South Taranaki

Ngā Mahere ā tau | **Annual Plan**

2025/26

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki
District Council

TARANAKI KI TE TONGA – KA PUTA, KA ORA!
SOUTH TARANAKI – GREAT PEOPLE, CONNECTED COMMUNITIES, WHERE WE BELONG!

Mihi
Introduction

Ko Taranaki kei runga.
Ko Aotea, ko kurahaupo e urunga mai ki uta.
Ko Turi, ko Ruatea ngā tūpuna,
Tihei mauri tū ki runga!

Mai i Ōkurukuru ki Rāwa o Turi,
Rāwa o Turi ki Waingōngoro
Waingōngoro ki Whenuakura,
Whenuakura ki Waitōtara.

Ko wai tērā, ko Taranaki ki te Tonga.

E ngā tini wairua, kua whetūrangihia, koutou e Korowaitia ana te tauheke rā, ko Pukehaupapa, ko Pukeonaki, e moe. Haere i raro i te kahu kōrako ki Tua whakarere. Ki te kāinga o tāua te tangata.

Hoki atu rā koutou ki Hawaiki nui, Hawaiki roa, Hawaiki pāmamao.

Ki a tātou ngā uri o Tiki, ki ngā kanohi kitea. Tātou mā e kawea nei ngā kete matauranga o te ao tūroa, o te ao hurihuri.
Tihei mouri ora.

Ko te kaupapa e anga atu nei, ko te Hōtaka o te wā, hei tirohanga ki mua mā tātou ki te Tonga. Kia whai nei i ngā wawata kia pākari ai te rohe.

Kāti rā, ki a koutou, ki a tātou, rire, rire Hau Pai marire!

So stands Taranaki above
Aotea and Kurahaupo are anchored ashore,
Turi and Ruatea are our ancestors.
So, we share the breath of life!

From Ōkurukuru to Rāwa o Turi,
From Rāwa o Turi to Waingōngoro River,
From the Waingōngoro to the Whenuakura River,
From the Whenuakura to the Waitōtara River.

Who are we, South Taranaki.

To those spirits, who have passed beyond, you who cloak our mountain, Pukehaupapa, Pukeonake, rest in peace. Go beyond the veil with the protection of peace. To the ancestral home of us, the people.

Return to Hawaiki nui, Hawaiki roa and Hawaiki pāmamao.

To those of us who remain, the descendants of Tiki, the living. We, the bearers of the baskets of knowledge from the past and present.
So, the breath of life.

So, the focus for this is the Long Term Plan, to
Look forward for us the people of South Taranaki.
To achieve the hopes and dreams to enhance our region.
In conclusion, to you and us all, Peace flow across us!

Ihirangi
Contents

Te reo maioha ā te Koromatua me te Tumu Whakahaere
Mayor and Chief Executive's Message

Taranaki ki te Tonga - Ka Puta, Ka Ora!

South Taranaki - Great people, connected communities, *where we belong!*

Our Council's vision for the next ten years is about maintaining momentum, finishing what we committed to in the 2024-34 LTP, while also doing what's needed to look after the services and assets we've already got. The key challenge for us is how we afford to do this at a time when we are all facing high living costs.

Notable/key projects we are working on in 2025/26 include:

- Ongoing development of the South Taranaki Business Park
- Ongoing town centre upgrades for Eltham, Waverley, Manaia, Pātea and Ōpunakē
- Hāwera CBD street lighting, bollards, bins and seating
- Desludge Hāwera Anaerobic lagoon
- Waverley wastewater treatment plant tertiary treatment
- New reservoirs for Ōpunakē and Waverley
- Replace the Manaia War Memorial Hall and replace or refurbish the Manaia Sports Complex
- Progressing the Council's digital transformation programme

While the Council will continue to deliver water, wastewater and stormwater services to the community in the 2025/26 financial year, the Council is consulting with the community on how these services will be delivered in the future. The Council is required to develop and adopt a Water Services Delivery Plan by 3 September 2025.

Our total operational expenditure across all activities in 2025/26 is $ 102.6m and capital expenditure is $78.4m (includes carry forwards). Of this, we will spend approximately $47.3m (capital and operational) on our roading activity including footpaths.

Despite the economic challenges facing us, the Council is in a sound financial position, has a clear vision for the District and a focused programme of work to achieve that vision.

PHIL NIXON
Koromatua o Taranaki ki te Tonga / South Taranaki Mayor

FIONA AITKEN
Tumu Whakahaere / Chief Executive

Tīmatanga kōrero
Introduction

The Council is required to produce an Annual Plan each year between the three-yearly reviews of the Long Term Plan. The purpose of this Annual Plan is to set performance goals and budgets for the year ahead, outline Council's current plans and how they differ from what was included in the 2024-34 Long Term Plan. For more information on the Council's planning cycle, refer to our 2024-34 Long Term Plan.

Section one gives an overview of the challenges we face as we head into the 2025/26 financial year. It summarises the Council's financial information, including details of the forecast increase in rates revenue and the effects on the Council's borrowing.

Section two is dedicated to our detailed financial information and includes the various rates that will be charged and where those rates apply.

The Annual Plan is supported by information that is part of the 2024-34 Long Term Plan, for example our partnership strategy with Iwi, the activities and services we deliver, and how we will engage with the community. To access this information, visit our website ***www.southtaranaki.com/ltp***

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

Taranaki ki te Tonga - Ka Puta, Ka Ora!

South Taranaki - Great people, connected communities, where we belong

We use our vision and community outcomes to guide us when making decisions, developing policies and strategies or determining priorities regarding the activities and services we provide.

Our community outcomes fall under four main headings:

MANA

MAURI

TANGATA

ORANGA

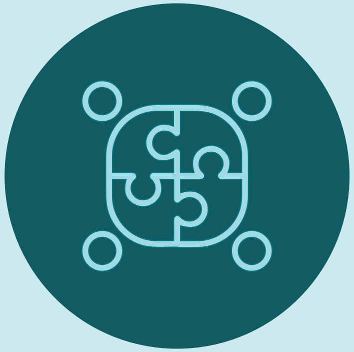
TAIAO

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

OUR COMMUNITY OUTCOMES:

Our Community Outcomes are grouped under four main headings which align with the four well-beings.

MANA MAURI
CULTURAL WELL-BEING



Creative, diverse communities that enhance the mauri of our people.

MANA TANGATA
SOCIAL WELL-BEING

Safe, connected communities where people feel happy and proud of where we live.

MANA ORANGA
ECONOMIC WELL-BEING

Flourishing communities with a diverse economy, innovative people and resilient infrastructure.

MANA TAIAO
ENVIRONMENTAL WELL-BEING

Sustainable communities that manage resources in a way that improves our environment for future generations.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

MANA MAURI

CULTURAL WELL-BEING

Creative, diverse communities that enhance the mauri of our people.

Key Projects and Priorities for 2025/26 to Support our Vision

- Continue work on earthquake strengthening and upgrades to Eltham Town Hall ($952,029).
- Replace the Manaia War Memorial Hall and replace or refurbish the Manaia Sports Complex ($905,155).
- Continue implementing our Iwi-Council Partnership Strategy / He Pou Tikanga Ngā o te Tai Whakarunga

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

MANA TANGATA

SOCIAL WELL-BEING

Safe, connected communities where people feel happy and proud of where we live.

Key Projects and Priorities for 2025/26 to Support our Vision

- Undertake town centre upgrades in Pātea, Waverley and Ōpunakē and complete the Hāwera Town Centre upgrade.
- Build new toilets at Ōpunakē Lake ($211,562).
- Upgrade Hāwera CBD's lighting, bollards, bins and seating ($1,057,810).
- Continue implementing Council's digital transformation programme to replace ageing digital infrastructure with more modern systems, so we can work more efficiently, and our customers can do business with us more easily.
- Upgrade Hicks Park No1 Field Lights (206,000)

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

MANA ORANGA

ECONOMIC WELL-BEING

Flourishing communities with a diverse economy, innovative people and resilient infrastructure.

Key Projects and Priorities for 2025/26 to Support our Vision

- Continue to develop the South Taranaki Business Park.
- Complete the installation of water, wastewater and stormwater infrastructure for residential growth in Hāwera.
- Subsidise rates on average by $4.22m using earnings from the Long Term Investment Fund.
- Increase expenditure on roading by an average of $1.4 million each year for the ten years of the Long Term Plan. – increased by $4.2 million in 2025/26.
- Build a new anaerobic lagoon in Hāwera. ($2,123,800 for 2025/26)
- Tertiary Waste Water Treatment Plants for Waverley (1,321,349) and Hāwera (342,988).
- Build new reservoirs for Ōpunakē ($1,955,436), Waverley ($1,686,828) and Eltham ($832,169).
- Upgrade the Ōpunakē water treatment plant ($884,478).

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

MANA TAIAO

ENVIRONMENTAL WELL-BEING

Sustainable communities that manage resources in a way that improves our environment for future generations.

Key Projects and Priorities for 2025/26 to Support our Vision

- Continue with reforestation programme – replanting 150 hectares by 2027 (1,049,600).
- Protection of the Pātea saltmarsh, the start of what may become a broader programme of significant vegetation and biodiversity protection initiatives.
- Establishment of a regional organic materials processing facility in partnership with all Taranaki district councils and private enterprise ($527,875).
- Waste minimisation, including improvements to transfer stations ($844,600) and establishment of a resource recovery centre in Hāwera ($105,575).
- Develop a roadmap for future climate change emissions reduction and adaptation.
- Hāwera Aquatic Centre upgrade to Electric AirSource hot water heat pumps (875,000)
- Hāwera Water Tower structural assessment and refurbishment ($1,057,810)

Ngā Kaikōwhiri | Elected Members

Ō KOUTOU KAIKAUNIHERA
Your Councillors

Andy Beccard

Mark Bellringer

Racquel Cleaver-Pittams

Tuteri Dal Rangihaeata

Celine Filbee

Te Aroha Hohaia

Leanne Kuraroa Horo

Aarun Langton

Steffy Mackay

Robert Northcott

Diana Reid

Bryan Roach

Brian Rook

Ō KOUTOU POARI HAPORI
Your Community Boards

Eltham - Kaponga

Pātea

Taranaki Coastal

Te Hāwera

Pūrongo Pūtea | Financial Commentary

Balanced Budget

Under Section 100 of the Local Government Act 2002 (LGA 2002), a council is required to deliver a balanced budget and explain areas where projected operating expenditure needs are not met from operating revenues. In accordance with that requirement, the Council has satisfied itself that it is not financially prudent to fund all/part of the depreciation expenditure on its strategic and non-strategic assets. It funds enough of the depreciation to enable components of the assets to be replaced, to ensure that the useful life of the asset's structure can be achieved. A decision on the total replacement of the asset will be made at the time its useful life has expired. The Council will increase funded depreciation for its strategic assets as part of the LTP process.

