	(420,510)	(430,540)	(440,850)	(451,910)	(463,580)	(476,280)	(489,660)
Total operating shortfall /(Surplus)	683,700	(820)	134,470	8,590	52,010	400,720	390,890	441,010	429,850	417,700	477,320

Reconciliation from Operating Funding to Operating Surplus/Deficit

	<u>Annual Plan</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> \$	<u>Forecast</u> <u>2025-26</u> \$	<u>Forecast</u> <u>2026-27</u> \$	<u>Forecast</u> <u>2027-28</u> \$
Operating Funding Surplus/(Deficit)	1,722,000	1,887,860	2,238,220	2,462,300	2,597,710	2,251,040	2,263,150	2,406,530	2,420,130	2,434,410	2,597,600
Plus subsidy for capital expenditure	288,750	896,080	439,680	411,030	420,490	430,570	440,910	451,940	463,670	476,200	489,530
Less depreciation	2,694,450	2,783,120	2,812,370	2,881,920	3,070,210	3,082,330	3,094,950	3,299,480	3,313,650	3,328,310	3,564,450
Operating Surplus/(Deficit)	(683,700)	820	(134,470)	(8,590)	(52,010)	(400,720)	(390,890)	(441,010)	(429,850)	(417,700)	(477,320)

Prospective Capital Programme

	<u>Annual Plan</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> \$	<u>Forecast</u> <u>2025-26</u> \$	<u>Forecast</u> <u>2026-27</u> \$	<u>Forecast</u> <u>2027-28</u> \$
Economic and Community Development	0	2,900,000	3,220,380	1,220,770	1,352,250	1,364,780	1,377,700	1,391,370	1,406,170	1,420,270	1,435,780
Environmental Services	9,200	700,000	0	0	0	0	0	0	0	0	0
Roading	601,200	1,489,000	636,630	599,530	613,320	628,040	643,120	659,190	676,330	694,590	714,040
Stormwater	27,110	260,000	0	0	0	0	0	0	0	0	0
Water Supply	499,540	267,550	795,560	974,110	91,310	292,400	95,750	133,950	304,140	178,420	841,410
Wastewater	156,940	249,400	48,180	175,510	318,360	60,860	161,200	40,620	50,650	42,680	118,720
Solid Waste	0	70,000	0	0	6,060	0	5,000	10,000	0	0	0
Leisure and Recreation	682,500	572,760	260,200	251,080	344,160	258,180	305,540	312,490	209,130	275,600	235,610
Plant and Office Equipment	316,950	272,200	216,740	193,950	278,040	229,530	260,700	594,650	278,810	307,400	216,060
Total Assets	2,293,440	6,780,910	5,177,690	3,414,950	3,003,500	2,833,790	2,849,010	3,142,270	2,925,230	2,918,960	3,561,620
Funded by:											
Government Subsidies	288,720	883,180	439,680	411,030	420,490	430,570	440,910	451,940	463,670	476,200	489,530
Asset Disposals	0	1,560,000	4,160,000	1,560,000	1,331,060	1,343,150	1,355,610	1,368,800	1,383,090	1,396,650	1,411,590
Depreciation Reserves	2,004,720	4,337,730	578,010	1,443,920	1,251,950	1,060,070	1,052,490	1,321,530	1,078,470	1,046,110	1,660,500
Total Funding	2,293,440	6,780,910	5,177,690	3,414,950	3,003,500	2,833,790	2,849,010	3,142,270	2,925,230	2,918,960	3,561,620

Depreciation Expense by Activity

	<u>Annual Plan</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> \$	<u>Forecast</u> <u>2025-26</u> \$	<u>Forecast</u> <u>2026-27</u> \$	<u>Forecast</u> <u>2027-28</u> \$
Democracy	21,470	15,910	16,320	15,980	17,570	17,890	17,520	19,040	19,300	19,100	20,870
Economic Development	106,510	152,690	152,830	153,480	160,530	160,950	161,340	169,290	169,510	170,220	179,400
Environmental Services	21,030	28,800	39,110	39,160	43,130	42,990	43,390	46,910	47,140	47,230	51,870
Roading	778,450	792,790	796,870	800,850	847,770	852,180	856,680	911,360	916,280	921,960	987,250
Stormwater	229,680	166,030	166,040	166,050	177,410	177,420	177,420	190,680	190,680	190,690	206,560
Water Supply	445,220	423,760	424,140	424,030	457,030	457,090	457,390	490,840	490,810	490,980	527,370
Wastewater	430,910	429,260	429,530	429,670	463,150	463,230	463,360	497,510	497,490	497,750	534,420
Solid Waste	25,190	29,170	29,790	30,140	32,060	32,290	32,520	34,670	34,610	35,210	37,320
Leisure and Recreation	635,990	744,710	757,730	822,590	871,590	878,270	885,280	939,200	947,770	955,290	1,019,490
Total Depreciation Expense	2,694,450	2,783,120	2,812,360	2,881,950	3,070,240	3,082,310	3,094,900	3,299,500	3,313,590	3,328,430	3,564,550