We have considered the current global economic climate and our significant debt programme when considering the funding of depreciation.

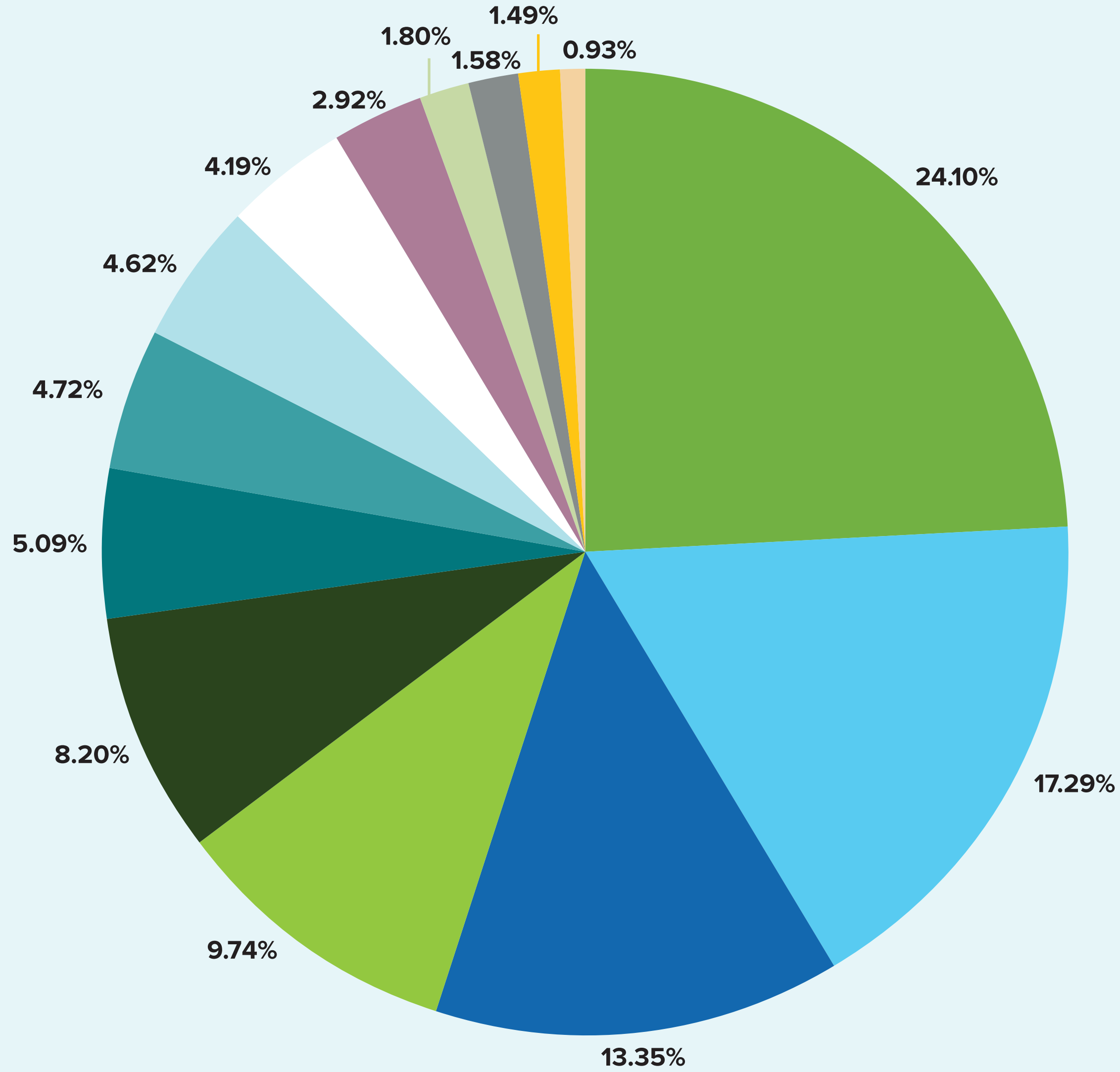
Forecast Financial Position

The projected financial position shows what the Council owns (assets) and what it owes (liabilities), and the difference between them (equity) is effectively the net value belonging to the Council. In 2025/26 we forecast that our equity will grow to $ 1,392m. The projected increase in the value of the Council's fixed assets, predominantly water, wastewater, stormwater and roading assets, clearly reflects the revaluation and investment made in prior years.

Forecast Expenditure and Income

The projected expenditure shows what the Council intends to spend on each group of activities. Total expenditure, including overheads, depreciation and financing costs, is in line with the LTP at $102.6m. Council revalued its operational and infrastructure assets in 2022, resulting in substantial increase in values and causing depreciation to increase. During the 2024/25 financial year, the official cash rate (OCR) decreased from 5.50% per year to 3.50% per year, which significantly decreased financing costs. Overall inflation and higher contract prices also contributed to the increased costs from the previous year.

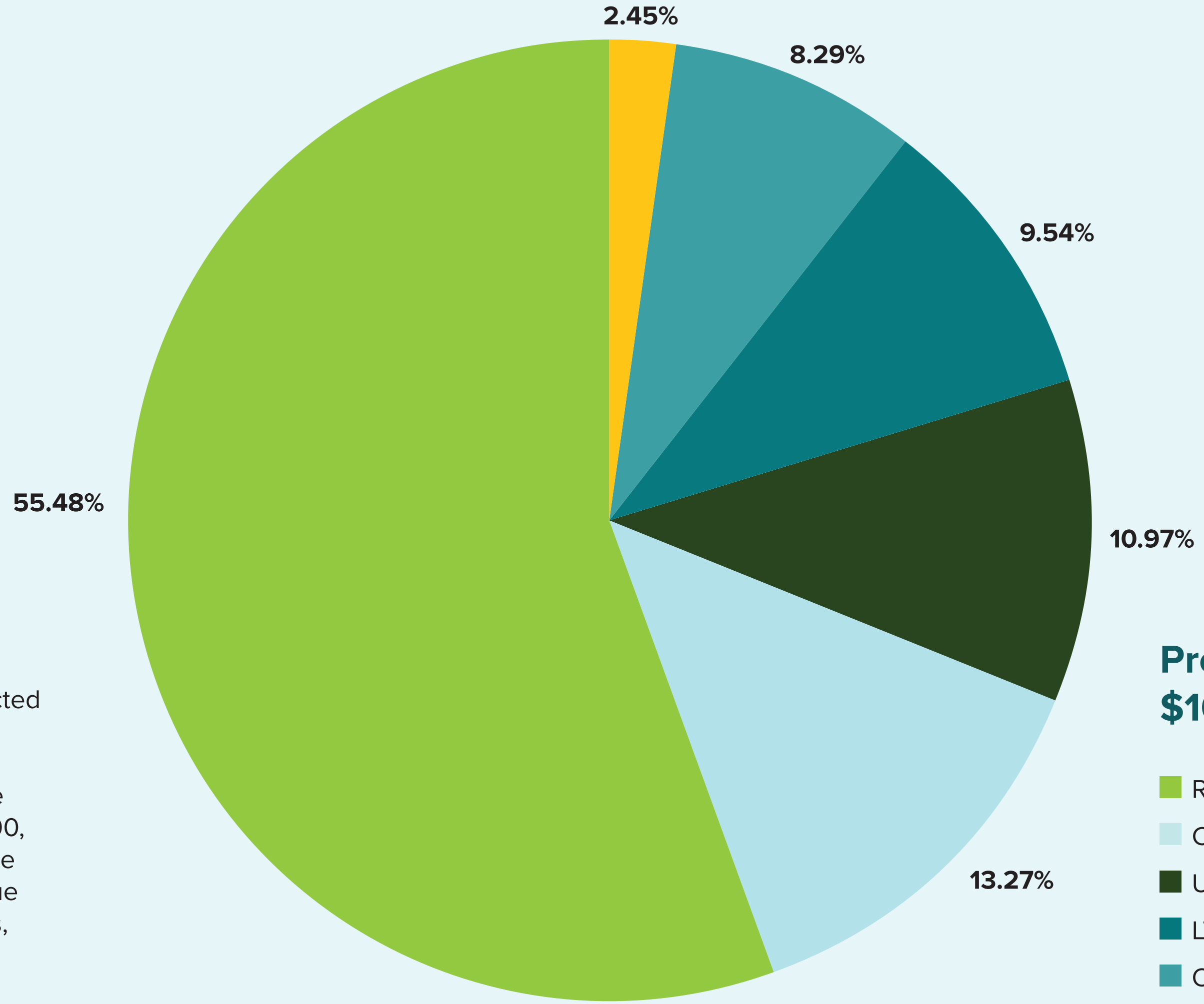
Pūrongo Pūtea | Financial Commentary



Projected Expenditure $102.6m

- Roading and Footpaths $24.7m
- Water Supply Services $17.7m
- Community Facilities $13.7m
- Wastewater $10m
- Solid Waste $8.4m
- Other $5.2m
- Arts and Culture $4.8m
- Regulatory Services $4.7m
- Democracy and Leadership $4.3m
- District Economy $3m
- Stormwater $1.8m
- Environmental Management $1.6m
- Community Development $1.5m
- Coastal Structures $1m

Pūrongo Pūtea | Financial Commentary



Projected Income - $103.5 million

- Rates $57.4m
- Capital Contribution $13.7m
- User Fees and Charges $11.4m
- LTIF and Interest $9.9m
- Operational subsidy $8.6m
- Sundry Revenue $2.5m

Our total revenue from rates is projected to increase by $3,525,000, which is lower than the $4,695,000 predicted in the LTP. The balance of our income is projected to decrease by $1,012,000, compared to the $1,863,000 decrease predicted in the LTP. This is mainly due to an increase in capital contributions, grants and subsidies.

Long Term Investment Fund (LTIF)

Our debt is projected to be $195.5m (including internal borrowings of $10.2m) by the end of 2025/26, as a result of the anticipated level of spending on capital projects in the coming year. Projected loan repayments of $15.8m include repayments on internal borrowings of $1.38m for 2025/26. We believe the forecast debt levels are sustainable as they are within the Council's Liability Management Policy limits. The limits are set on the net debt level ratio, which is a sector norm.

The LTIF balance, including other investments, is projected to be $149.3m including internal borrowings of $10.2m. The return on the LTIF is projected to be $9.9m (excluding internal borrowing interest) for 2025/26. We have allowed drawdowns from the LTIF of $4.22m for the annual rate subsidy, $1.73 million to service loans for community projects, $0.8m for the Hāwera Town Centre Upgrade and earthquake-prone building projects and $6.8m for the other Town Centre Upgrades as well as a contribution for Te Ramanui o Ruapūtahanga. It is prudent to highlight the risk associated with the LTIF and the fact that the net debt position can go up or down depending on the LTIF's performance. It is subject to market movements, so there is a potential risk (albeit low) that the LTIF could suffer erosion in value. To manage this risk, the Risk and Assurance Committee meets quarterly to review and monitor the performance of the Council's investment strategy. The LTIF is a perpetual fund and the Council is confident its strategy is prudent, sustainable and appropriate for the long term.

We have predicted inflation mainly by using the Local Government Cost Index (LGCI) provided by BERL. However, some of the inflation rates for large operational contracts relating to water, wastewater, stormwater, solid waste, cemeteries, parks and reserves, and roading activities are higher.

Key Factors Affecting Rates

Total rates have increased by 5.46%, which is 3.2% less than the 8.66% increase projected in Year 2 of the Long Term Plan (LTP). One of the primary factors influencing this rate increase is the significant rise in insurance costs. In response, the four councils in Taranaki are actively seeking a new insurance broker to secure better coverage at a reduced cost. However, due to the current uncertainty in the insurance market, no reductions in insurance budgets have been included in this Annual Plan. Additionally, targeted water rates have risen due to higher costs associated with regulatory compliance, including Taumata Arowai requirements and new economic regulations. Project costs have also escalated, particularly for wastewater reticulation rehabilitation. Additionally, the decision to bring animal control in-house and adjustments in salary movements have contributed to the overall rate increase.

Pūrongo Pūtea | Financial Commentary

Due to the increases in the cost of living and the importance of keeping the rating increase affordable the Council has made a number of adjustments to the projected budgets to keep the overall average rate increase below 6%.

Measures we have taken to reduce overall rates increase

Central Government is currently reviewing the Resource Management Act (RMA) and has announced that its focus is on economic growth and increased productivity. It is highly likely that the previous government's requirements in relation to significant natural areas (SNAs) and spatial planning will be removed and/or amended. Year 2 included a budget of $102,000 for SNA mapping and $50,000 for spatial planning. The Council have removed these budgets from the 2025/26 Annual Plan.

The Council has a number of community funding pools to support community groups and projects. Several of the funding pools had uncommitted funds that were removed from the budgets. During the development of the LTP the funding allocations for some of the funds were increased and these have now been reduced slightly. These adjustments resulted in total savings of $140,000.

At times we carry reserves for various activities that can build up over time. For this Annual Plan, reserves budgeted for roading and the district plan have been reduced by a total of $450,000 ($250,000 roading reserve and $200,000 district plan reserve). Additionally, approximately $400,000 had been accumulated in a reserve to cover painting costs and $200,000 of this reserve was used to help reduce rate increases.

Interest rates on loan repayments have decreased since the budgeting process undertaken as part of the LTP. BERL projections indicate that these will continue to decline, so budgets have been adjusted to reflect a reduction in interest payments.

Deferred Capital Works Projects

We fund our capital works mostly by taking out loans that are paid back over a number of years. We use loans to build infrastructure so that the costs are spread over the lifetime of the asset. This means current and future generations, who will also use and benefit from the assets, contribute their fair share of the loan repayments. As part of this Annual Plan we reviewed the capital works programme outlined in our LTP and increased the value of projects that were going to be carried out in the 2025/26 financial year by $4.87m (most of this increase is Roading resilience).

Ngā Utu me ngā Whakarerekētanga | Fees and Charges

Council applies user fees and charges to recover either the full or partial cost of a variety of the services we provide such as building consents, animal control, transfer station fees, utility connections and so on. The Council undertook a review of the fees and charges schedule and most fees were adjusted by the rate of inflation or the rate proposed in Year 2 of the 2024-34 LTP.

Following the adoption of the 2024-34 Long Term Plan, consent fees for log fires saw a significant increase. In response to community feedback regarding the impact of these fee increases, a report was presented to the Council in October 2024 recommending a reduction in the rate of increase.

At the time of adopting this Annual Plan the Council agreed to hold the log fire fees at $540 for freestanding fires and $774 for inbuilt fires.

Some of the adjustments to fees and charges include:

Cemeteries: Contractor costs for the maintenance and services required at cemeteries have increased considerably since 2023. Rather than imposing significant increases in one year, the increases will be spread over the 2024-34 LTP. For the 2025/26 Annual Plan, the fee to purchase a lawn plot will increase from $2,185 to $2,404 and a cremation plot from $1,564 to $1,720.

Dog Registration fee: The Council provides an animal management service to the District and attends nuisance and threats caused by dogs. The costs for delivering this service have increased, along with more regulations on how animals are to be cared for while in the Council's care, which has required a significant upgrade to the District's pound facilities. To mitigate the increases in contractor costs and to ensure efficiency and continuity in service delivery, animal control services have recently been brought in-house. Urban dog registration fees have increased by $7, from $201 to $208, as outlined in Year 2 of the 2024-34 LTP.

A full copy of the fees and charges schedule can be found on the Council's website.

Te Whakapānga Tauāki Pūtea | Funding Impact Statements

TE POUMANUKURA / DEMOCRACY AND LEADERSHIP

We provide governance processes that enable the community to participate in decision-making and ensure quality decisions are made in accordance with statutory requirements. To do this well we need to keep the community informed about what is happening, how decisions will affect them and how they can participate in meetings and consultation/ submission processes.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	3,665	3,279	3,206
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	632	593	554
Total operating funding (A)	**4,297**	**3,872**	**3,760**
Applications of Operating Funding			
Payments to staff and suppliers	1,609	1,444	1,409
Finance costs	4	3	4
Internal charges and overheads applied	2,677	2,410	2,333
Operating funding applications	0	0	0
Total applications of operating funding (B)	**4,290**	**3,857**	**3,746**
Surplus (deficit) of operating funding (A-B)	**7**	**15**	**15**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**0**	**0**	**0**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	7	15	15
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**7**	**15**	**15**
Surplus (deficit) of capital funding (C - D)	**(7)**	**(15)**	**(15)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	7	14	14

Te Whakapānga Tauāki Pūtea | Funding Impact Statements

NGĀ PUNA WAI / WATER SUPPLY

There is a strong community expectation that people are safe and their public health is protected through the delivery of the three waters services.

Water supply is the most critical infrastructure service we provide, as water is required in large volumes to sustain domestic, agricultural and industrial customers. Sustainable water supplies preserve the resource for future generations and high quality infrastructure helps to ensure that South Taranaki is a prosperous District.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	16,879	16,688	15,807
Subsidies and grants for operating purposes	0	0	0
Fees and charges	248	248	242
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	441	441	430
Total operating funding (A)	**17,569**	**17,378**	**16,480**
Applications of Operating Funding			
Payments to staff and suppliers	4,791	4,554	4,405
Finance costs	2,267	2,614	2,479
Internal charges and overheads applied	3,243	3,203	3,114
Operating funding applications	0	0	0
Total applications of operating funding (B)	**10,300**	**10,371**	**9,997**
Surplus (deficit) of operating funding (A-B)	**7,269**	**7,007**	**6,482**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	534	534	521
Increase (decrease) in debt	13,533	7,519	1,935
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**14,066**	**8,053**	**2,456**
Applications of Capital Funding			
- To meet additional demand	243	243	447
- To improve the level of service	10,728	6,935	1,236
- To replace existing assets	10,913	8,402	9,275
Increase (decrease) in reserves	(549)	(520)	(2,020)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**21,335**	**15,060**	**8,938**
Surplus (deficit) of capital funding (C - D)	**(7,269)**	**(7,007)**	**(6,482)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	8,149	8,357	7,699

NGĀ WAIPARAPARA / WASTEWATER

The safe disposal of wastewater protects the public health of our communities by taking domestic sewage and industrial wastes and treating them before discharging the treated effluent to the environment.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	6,946	6,934	6,376
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,584	1,553	1,515
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	**8,530**	**8,487**	**7,892**
Applications of Operating Funding			
Payments to staff and suppliers	3,990	3,814	3,690
Finance costs	1,654	1,897	1,810
Internal charges and overheads applied	1,500	1,429	1,402
Operating funding applications	0	0	0
Total applications of operating funding (B)	**7,144**	**7,140**	**6,902**
Surplus (deficit) of operating funding (A-B)	**1,386**	**1,347**	**990**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	907	907	885
Increase (decrease) in debt	11,359	5,378	5,266
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**12,267**	**6,285**	**6,151**
Applications of Capital Funding			
- To meet additional demand	2,157	1,370	2,524
- To improve the level of service	3,191	1,987	586
- To replace existing assets	9,262	5,433	5,322
Increase (decrease) in reserves	(958)	(1,157)	(1,291)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**13,652**	**7,632**	**7,141**
Surplus (deficit) of capital funding (C - D)	**(1,386)**	**(1,347)**	**(990)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	3,211	3,378	3,042

TE WAI ĀWHIOWHIO ME ŌNA RĪTENGA / STORMWATER

Stormwater reticulation protects homes and core infrastructure such as roads and wastewater systems by helping to prevent flooding of properties and infrastructure.