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 assets 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 on the following page.

Council created Reserves – Purpose of Fund	Balance @ 1 July 2018	Deposits	Expenditure	Balance @ 30 June 2028
Asset Renewal Reserve (All Activities) - To set funds aside for the renewal of assets utilised by the following activities:	\$	\$	\$	\$
Democracy	99,820	22,140	-	121,960
Building & Inspection	600	96	-	696
Environmental Health	4,129	200	-	4,329
Dog Pound	(36,504)	261,896	700,000	(474,608)
Roading/Footpaths	2,021,690	3,513,630	2,621,240	2,914,080
Stormwater	397,160	451,314	72,500	775,974
Water Supply	3,832,003	4,585,391	3,974,599	4,442,795
Wastewater	3,822,664	4,593,054	1,266,180	7,149,538
Refuse Disposal	(142,827)	93,065	223,324	(273,086)
Zero Waste	85,263	67,883	3,055	150,091
Library	(271,248)	651,597	1,090,189	(709,841)
Museum	(118,854)	126,916	143,462	(135,400)
Swimming Pool	(763,278)	1,800,011	511,443	525,290
Rec Centre	(414,700)	803,608	265,160	123,748
Town Hall	164,696	523,054	106,038	581,712
Concert Chamber	68,818	169,639	113,970	124,487
Town Centre Toilets	(147,256)	54,372	70,000	(162,884)
Sportsfields	185,352	1,643,740	255,290	1,573,802
Passive Reserves	(344,948)	869,942	561,491	(36,497)
Road Berms	221	-	-	221
Street Trees	14,940	20,410	-	35,350
Bedding Displays	1,254	217	-	1,471
Playgrounds	324,548	456,720	224,700	556,568
Pensioner Housing	(14,930)	-	-	(14,930)
Cemetery	44,277	68,506	42,410	70,373
Commercial Rental Buildings	(105,015)	2,476,615	1,320,000	1,051,600
Firmin Lodge	(237,153)	389,999	406,456	(253,610)
District Office & Depot	(409,239)	900,769	478,930	12,600
Finance	383,320	608,534	430,216	561,638
Operations & Services	5,828	100	-	5,928
Information Centre	(139,565)	140,981	108,470	(107,054)
Plant	71,484	1,641,906	1,938,921	(225,531)
Development Feasibility Fund	10,200			10,200
Total	8,392,750	26,936,305	16,928,045	18,401,010
Revaluation Reserve – Purpose of Fund	Balance @ 1 July 2018 \$	Additions \$	Expenditure \$	Balance @ 30 June 2028 \$
Revaluation Reserve - records the amount that Council's assets have increased in value.	23,044,604	16,236,760		39,281,364

Disclosure Statement

For period commencing 1 July 2018

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.