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,436	1,451	1,350
Targeted Rates	9	9	9
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	230	244	232
Total operating funding (A)	**1,675**	**1,703**	**1,591**
Applications of Operating Funding			
Payments to staff and suppliers	266	206	203
Finance costs	197	224	232
Internal charges and overheads applied	491	489	450
Operating funding applications	0	0	0
Total applications of operating funding (B)	**954**	**919**	**884**
Surplus (deficit) of operating funding (A-B)	**721**	**785**	**707**

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	384	384	375
Increase (decrease) in debt	1,151	244	1,535
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**1,536**	**628**	**1,910**
Applications of Capital Funding			
- To meet additional demand	934	934	1,720
- To improve the level of service	364	193	120
- To replace existing assets	944	276	776
Increase (decrease) in reserves	15	10	1
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**2,257**	**1,413**	**2,617**
Surplus (deficit) of capital funding (C - D)	**(721)**	**(785)**	**(707)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	1,001	1,068	942

Te Whakapānga Tauāki Pūtea | Funding Impact Statements

NGĀ HUARAHI ARARAU / ROADING AND FOOTPATHS

We maintain and develop a substantial District roading network to meet the needs of residents and road users. Safe, reliable and accessible roading infrastructure provides access to health and social services and an efficient distribution network for residents and businesses. Roading infrastructure is essential for the community and the District's economic development.

Our road safety programme aims to reduce the number of crashes and fatalities on our roads in the South Taranaki and Stratford districts. It is delivered collaboratively by the South Taranaki and Stratford district councils.

Providing this activity helps us deliver high quality infrastructure to support businesses and industry in South Taranaki.

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	43	34	36
Targeted Rates	9,272	10,306	8,910
Subsidies and grants for operating purposes	7,487	8,711	8,465
Fees and charges	172	170	167
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,070	739	797
Total operating funding (A)	**18,044**	**19,960**	**18,375**
Applications of Operating Funding			
Payments to staff and suppliers	13,415	14,244	13,837
Finance costs	302	559	545
Internal charges and overheads applied	527	438	431
Operating funding applications	0	0	0
Total applications of operating funding (B)	**14,244**	**15,241**	**14,813**
Surplus (deficit) of operating funding (A-B)	**3,800**	**4,719**	**3,562**

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	9,627	11,043	10,402
Development and financial contributions	1,064	1,064	1,038
Increase (decrease) in debt	7,563	1,269	2,545
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**18,254**	**13,376**	**13,985**
Applications of Capital Funding			
- To meet additional demand	6,077	1,407	2,758
- To improve the level of service	6,577	7,046	6,332
- To replace existing assets	9,934	9,976	9,703
Increase (decrease) in reserves	(535)	(334)	(1,246)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**22,054**	**18,096**	**17,547**
Surplus (deficit) of capital funding (C - D)	**(3,800)**	**(4,719)**	**(3,562)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	10,583	10,486	9,561

NGĀ WHARE-Ā- HAPORI / COMMUNITY FACILITIES

We provide a range of attractive and accessible facilities for our residents, families and visitors.

Parks and public spaces, pathways, recreation centres (halls) and swimming pools deliver facilities for people to be active, socialise, interact and have fun. These facilities are delivered to enhance the social and cultural well-being of our communities.

Holiday parks and campgrounds give visitors opportunities to stay, visit and support our local communities, and we have quality public toilets for people's comfort and convenience. We provide housing options for older people unable to access suitable housing in the private sector.

We own and maintain a number of cemeteries to support the social and cultural well-being of our communities by providing areas to bury, visit and remember those who have passed.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	7,667	7,477	6,924
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	18	18	17
Fees and charges	2,262	2,275	2,184
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	3,081	3,121	3,154
Total operating funding (A)	**13,028**	**12,891**	**12,280**
Applications of Operating Funding			
Payments to staff and suppliers	7,773	7,302	7,179
Finance costs	1,158	1,292	1,308
Internal charges and overheads applied	1,726	1,797	1,753
Operating funding applications	7	16	16
Total applications of operating funding (B)	**10,664**	**10,407**	**10,255**
Surplus (deficit) of operating funding (A-B)	**2,364**	**2,484**	**2,025**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	92	93	335
Development and financial contributions	0	0	0
Increase (decrease) in debt	4,485	284	1,047
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**4,578**	**377**	**1,382**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	3,483	1,056	1,398
- To replace existing assets	4,456	2,952	1,728
Increase (decrease) in reserves	(997)	(1,148)	281
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**6,942**	**2,860**	**3,407**
Surplus (deficit) of capital funding (C - D)	**(2,364)**	**(2,484)**	**(2,025)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	3,526	3,641	3,384

Te Whakapānga Tauāki Pūtea | Funding Impact Statements

NGĀ MAHI Ā-TOI-ME-RĒHIA / ARTS & CULTURE

Arts, culture and heritage allow us to build creative, diverse communities and enable people to be connected and informed through opportunities to participate in creative outlets and by honouring and protecting the past.

Our seven LibraryPlus centres provide access to a wide range of free services, information and recreational resources and enable the community to connect.

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	3,303	3,314	3,261
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	33	30	30
Fees and charges	44	48	47
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	622	728	728
Total operating funding (A)	**4,002**	**4,121**	**4,066**
Applications of Operating Funding			
Payments to staff and suppliers	2,577	2,536	2,532
Finance costs	27	32	35
Internal charges and overheads applied	1,035	1,106	1,085
Operating funding applications	25	25	25
Total applications of operating funding (B)	**3,665**	**3,699**	**3,677**
Surplus (deficit) of operating funding (A-B)	**337**	**422**	**389**

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	184	(19)	24
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**184**	**(19)**	**24**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	26	0	26
- To replace existing assets	558	363	522
Increase (decrease) in reserves	(62)	40	(135)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**521**	**403**	**413**
Surplus (deficit) of capital funding (C - D)	**(337)**	**(422)**	**(389)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	1,187	1,158	828

WHAKAWHANAKE HAPORI ME TE TAUTOKO / COMMUNITY DEVELOPMENT AND SUPPORT

We are committed to working in partnership with our communities to ensure that their views and aspirations are considered, and they are supported to develop and implement projects that improve their well-being and contribute to our community outcomes.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,041	1,179	1,158
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	268	0	335
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	252	283	285
Total operating funding (A)	**1,561**	**1,462**	**1,778**
Applications of Operating Funding			
Payments to staff and suppliers	578	331	646
Finance costs	46	53	58
Internal charges and overheads applied	321	342	334
Operating funding applications	580	700	707
Total applications of operating funding (B)	**1,524**	**1,426**	**1,745**
Surplus (deficit) of operating funding (A-B)	**37**	**37**	**33**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(50)	(50)	(46)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**(50)**	**(50)**	**(46)**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	(13)	(13)	(13)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**(13)**	**(13)**	**(13)**
Surplus (deficit) of capital funding (C - D)	**(37)**	**(37)**	**(33)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	0	0	0

Te Whakapānga Tauāki Pūtea | Funding Impact Statements

RATONGA WHAKATURE / REGULATORY SERVICES

This group of activities has a service delivery role across numerous statutes with all five functions (building control, planning, environmental health, animal services and nuisance and parking control) working together towards creating an environment where people feel safe, connected and proud of where they live.

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,418	1,446	1,397
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,027	2,993	2,894
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	306	315	312
Total operating funding (A)	**4,751**	**4,754**	**4,604**
Applications of Operating Funding			
Payments to staff and suppliers	2,976	2,944	2,826
Finance costs	19	27	30
Internal charges and overheads applied	1,700	1,740	1,707
Operating funding applications	0	0	0
Total applications of operating funding (B)	**4,695**	**4,711**	**4,563**
Surplus (deficit) of operating funding (A-B)	**57**	**42**	**41**

For the years ended 30 June	**Annual Plan 2025/26** *($000*	**Year 2 2025/26** *($,000)*	**Annual Plan 2024/25** *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	44	24	(820)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**44**	**24**	**(820)**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	72	63	4
- To replace existing assets	0	0	66
Increase (decrease) in reserves	29	3	(849)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**101**	**66**	**(779)**
Surplus (deficit) of capital funding (C - D)	**(57)**	**(42)**	**(41)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	43	32	30

TIAKI TAIAO / ENVIRONMENTAL MANAGEMENT

This activity leads a District wide approach to climate change, carbon zero, waste minimisation, environmental sustainability and land management. It also ensures that the Council and our residents are prepared to respond to, and recover from, a major natural hazard or emergency event. This includes our work with the Taranaki Civil Defence and Emergency Management Group under the Civil Defence Emergency Management Act 2002.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	966	1,406	1,119
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	698	338	326
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	155	236	192
Total operating funding (A)	**1,818**	**1,980**	**1,638**
Applications of Operating Funding			
Payments to staff and suppliers	1,226	1,206	1,077
Finance costs	13	13	12
Internal charges and overheads applied	281	292	283
Operating funding applications	45	65	65
Total applications of operating funding (B)	**1,565**	**1,576**	**1,437**
Surplus (deficit) of operating funding (A-B)	**254**	**404**	**201**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	1,048	1,048	410
Development and financial contributions	0	0	0
Increase (decrease) in debt	307	29	29
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	12	12	12
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**1,367**	**1,089**	**451**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	1,542	1,090	452
- To replace existing assets	0	0	0
Increase (decrease) in reserves	78	403	200
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**1,620**	**1,493**	**652**
Surplus (deficit) of capital funding (C - D)	**(254)**	**(404)**	**(201)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	54	4	1

PARA TOTOKA / SOLID WASTE

Our solid waste services are designed to protect the health and wellbeing of the community and the environment by ensuring the convenient, secure and sustainable disposal of solid waste.

For the years ended 30 June	Annual Plan 2025/26 ($000	Year 2 2025/26 ($,000)	Annual Plan 2024/25 ($,000)
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	793	866	699
Targeted Rates	2,660	2,670	2,457
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,062	3,195	3,129
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	1,474	1,470	1,420
Total operating funding (A)	**7,989**	**8,201**	**7,704**
Applications of Operating Funding			
Payments to staff and suppliers	7,361	7,323	7,100
Finance costs	244	255	219
Internal charges and overheads applied	672	594	577
Operating funding applications	0	0	0
Total applications of operating funding (B)	**8,278**	**8,171**	**7,897**
Surplus (deficit) of operating funding (A-B)	**(289)**	**30**	**(193)**

For the years ended 30 June	Annual Plan 2025/26 ($000	Year 2 2025/26 ($,000)	Annual Plan 2024/25 ($,000)
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,470	1,178	1,143
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**2,470**	**1,178**	**1,143**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	1,782	631	103
- To replace existing assets	923	910	2,099
Increase (decrease) in reserves	(524)	(333)	(1,252)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**2,181**	**1,208**	**950**
Surplus (deficit) of capital funding (C - D)	**289**	**(30)**	**193**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	177	181	177

NGĀ MOMO HANGA KI TAI / COASTAL STRUCTURES

We need to protect erosion prone areas close to existing facilities and infrastructure to ensure compliance with our resource consents.

The provision and maintenance of coastal structures enables us to preserve the environment for future generations.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	166	160	160
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	26	26	27
Total operating funding (A)	**192**	**186**	**187**
Applications of Operating Funding			
Payments to staff and suppliers	69	69	67
Finance costs	35	29	32
Internal charges and overheads applied	67	68	68
Operating funding applications	0	0	0
Total applications of operating funding (B)	**171**	**166**	**166**
Surplus (deficit) of operating funding (A-B)	**20**	**20**	**20**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	205	(20)	(20)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**205**	**(20)**	**(20)**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	225	0	0
Increase (decrease) in reserves	0	0	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**225**	**0**	**0**
Surplus (deficit) of capital funding (C - D)	**(20)**	**(20)**	**(20)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	781	781	776

Te Whakapānga Tauāki Pūtea | Funding Impact Statements

ŌHANGA-Ā-ROHE / DISTRICT ECONOMY

This activity supports the creation of vibrant and prosperous communities through tourism promotion and events for residents and visitors. It also supports new and existing businesses to develop and grow.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,373	1,374	1,379
Targeted Rates	192	190	186
Subsidies and grants for operating purposes	81	19	18
Fees and charges	326	326	299
Internal charges and overheads recovered	0	0	20
Local authorities fuel tax, fines, infringement fees and other receipts	1,116	1,117	1,161
Total operating funding (A)	**3,088**	**3,026**	**3,063**
Applications of Operating Funding			
Payments to staff and suppliers	1,583	1,589	1,575
Finance costs	374	431	450
Internal charges and overheads applied	445	494	482
Operating funding applications	267	310	306
Total applications of operating funding (B)	**2,669**	**2,823**	**2,813**
Surplus (deficit) of operating funding (A-B)	**419**	**203**	**251**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	62	100	200
Development and financial contributions	0	0	0
Increase (decrease) in debt	(37)	72	845
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**25**	**172**	**1,045**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	1,614	723	397
- To replace existing assets	37	0	77
Increase (decrease) in reserves	408	683	1,732
Increase (decrease) in investments	(1,614)	(1,031)	(911)
Total applications of capital funding (D)	**444**	**375**	**1,296**
Surplus (deficit) of capital funding (C - D)	**(419)**	**(203)**	**(251)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	341	505	140

NGĀ MAHINGA TOPŪRANGA / CORPORATE SERVICES

Corporate activities are about the 'internal functions' that support the delivery of our projects, plans and programmes.

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	296	429	60
Targeted Rates	251	251	260
Subsidies and grants for operating purposes	0	0	142
Fees and charges	630	602	623
Internal charges and overheads recovered	19,282	19,186	18,707
Local authorities fuel tax, fines, infringement fees and other receipts	3,998	3,910	4,277
Total operating funding (A)	**24,458**	**24,379**	**24,070**
Applications of Operating Funding			
Payments to staff and suppliers	18,572	17,148	17,100
Finance costs	495	597	559
Internal charges and overheads applied	4,545	4,731	4,638
Operating funding applications	60	60	60
Total applications of operating funding (B)	**23,672**	**22,535**	**22,357**
Surplus (deficit) of operating funding (A-B)	**786**	**1,844**	**1,714**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	2,220	2,550	2,183
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**2,220**	**2,550**	**2,183**
Applications of Capital Funding			
- To meet additional demand	0	0	0
- To improve the level of service	11	115	465
- To replace existing assets	2,309	1,923	1,480
Increase (decrease) in reserves	687	2,356	1,952
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	**3,006**	**4,394**	**3,897**
Surplus (deficit) of capital funding (C - D)	**(786)**	**(1,844)**	**(1,714)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	920	1,034	1,120

TE KATOA O TE KAUNIHERA / WHOLE OF COUNCIL

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	21,852	22,129	20,468
Targeted Rates	35,563	36,455	33,421
Subsidies and grants for operating purposes	8,584	9,116	9,335
Fees and charges	11,354	11,412	11,101
Internal charges and overheads recovered	9,878	9,908	10,050
Local authorities fuel tax, fines, infringement fees and other receipts	2,534	2,323	2,429
Total operating funding (A)	**89,764**	**91,343**	**86,804**
Applications of Operating Funding			
Payments to staff and suppliers	65,439	63,444	62,384
Finance costs	6,174	7,365	7,006
Operating funding applications	984	1,176	1,179
Total applications of operating funding (B)	**72,597**	**71,985**	**70,569**
Surplus (deficit) of operating funding (A-B)	**17,168**	**19,358**	**16,235**

For the years ended 30 June	Annual Plan 2025/26 *($000*	Year 2 2025/26 *($,000)*	Annual Plan 2024/25 *($,000)*
Sources of Capital Funding			
Subsidies and grants for capital expenditure	10,830	12,284	11,348
Development and financial contributions	2,889	2,889	2,819
Increase (decrease) in debt	44,773	19,796	17,002
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	12	12	12
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	**58,504**	**34,981**	**31,180**
Applications of Capital Funding			
- To meet additional demand	9,411	3,954	7,450
- To improve the level of service	29,390	19,840	11,118
- To replace existing assets	39,563	30,235	31,047
Increase (decrease) in reserves	(1,078)	1,341	(1,288)
Increase (decrease) in investments	(1,614)	(1,031)	(911)
Total applications of capital funding (D)	**75,671**	**54,339**	**47,416**
Surplus (deficit) of capital funding (C - D)	**(17,168)**	**(19,358)**	**(16,235)**
Funding Balance ((A - B) + (C - D))	**0**	**0**	**0**
Excludes depreciation of:	29,980	30,639	27,714

Rating Mechanisms

Rates

Rates are a property tax to fund local government activities. Rates are assessed under the Local Government (Rating) Act 2002 on rating units in the Rating Information Database. Where rates requirements are allocated based on a rating unit's value, the rateable value will be the capital value as assessed by the Council's valuation services provider. The latest Districtwide revaluation was carried out as at 1 September 2024 and is effective for the 2025/26, 2026/27 and 2027/28 rating years, except where subsequent maintenance valuations are required under valuation rules or the Council's rating policies.

The rating system is designed to:

- Provide the Council with adequate income to carry out its vision and achieve its strategic objectives.
- Be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- Spread the incidence of rates as equitably as possible by balancing the level of service the Council provides with ability to pay and the incidence of costs in relation to benefits received.
- Be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- Reflect the decisions of the Council's policies and rating reviews.

This section of the annual budget update provides a brief overview of our rating system and examples of what your rates might look like for the 2025/26 year. The Funding Impact Statement includes more information about rates, including due dates and rate examples. This lets you see how we calculate your rates, and the services you might be paying for in 2025/26. It sets out the total rating impacts of the work programme contained in this annual budget update. Your rates are determined by a number of key factors, which are set out below.

General Rates

The Council will set a general rate under Section 13 of the Local Government (Rating) Act 2002 on all rateable rating units in the District, based on the capital value rating system. The capital value rating system for general rates was preferred by the Council over land value and more targeted rates because of its greater tendency to match the "ability to pay". The amount per dollar of capital value for 2025/26 (including GST) is 0.09560 cents.

2025/26	0.09560 cents

Uniform Annual General Charge

The Council will set a uniform annual general charge (UAGC) under Section 15 of the Local Government (Rating) Act 2002, which is a fixed amount assessed on every separately used or inhabited part (SUIP) of a rating unit in the District. The amount per SUIP for 2025/26 (including GST) is $789.82.

2025/26	$789.82

Targeted Rates

The Council will charge the following targeted rates:

- Roading Rate
- Water supply (non-metered and metered)
- Wastewater
- Kerbside collection services
- Hāwera Business Rate for town promotion
- Eltham Drainage Rate
- Warmer Homes Scheme

Roading Rate

The roading rate is based on the capital value, assessed on all rateable rating units in the District, to fund the maintenance and development of the roading network. This is set under Section 16 of the Local Government (Rating) Act 2002. The amount per dollar of capital value for 2025/26 (including GST) is 0.07657 cents.

2025/26	0.07657 cents

Water Supply

The Council's water rates are targeted rates for water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 to fund treatment and distribution of water supply. As detailed below, the urban water rate will increase by 7.56% (from $684.25 to $736.00). Metered rates remain as projected: $3.11 per cubic metre for urban/high users and $3.28 for extra-high users. The rural Waimate West water rate will increase by 12.07%

(from $1.16 to $1.30 per cubic metre). These increases are due to higher costs, including regulatory compliance (Taumata Arowai requirements and new economic regulations). The Council has the following payment mechanisms for water supply:

Non-metered

A fixed charge, being a uniform targeted rate for each SUIP connected to, or serviceable by, an urban water supply and not metered, set under Section 16 of the Local Government (Rating) Act 2002.

Water differentials

The differential categories for the uniform water supply rate are:

- Connected – any SUIP connected to a Council-operated water supply; and
- Serviceable – any SUIP not connected to a Council-operated water supply but within 100 metres of a water main. A half charge of the connected water supply is assessed for serviceable rating units.

The amounts per SUIP for 2025/26 (including GST) are:

	2025/26
Connected	$736.00
Serviceable	$368.00

Metered

- A rate per cubic metre of water supplied to each rating unit that is metered and connected to an urban or rural water supply, set under Section 19 of the Local Government (Rating) Act 2002; and
- An amount per connection, based on connection size and backflow prevention availability, set under Section 16 of the Local Government (Rating) Act 2002.
- The Urban – Town rate applies to all customers on water by meter rate except the District's two largest consumers, Silver Fern Farms and ANZCO, who are charged an Urban - Extra High User rate.

The amounts per cubic metre for 2025/26 (including GST) are:

	2025/26
Urban - Town	$3.11
Urban - Extra High User	$3.28
Waimate West Rural	$1.30

The amount per connection for 2025/26 (including GST) is set in the table below.

Water meter charge up to	2025/26
<= 32mm connection	$150
<= 32mm connection with backflow	$260
<= 40mm connection	$175
<= 40mm connection with backflow	$325
<= 50mm connection with backflow	$460
=> 50mm connection with backflow	$630

Wastewater

The wastewater rate funds treatment and disposal of wastewater as a fixed amount per SUIP, set under Section 16 of the Local Government (Rating) Act 2002. The targeted wastewater rate will rise by 9.21% (from $874.00 to $954.50).