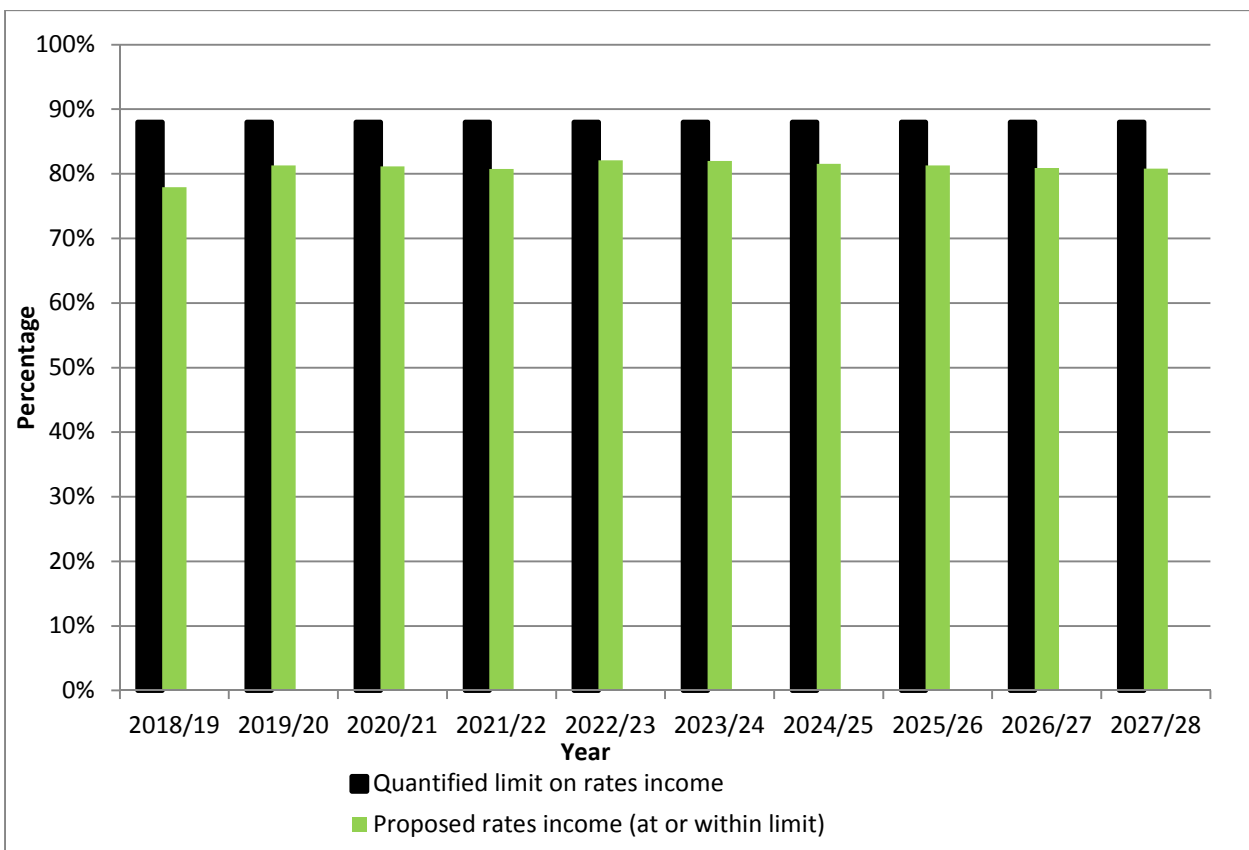
Rates Affordability Benchmark

Council meets the rates affordability benchmark if:

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

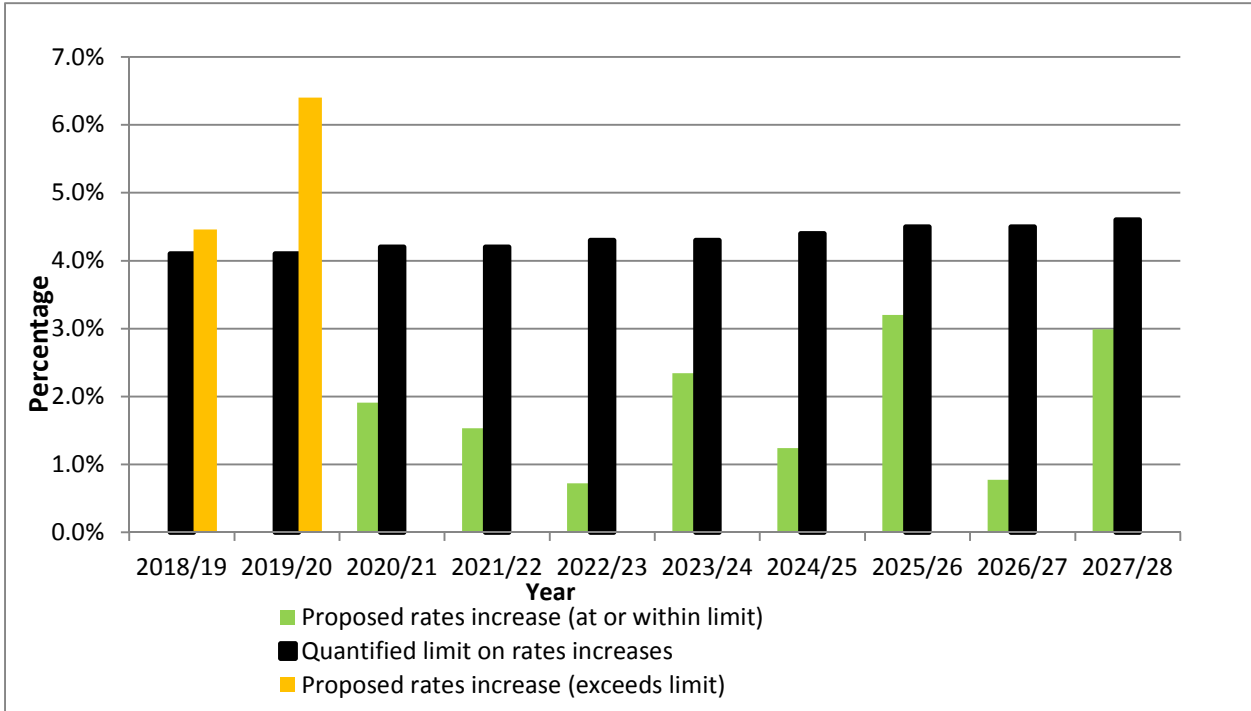
Rates (income) affordability

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.



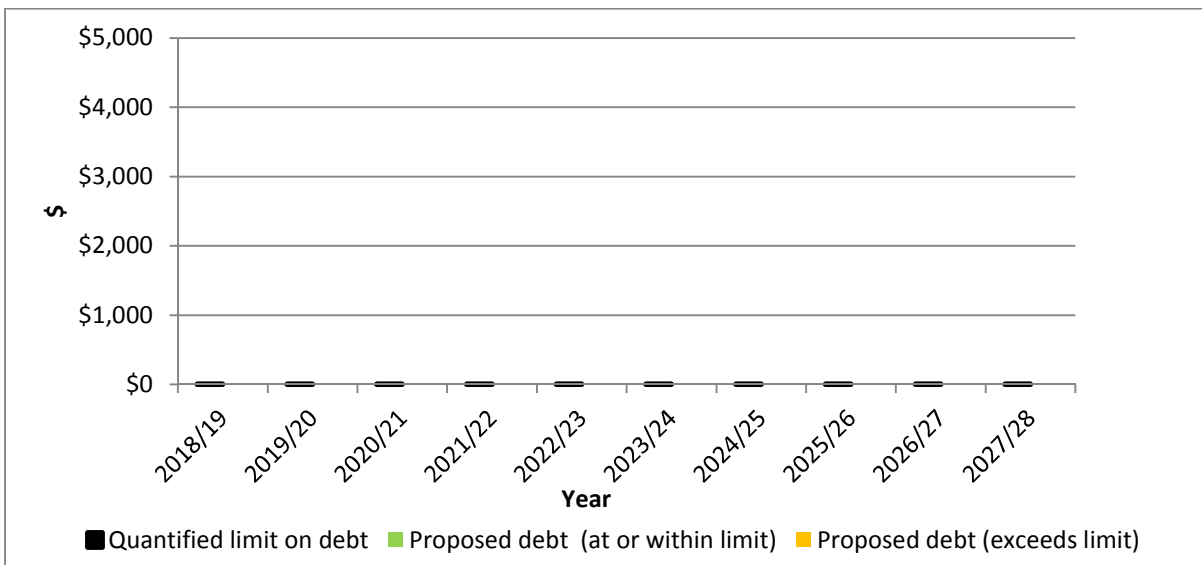
Rates (increases) affordability

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. Council has recently increased the level of services for a number of activities which resulted in increased costs. The rate increase has been spread over two years by using previous year's cash surpluses. Council believes it is acting prudently by spreading the rate increase and avoiding a large rate increase in one year.



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 (2018 – 2028) is \$0 (other than finance leases).