Wastewater differentials

The differential categories for the wastewater disposal rate are:

- Connected – any rating unit connected to a public wastewater drain; and
- Serviceable – any rating unit not connected to a public wastewater drain but within 30 metres of such a drain. A half charge of the connected wastewater rate is assessed for serviceable rating units.

The amounts per SUIP for 2025/26 (including GST) are:

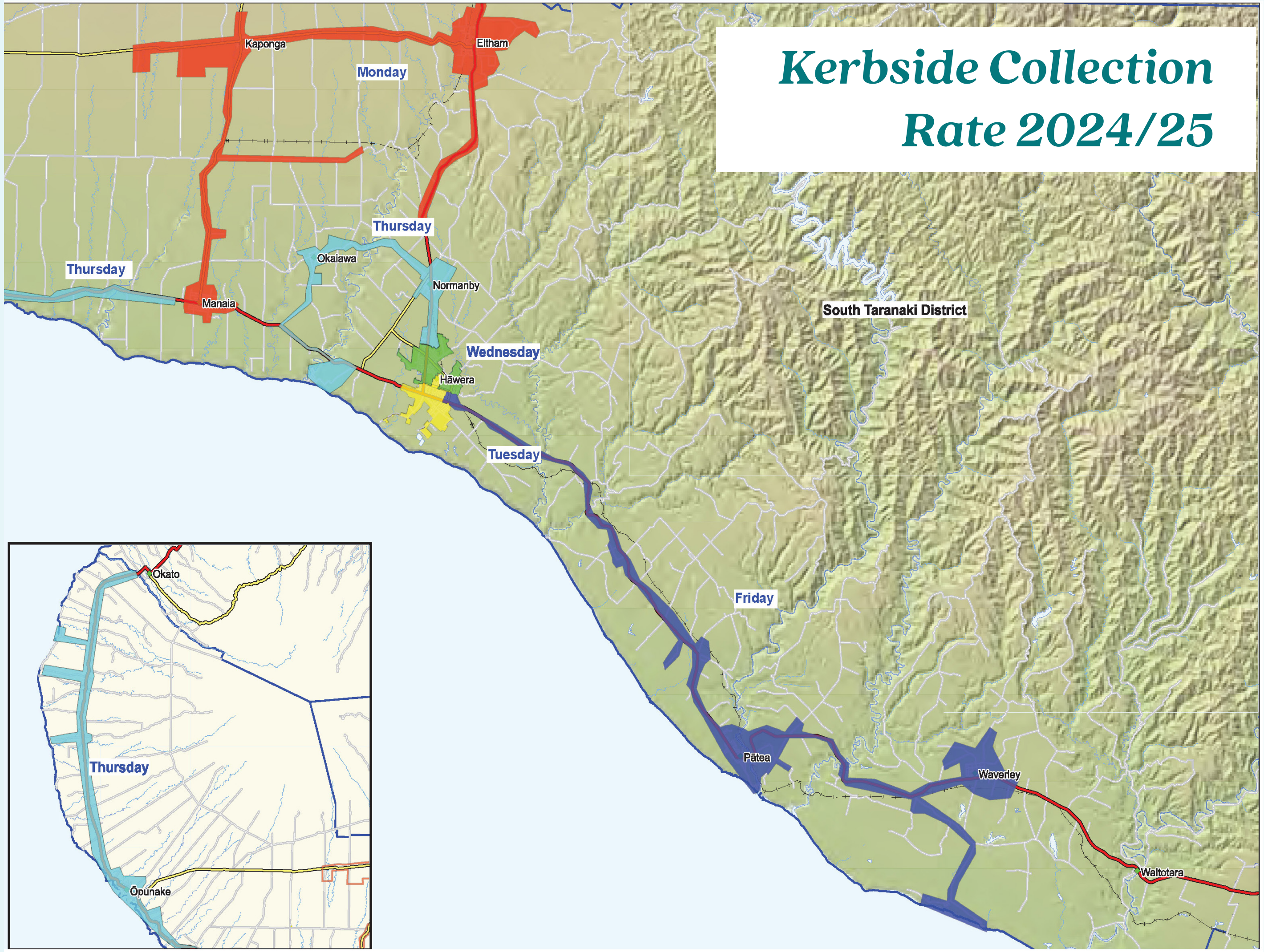
	2025/26
Connected	$954.50
Serviceable	$4477.25

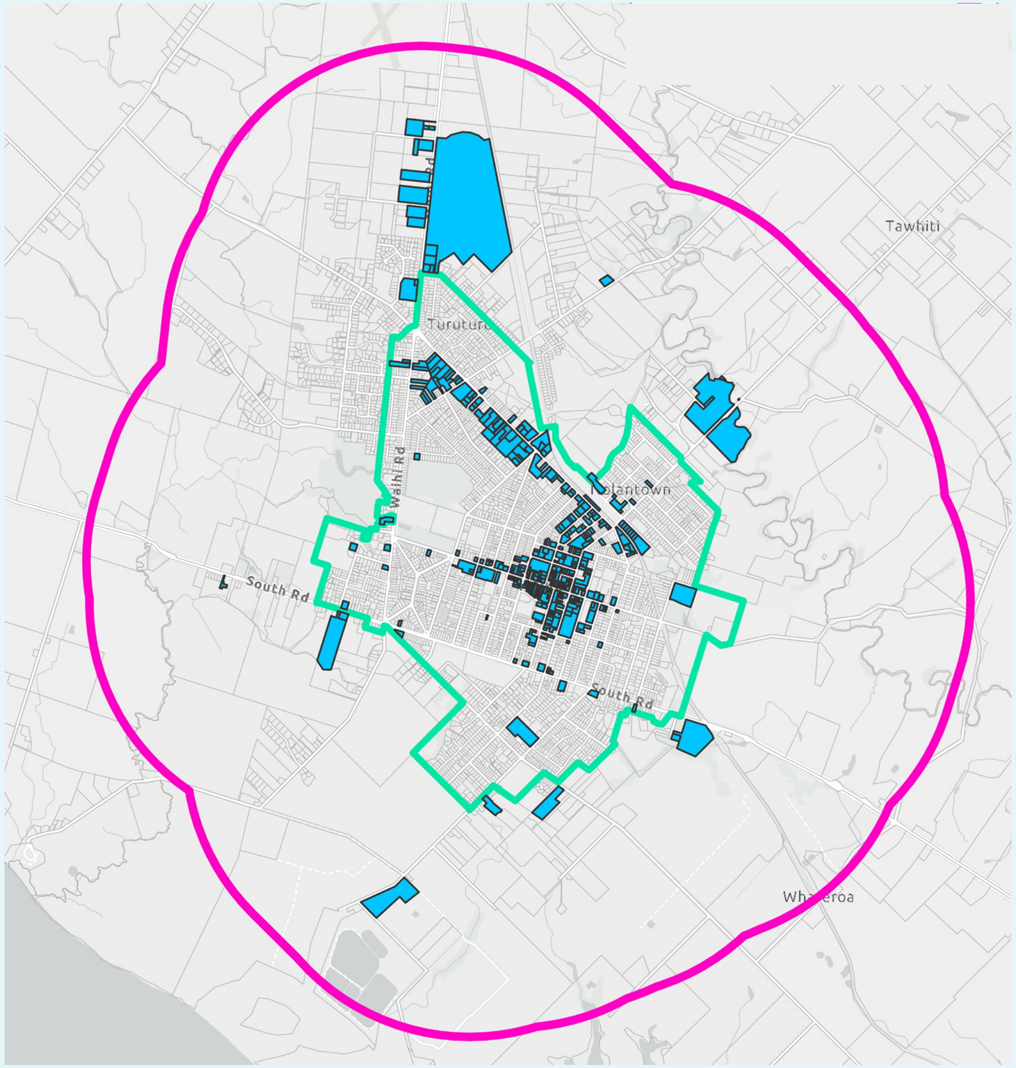
Kerbside Collection Services

The kerbside collection targeted rate is charged for the number of sets of refuse and recycling bins each rating unit uses. For example, a property that has two sets of bins for refuse and recycling will be charged two targeted kerbside collection rates. This is set under Section 16 of the Local Government (Rating) Act 2002.

The targeted rates for kerbside collection are:

- Urban - $350.75 for each set of refuse and recycling bins for every rating unit situated within the urban areas of Pungarehu, Rāhotu, Ōpunakē, Kaponga, Eltham, Manaia, Ōhawe, Hāwera, Normanby, Pātea, Waverley and Waverley Beach where the service is available.
- Rural - $350.75 for each set of refuse and recycling bins for every rating unit situated within the rural area where the service is available and where the Council is prepared to provide the service.





Hāwera Business Differential Rate 2024/25

Legend

- Hāwera borough boundary
- Hāwera Business Differential Rate Area
- Hāwera business differential rated properties

Hāwera Business Rate

The Hāwera business differential is applied to properties used for commercial and industrial purposes within a defined area of Hāwera including areas of the former Hāwera County located within 1,500 metres of the former Hāwera Borough boundary. The rate is an amount per dollar of capital value, set under Section 16 of the Local Government (Rating) Act 2002. The amount per dollar of capital value for 2025/26 (including GST) is 0.0685 cents.

2025/26	0.0685 cents

Eltham Drainage Rate

The Council has a targeted rate for drainage maintenance work in the Eltham drainage area, set under Section 16 of the Local Government (Rating) Act 2002, on differing classes of land as follows:

- **Class A Land** - Swamp land within 600m of an improved main drain
- **Class B Land**
  - Swamp land between 600m and 1000m of an improved main drain

- Swamp land within 400m of a main drain not improved in this scheme but maintained by the Eltham Drainage Board. Where foreign waters

that is, from catchments outside the drainage district) are discharged into main drains via subsidiary drains, a strip 200m wide through the Class "C" land zone is to be placed in Class "B" land.

- **Class C Land**

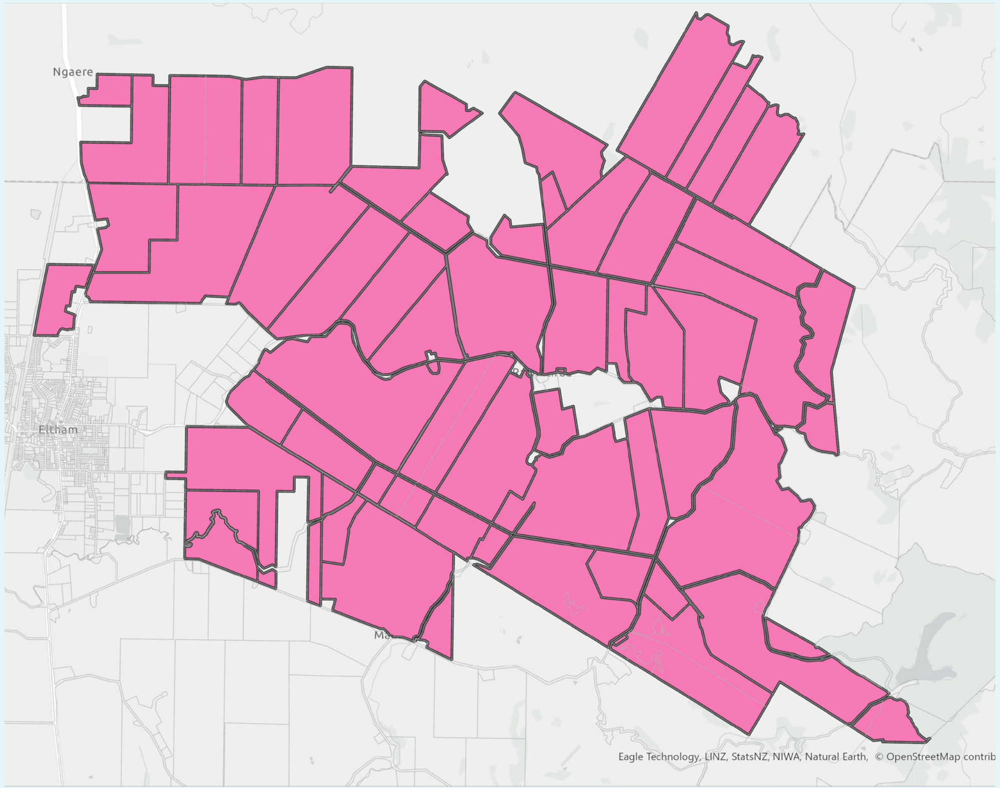
  - Swamp land over 1000m from and draining into a main drain.

  - Hill country that drains into a main drain provided that the area of hill country in Class "C" does not exceed three times the area of swamp in classes "A", "B" and "C" on the property.

The amounts per dollar of land value for 2025/26 (including GST) are:

	2025/26
Class A Land	0.01107 cents
Class B Land	0.00739 cents
Class C Land	0.00397 cents

Eltham Drainage Rate Area 2024/25



Legend

Eltham drainage area

Voluntary Targeted Rate – Warmer Homes Scheme

The Warmer Homes Scheme rate is a targeted rate collected under Section 16 of the Local Government (Rating) Act 2002 on properties that have been granted funding assistance for the installation of insulation or approved heating products. The rate is calculated as a percentage of the service amount (the cost of the installation plus any accrued interest before being added to the first year's rates) until the service amount and the costs of servicing the service amount are recovered.

The rate is payable for nine years. The interest rate for the current year (2025/26) is 5.40%.

First year rated*	Percentage paid this year
2017/18	14.11
2018/19	14.02
2019/20	13.94
2020/21	13.88
2021/22	13.88
2022/23	13.96
2023/24	14.04
2024/25	14.07
2025/26	14.07

*this refers to the first year the targeted rate is added to the property

Ngā Tāke Kaunihera Katoa | All About Rates

Due dates and penalties

The Council's rates (except for water by meter and water meter services) for the 2025/26 year (1 July 2025 to 30 June 2026) will be payable in four instalments, due on or by:

Due date for Payment of Rates	
1st instalment	27 August 2025
2nd instalment	26 November 2025
3rd instalment	25 February 2026
4th instalment	27 May 2026

Water by Meter (and Water Meter Connection) Rate Due Dates	
Invoice Month	**Due Dates**
July 2025	20 August 2025
August 2025	20 September 2025
September 2025	21 October 2025
October 2025	20 November 2025
November 2025	20 December 2025
December 2025	20 January 2026
January 2026	20 February 2026
February 2026	20 March 2026
March 2026	21 April 2026
April 2026	20 May 2026
May 2026	20 June 2026
June 2026	21 July 2026

If an invoice includes consumption over the period spanning two financial years this will be pro-rata-ed (that is, the per cubic metre rate will be charged at the relevant year's applicable rate).

The Council will charge a penalty of 10% on any part of each respective instalment for rates (excluding water by meter rates and warmer homes scheme targeted rate) that remains unpaid after the due date.

Dates when penalties will be applied	
1st instalment	2 September 2025
2nd instalment	2 December 2025
3rd instalment	3 March 2026
4th instalment	2 June 2026

Discount

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water by meter rates, will be allowed where they are paid in full on or before 27th August 2025.

	Projected number of rating units	Projected total capital value of rating units ($m)	Projected total land value of rating units ($m)
2025/26	14,557	13,927	8,657

Definition of SUIP

A SUIP is defined as a separately used or inhabited part of a rating unit and includes any part that is used or inhabited by any person, other than the ratepayer or any part or parts of a rating unit that are used or inhabited by the ratepayer for more than one single use.

Guidelines

Any part of a rating unit means:

- A residential property that contains two or more separately inhabited units/flats/houses that would each be separately assessed for uniform charges;
- A rural property/farm with multiple dwellings (for example, a house used by a farm worker) that would each be separately assessed for uniform charges; and
- Where a number of different businesses are located in one rating unit (for example, two retail shops), each separate business would be assessed for uniform charges.

An exception is made for motels/hotels as these are treated as one business even if each accommodation unit may be capable of separate habitation.

Lump sum contributions

The Council may accept lump sum contributions in respect of any targeted rate.

Whakatauira Reiti - me te | Rating Examples - including GST

Examples of Rating Impacts

The following examples show the impact of the rating proposals on low, medium and high valued urban and rural properties as well as one example of a commercial property in Hāwera. They are required to be provided under clause 15(5) of Schedule 10 of the Local Government Act 2002 and are indicative only. The examples exclude water by meter rates and Warmer Homes Scheme rates.

URBAN

Property Value	$380,000	$600,000	$900,000	$1,120,000
General Rates	$363.29	$573.62	$860.43	$1,070.75
Roading	$290.95	$459.39	$689.09	$857.53
UAGC	$789.82	$789.82	$789.82	$789.82
Water	$736.00	$736.00	$736.00	$736.00
Wastewater	$954.50	$954.50	$954.50	$954.50
Kerbside	$350.75	$350.75	$350.75	$350.75
Total Rates	**$3,485.31**	**$3,864.08**	**$4,380.59**	**$4,759.35**
Prior Year	**$3,280.61**	**$3,651.98**	**$4,158.38**	**$4,529.74**
% Increase	**6.24%**	**5.81%**	**5.34%**	**5.07%**
$ Increase	**$204.70**	**$212.10**	**$222.21**	**$229.61**

HĀWERA COMMERCIAL

Property Value	$850,000
General Rates	$812.62
Roading	$650.80
UAGC	$789.82
Water	$736.00
Wastewater	$954.50
Hāwera Business Rate	$582.67
Total Rates	**$4,526.41**
Prior Year	**$4,380.47**
% Increase	**3.33%**
$ Increase	**$145.94**

RURAL

Property Value	$5,300,000	$8,000,000
General Rates	$5,066.95	$7,648.23
Roading	$4,057.95	$6,125.21
UAGC	$789.82	$789.82
Total Rates	**$9,914.72**	**$14,563.26**
Prior Year	**$9,702.38**	**$14,260.02**
% Increase	**2.19%**	**2.13%**
$ Increase	**$212.34**	**$303.24**

Whakatauira Reiti - me te | Rating Examples - including GST

Projections for General and Targeted Rates

The following table summarises the rate increases for the 2024/25 and 2025/26 financial years.

Rate (including GST) *For the year ended 30 June*	**2024/25**	**2025/26**
District Rate*	13.19%	3.79%
General Rate – cents per $	0.09353	0.09560
Roading Rate – cents per $	0.07527	0.07657
UAGC	$756	$790
Targeted Rates**		
Water Targeted Rate	$684	$736
Wastewater Targeted Rate	$874	$955
Kerbside Collection Rate	$325	$351
Water meter only charge ≤ 32mm	$150	$150
Water meter and backflow charge ≤ 32mm	$260	$260
Water meter only charge ≤ 40mm	$175	$175
Water meter and backflow charge ≤ 40mm	$325	$325
Water meter and backflow charge ≤ 50mm	$460	$460
Water meter and backflow charge > 50mm	$630	$630
Water by meter rates per cubic metre		
Urban – town (including high user)	$2.97	$3.11
Urban Water – extra high user	$3.16	$3.28
Waimate West (including Inaha)	$1.16	$1.30
Total Rates	11.1%	5.46%

**The District Rate includes the UAGC, general rate and roading rate. The general and roading rates are calculated on the capital value of the property, so each property pays a different amount.*

***Targeted Rates are uniform charges (every property pays the same amount) except for the water by meter charges, which are volumetric (you pay for what you use).*

Te Tauāki Pūtea Tawhitiroa | Prospective Financial Statements

TE MAHI TAUĀKI HAURAPA PŪTEA TAWHITIROA / PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE

For the years ended 30 June	Annual Plan 2024/25 *($,000)*	LTP Year 2 2025/26 *($,000)*	Annual Plan 2025/26 *($,000)*
Revenue			
Revenue from exchange transactions			
- Water by meter rate	11,099	11,732	11,830
- LTIF Income	9,990	9,848	9,878
- Interest Income	60	60	0
Revenue from non-exchange transactions			
- Rates	42,790	46,852	45,584
- Fees and charges	11,101	11,412	11,354
- Sundry revenue	2,429	2,323	2,534
- Operational grants and subsidies	9,335	9,116	8,584
- Capital Contributions, grants and subsidies	14,178	15,185	13,731
Total Revenue	**100,983**	**106,528**	**103,496**
Expenditure			
Community Development	1,745	1,426	1,524
Arts and Culture	4,492	4,845	4,840
Democracy and Leadership	3,760	3,871	4,297
District Economy	2,917	3,293	2,993
Environmental Management	1,438	1,580	1,618
Regulatory Services	4,593	4,744	4,738
Community Facilities	13,189	13,589	13,698
Roading and Footpaths	24,257	25,621	24,721
Solid Waste	8,033	8,317	8,416
Stormwater	1,717	1,887	1,842
Wastewater	9,566	10,174	9,986
Water Supply Services	16,969	18,029	17,732
Coastal Structures	942	947	952
Corporate Activities	4,665	4,301	5,219
Total Expenditure	**98,283**	**102,624**	**102,577**
Net costs of services - Surplus/(Deficit) Taxation	**2,700**	**3,904**	**919**
Taxation	0	0	0
Surplus/(Deficit) after taxation	**2,700**	**3,904**	**919**
Disclosures			
Total expenditure includes:			
Direct Costs	63,563	64,620	66,423
Interest	7,006	7,365	6,174
Amortisation and Depreciation	27,714	30,639	29,980