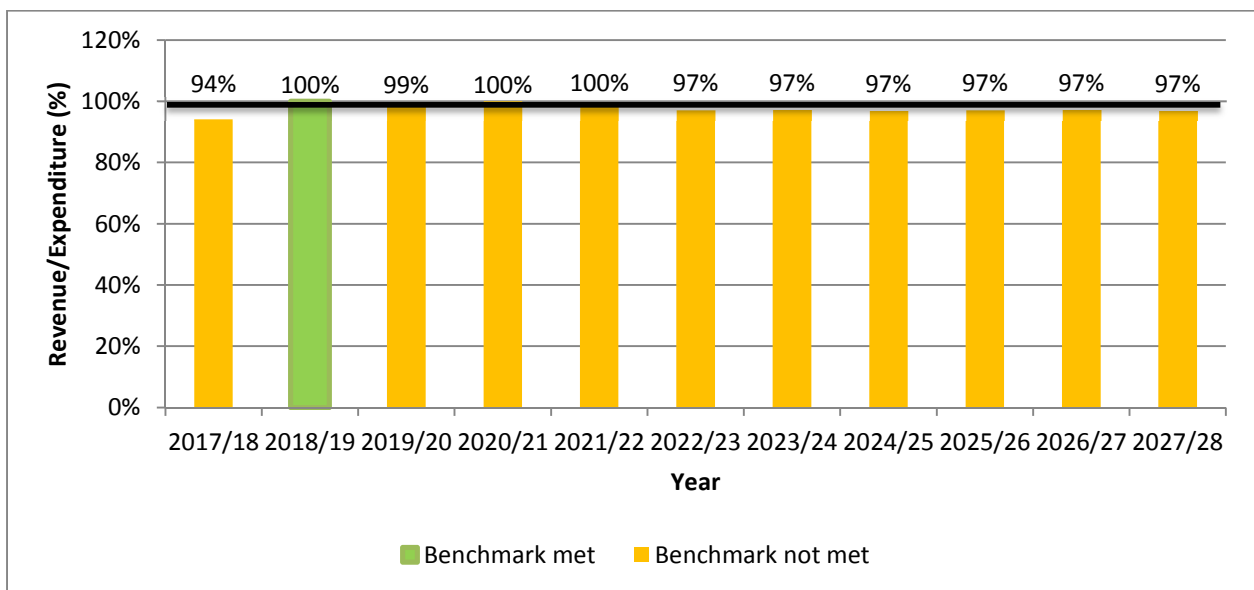


Comment

Council does have a small amount of debt included in its Statement of Financial Position for copiers/printers (which are part of a BOPLASS shared procurement project), as well as the telephone hardware, are acquired by a finance lease. Also Council has recorded a “refundable tenancy” as a debt as it is a future obligation to pay the occupancy costs for the planned retirement units.

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.



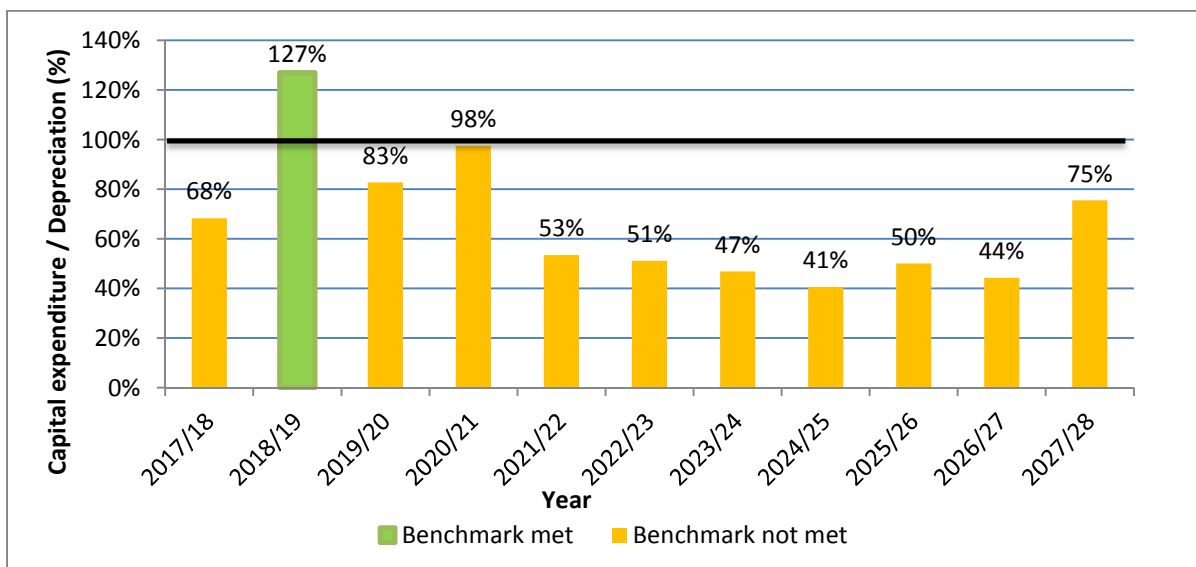
Comment

Council does not fully fund depreciation of assets for roads and stormwater that are subject to New Zealand Transport Agency (NZTA) subsidies. The assumption has been made that when these assets 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 also 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 Houses. 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

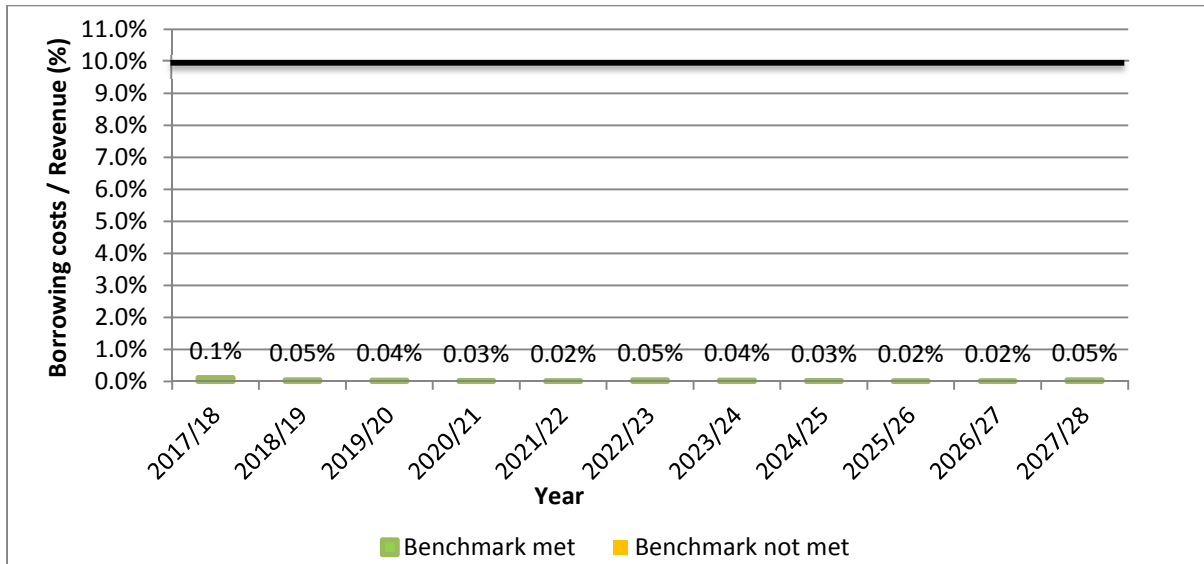
The town of Kawerau was built over a period of about 30 years from 1954 to 1987. With asset lives of up to 80 years, the majority of planned renewals won't occur until another 9 -12 years. The following table broadly illustrates the age of Councils infrastructure.

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	62
2	Cobham Drive and adjoining streets, Porritt Drive and the balance of the Bell, Massey Street area.	1963-68	53
3	River Road (Pump house to Fenton Mill Road), Fenton Mill Road, Valley Road (roundabout to SH 34).	1971-75	45
4	Valley Road (roundabout to unsealed section) and adjoining side streets.	1976-80	40
5	Hardie and Beattie Roads and adjoining side streets.	1983-87	33
6	Geothermal area (Recreation. Centre, Pool, Bowling Club, TAB carpark).	1960	58

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/printers and telephone hardware). There are no debt servicing costs associated with the "refundable occupancy" amount as there is no interest charge.



| POLICIES



Revenue and Financing Policy

Policy Objectives

The objectives of this policy are to explain who pays and why, to outline how Council's activities are funded and to meet the requirements of the Local Government Act 2002.

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 in this Long Term 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), a user-pays system 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 benefit) then an appropriate funding option for that activity would be the general rate.

Industrial/Commercial All properties other than those defined as "Residential".

Residential Properties situated in any zone used solely for residential purposes.

Period of benefits A statutorily required assessment of the period over which the benefits from each activity will flow. This helps identify 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 adequately funded on an annual basis.

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

To ensure that each generation of ratepayers pay for the benefits they receive, the depreciation costs of an asset are funded from rates from the corresponding year. Infrastructural costs are thus spread more evenly across the life of the asset and the different ratepayers who benefit from it.

Funding of capital expenditure There are three types of capital expenditure which need to be funded: purchase of new assets, replacement of existing assets and repayment of loan principal on debt (both external and internal).

Depreciation reserves are used to fund capital expenditure in Council activities for which asset depreciation is funded. Internal borrowing is used when there are insufficient reserve funds for an activity. It is estimated that Council will not need to borrow externally to fund infrastructural asset renewals during the current Long Term Plan. A table showing planned renewal expenditure is included in the financial statements.

The Local Government Act requires that Council operating revenues in any one financial year should be set at a level sufficient to meet all projected operating expenses, including depreciation costs. Depreciation on some assets is not fully funded (see Financial Strategy). Any capital expenditure on those assets is funded from general rates or internal loans.

Contributors to the need for an activity (polluter pays) The 'polluter pays' principle is that the person who creates a problem which incurs costs for Council, should contribute some or all of the funds to meet those costs. For example, dog owners who allow their dogs to roam should pay a fine to cover the cost of impounding. However, this is not always practical, as identifying and charging the offender is not always possible. Similarly, people who do graffiti or dump rubbish illegally are not always caught. Council's policy is to recover these costs where practicable.

Costs and benefits of funding the activity distinctly from other activities When selecting a particular funding mechanism Council is required to consider the costs and benefits. 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 is assessed on a case-by-case basis. Council is also required to consider alternative funding mechanisms in terms of transparency and accountability. One which is targeted for specific cost items is more transparent to users of the activity than general or aggregated funding. 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.

Refundable Occupancy Council plans to construct retirement units on reserve land in River Road. The "refundable occupancy" is

the amount that retirees will initially pay to occupy these retirement units. Council will purchase the units back (at valuation) at the termination of the tenancy. Council will determine the liability annually and adjust the "refundable occupancy" figure accordingly.

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 when 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. the staff cost of issuing library items).

Legislative requirements

The Local Government Act requires that the funding needs of Council must be met from those sources which are deemed to be appropriate, following the consideration of:

- 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.

Council must then assess the overall impact on the community of allocating the liability for this revenue, before determining the appropriate funding mechanisms. 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 accordance with the summary table which lists the following funding sources for each activity after Council determines:

- 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 of 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 or met additional demand is funded from an internal loan

Other sources of capital funding include:

- NZTA subsidy (Roading and Stormwater)
- Sale/Disposal of assets
- Grants from various funding agencies.
- Refundable Occupancy loans from residents of Council’s planned retirement units

General rate

Council charges general rates through both a Uniform Annual General Charge (UAGC) on each separately used or inhabited part of a rating unit and a rate in the dollar on capital value in accordance with Council’s Differential Rating System. The purpose of the UAGC is to ensure a minimum contribution to the general rate from all ratepayers and more even allocation of the general. The UAGC amount has been set by Council to produce the fairest and most equitable overall result for the community.

Council charges general rates 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 the 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, other than 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 which 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 unit from which Council is prepared to remove residual refuse.

Grants and subsidies

Much of Council’s Roading expenditure is subsidised by the New Zealand Transport Agency (NZTA). Subsidies contribute to the long term maintenance of carriageways and stormwater drainage and lighting systems and also part-fund street cleaning. There is also a small annual amount contributed by the NZ Defence Force for the up keep of returned servicemen graves, which is included in subsidies and grants.

Interest and dividends

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

Interest is received from financial investments. Significant replacement of infrastructure assets will not occur until the years 2027 to 2030. Until this time Council will continue to have a cash surplus and depreciation reserves. The reserves are invested in accordance with Council's Investment Policy and are retained for expenditure on asset replacement. Interest revenue from the investment of these reserves lowers the amount of depreciation funding required from general rates.

Fees and charges

Fees and charges are imposed on a wide range of activities. Council considers a number of matters 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 applicable cases, whether the user lives within or outside the district

Proceeds from asset sales

Proceeds from asset sales are used to repay debt, acquire new assets or are set aside in a reserve for the future acquisition of new assets.

Reserve funds

Most Council reserve funds are held in depreciation reserves. These are used to finance the renewal of existing assets.

Financial contributions

There is an ability for Council to collect financial contributions as per a Financial Contributions Policy.

Assessment of overall impact of allocation of revenue needs

Council selects funding tools which lead to the most equitable funding of activities in terms of:

- The distribution of benefits across the community
- When the benefits are expected to occur
- The extent to which the action or inaction of particular individuals or group(s) contribute to the need to provide the activity
- Affordability.

While the level of private benefit provided by some activities would justify imposing user fees and charges, Council wishes to enhance community well-being by enabling every resident to access Council services. This is based on the principle that inability to pay should not restrict access to services. Council has therefore determined that general rates will be used to fund:

- Access to the Public Library for residents and ratepayers
- Access to the Swimming Pools
- Partial rental waivers for use of the Town Hall, Concert Chambers, Recreation Centre and Passive Reserves
- Free access to Town Centre Toilets
- Free access to the Refuse Transfer Station charitable purposes.

Table: 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
Firmin Lodge	55	45
Information Centre	25	75
Environmental Services		
Resource Management - Planning	Availability	100
Resource Management - Consents	30	70
Building and Inspection	Availability	100
Building and Inspection	Use	20
Environmental Health	Availability	100
Environmental Health	Use	50
Dog Control	10	90
Dog Registration	0	100
Civil Defence	100	0
Roading	100	0
Stormwater	100	0
Water Supply		
Water Supply	Availability	100
Water Supply	Use	0
Wastewater		
Wastewater	Availability	100
Wastewater	Use	0
Solid Waste		
Refuse Collection	10	90
Refuse Disposal	Availability	100
Refuse Disposal	Use	0
Zero Waste	100	0
Leisure and Recreation		
Library/Museum	Availability	100
Library/Museum	Use	95
Swimming Pools	Availability	100
Swimming Pools	Use	95
Public Halls		
Recreation Centre	Availability	100
Recreation Centre	Use	30
Town Hall	Availability	100
Town Hall	Use	30
Concert Chamber	Availability	100
Concert Chamber	Use	30
Public Toilets	100	0
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
Cemetery	Use	0

Table: 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
Firmin Lodge		General Rates	User Fees and Charges
Information Centre		General Rates	User Fees and Charges
Environmental Services			
Resource Management - Planning	Availability	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	
Public Toilets		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		Subsidy/Fees and Charges

Rating Policy

Policy Objectives

The objectives of this policy are to enable Council to:

- Generate sufficient rates revenue to ensure its activities are adequately funded
- Operate a rating system which is fair and equitable to the community of Kawerau; and
- Charge rates which are affordable for 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 \$850.00 (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 is the "minimum contribution" towards the cost of those activities that are funded by the General Rate. 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

A uniform fixed amount is levied 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 meter of water used is 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

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

5. Refuse Collection Rates

A uniform fixed amount is charged per bin on each rating unit from which Council removes refuse.

6. Levying and Collecting

Council sets and charge rates for each year from 1 July to 30 June. The instalment dates for 2018/19 are shown below.

Table: Due dates for rates (except metered water)

Instalment	Payment due date
1	Friday 24 August 2018
2	Friday 23 November 2018
3	Friday 22 February 2019
4	Friday 24 May 2019

Table: Due dates for Metered Water

Reading Date	Payment due date
28 September 2018	26 October 2018
28 December 2018	25 January 2019
29 March 2019	26 April 2019
28 June 2019	26 July 2019

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

Rates arrears penalty A penalty of 5 percent on rates levied before 1 July 2018, including previously applied penalties, remaining unpaid on 5 July 2018, to be added on 6 July 2018. An additional 5 percent penalty on any portion of these rates which are still not paid by 7 January 2019 will be added on 8 January 2019.

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

Report of the Auditor

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the reader:

Independent auditor's report on Kawerau District Council's 2018-28 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). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 28 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 151 to 155 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

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 the accuracy of the information in the plan.

Basis of opinion

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

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

Our procedures included assessing whether:

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

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

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 the plan and the disclosures required by the Regulations, 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

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of *Professional and Ethical Standard 1 (Revised)*; and
- quality control requirements, which incorporate the quality control requirements of *Professional and Ethical Standard 3 (Amended)*.

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.



Ben 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