Te Tauāki Pūtea Tawhitiroa | Prospective Financial Statements

TE AROĀ MONI Ā-TAU ME TE WHAKAPAU UTU TAUĀKI HAURAPA PŪTEA TAWHITIROA / PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the years ended 30 June	**Annual Plan 2024/25** *($,000)*	**LTP Year 2 2025/26** *($,000)*	**Annual Plan 2025/26** *($,000)*
Revenue			
Revenue from exchange transactions			
- Water by meter rate	11,099	11,732	11,830
- LTIF Income	9,990	9,848	9,878
- Interest Income	60	60	0
Revenue from non-exchange transactions			
- Rates	42,790	46,852	45,584
- Fees and charges	11,101	11,412	11,354
- Sundry revenue	2,429	2,323	2,534
- Operational grants and subsidies	9,335	9,116	8,584
- Capital Contributions, grants and subsidies	14,178	15,185	13,731
Total Revenue	**100,983**	**106,528**	**103,496**
Expenditure			
Other costs	63,563	64,620	66,423
Interest	7,006	7,365	6,174
Depreciation	27,714	30,639	29,980
Total Expenditure	**98,283**	**102,624**	**102,577**
Net cost of service - Surplus/(Deficit)	**2,700**	**3,904**	**919**
Gains on asset revaluations	90,762	0	0
Total comprehensive income for the year	**93,462**	**3,904**	**919**

TE TAUĀKI HAURAPA HURINGA PŪTEA PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

For the years ended 30 June	**Annual Plan 2024/25** *($,000)*	**LTP Year 2 2025/26** *($,000)*	**Annual Plan 2025/26** *($,000)*
Equity at the start of the year	**1,302,959**	**1,396,421**	**1,390,929**
Gain on asset revaluations	90,762	0	0
Surplus/(Deficit) for the year	2,700	3,904	919
Equity at the end of the year	**1,396,421**	**1,400,325**	**1,391,847**

Te Tauāki Pūtea Tawhitiroa | Prospective Financial Statements

TE TAUĀKI HAURAPA WHAKATAUNGA PŪTEA / PROSPECTIVE STATEMENT OF FINANCIAL POSITION

For the years ended 30 June	Annual Plan 2024/25 ($,000)	LTP Year 2 2025/26 ($,000)	Annual Plan 2025/26 ($,000)
Current Assets			
Cash and cash equivalents	3,667	3,572	1,226
Accounts Receivable	10,003	10,601	7,698
Stocks	53	53	58
Prepayments	1,114	1,164	1,398
Derivatives	2,968	2,968	0
Long Term Investment Fund	108,965	111,755	107,164
Total Current Assets	**126,771**	**130,113**	**117,544**
Non Current Assets			
Long Term Investment Fund	27,241	27,939	26,791
Intangible Assets	1,460	1,309	1,460
Property, Plant and Equipment	1,415,589	1,439,130	1,456,028
Other Investments	5,081	5,081	5,081
Derivatives	0	0	0
Total Non Current Assets	**1,449,371**	**1,473,459**	**1,489,360**
Total Assets	**1,576,142**	**1,603,572**	**1,606,904**
Current Liabilities			
Other current liabilities	1,302	1,212	1,395
Accounts Payable	18,187	19,069	19,070
Income Received in Advance	1,582	1,542	1,346
Current Portion of term liabilities	18,976	18,976	24,091
Derivatives	0	0	564
Total Current Liabilities	**40,047**	**40,799**	**46,466**

For the years ended 30 June	Annual Plan 2024/25 ($,000)	LTP Year 2 2025/26 ($,000)	Annual Plan 2025/26 ($,000)
Non Current Liabilities			
Term Liabilities	139,464	162,282	168,403
Landfill Aftercare Provision and Other Liabilities	209	166	187
Total Non Current Liabilities	**139,673**	**162,448**	**168,590**
Total Liabilities	**179,721**	**203,247**	**215,056**
Net Assets	**1,396,421**	**1,400,325**	**1,391,848**
Represented by:			
Accumulated Balances	495,678	497,669	487,677
Restricted and Statutory Reserves	4,326	4,668	3,330
Investment Revaluation Reserves	343	343	444
Separate Operating Reserves	1,618	710	4,741
Capital Replacement Reserves	(326)	(398)	343
Council Created Reserves	149,344	151,896	149,876
Asset Revaluation Reserves	745,437	745,437	745,437
Total Equity	**1,396,421**	**1,400,325**	**1,391,848**

TE TAUĀKI HAURAPA RERENGA PŪTEA / PROSPECTIVE STATEMENT OF CASH FLOWS

For the years ended 30 June	Annual Plan 2024/25 *($,000)*	LTP Year 2 2025/26 *($,000)*	Annual Plan 2025/26 *($,000)*
Cash Flow from operating activities			
Cash will be provided from:			
Rates	52,688	57,936	60,452
Dividends	26	26	26
Interest on Investments	2,558	2,522	2,498
Other Revenue	37,017	38,010	36,177
Regional Council Rates	4,183	4,233	4,233
	96,472	**102,727**	**103,386**
Cash will be applied to:			
Payments to Suppliers and Employees	62,148	63,911	65,491
Agency Rates paid over	4,183	4,233	4,233
Provision for landfill aftercare	0	0	0
Interest paid on Loans	7,006	7,365	6,174
	73,337	**75,509**	**75,898**
Net Cash from Operating Activities	**23,135**	**27,218**	**27,488**
Cash flow from investing activities			
Cash will be provided from:			
Proceeds from sale of property, plant and equipment			0
Net cash inflow from Investments	3,610	3,899	11,600
Total Investing cash provided	**3,610**	**3,899**	**11,600**
Cash will be applied to:			
Purchase and Development of Fixed Assets	48,558	54,029	78,362
Purchase of Investments	0	0	0

For the years ended 30 June	Annual Plan 2024/25 *($,000)*	LTP Year 2 2025/26 *($,000)*	Annual Plan 2025/26 *($,000)*
Total Investing Cash Applied	**48,558**	**54,029**	**78,362**
Net Cash From Investing Activities	**(44,949)**	**(50,130)**	**(66,762)**
Cash Flows from financing activities			
Cash will be provided from:			
Loans Raised	24,908	31,794	51,928
Loans Raised - Current Portion	13,000	14,000	14,000
Total Financing Cash Provided	**37,908**	**45,794**	**65,928**
Cash will be applied to:			
Repayment of Loans	8,702	8,977	14,163
Repayment of Loans - Current Portion	13,000	14,000	14,000
Total Financing Cash Applied	**21,702**	**22,977**	**28,163**
Net Cash from Financing Activities	**16,206**	**22,818**	**37,765**
Net Increase/(Decrease) in Cash Held	**(5,607)**	**(95)**	**(1,509)**
Total Cash Resources at 1 July	**9,275**	**3,667**	**2,735**
Total Cash Resources at 30 June	**3,667**	**3,572**	**1,226**

Te Pūtea Pae Matawhāiti | Finiancial Prudence Benchmarks

Annual Plan Disclosure Statement

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

The Council is required to include this statement in its LTP 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.

Benchmark	Limit	Planned	Met
Rates Affordability	Rate Income – $58.58m	$57.41m	Yes
	Rate Increase – 6.00%	5.46%	Yes
Debt Affordability – Net Debt	150%	51%	Yes
Debt Affordability – Net Interest Expense	15% of Annual Income	2%	Yes
Debt Affordability – Net Interest Expense	25% of Annual Rates Income	6%	Yes
Debt Affordability – Net debt per capita	$2,000	$1,765	Yes
Balanced Budget	Planned revenue equals or is greater than its planned expenses	101%	Yes
Essential Services	Planned expenditure on network services is equal or greater than expected depreciation on network services	213%	Yes
Debt Servicing	10% of Revenue	5.97%	Yes

Te Ihirangi Take Whairawa | Capital Programme 2025/26

Activity	Revised Capital Works Programme 2025/26	LTP Capital Works Programme 2025/26	Comments
Economic Development	$726,999	$723,095	Town Masterplans projects. (Difference is inflation factor, as uninflated amounts in budget remain the same)
Licensing	$1,578	$1,569	As planned.
Emergency Management	$21,280	$12,824	NEMA National Space Weather Response Plan (bought forward from LTP Yr3)
Public Spaces	$1,314,329	$1,302,140	Hāwera CBD Street Lighting, Bollards, Bins etc
Housing for the Elderly	$130,350	$129,141	As planned (New Roof Manaia & other renewals – 202 Princes St demo removed from budget)
Support Services	$592,217	$590,467	New vehicles added, minute book scanning removed
Animal Services	$70,000	$61,453	Project to enhance safety and security equipment
Parking	$0	$0	As planned.
Campgrounds	$11,489	$11,382	As planned.
Cemeteries	$8,463	$8,384	As planned.
Library Plus	$377,861	$362,870	Additional projects – Eltham & Ōpunakē library heat pumps.
Halls	$1,950,894	$1,856,268	Memorial Theatre Doors, lighting; Kaponga Hall drapes; Manaia Hall refurbishment; Eltham Town Hall design & construction
Parks and Reserves	$484,887	$153,846	All Playgrounds – soft fall, Manaia Domain footbridge replacement, King Edward Park Lake lining, Thoumine Park entrance and carpark
Rural Pools	$49,383	$36,680	Additional projects - Kaponga Pool – replace chlorine tank
TSB Hub	$619,385	$246,280	Additional projects – Hāwera Cricket facilities upgrades and Hicks Park No1 field lights
Public Toilets	$211,562	$209,600	Ōpunakē Lake – replace toilets
Environment & Sustainability	$1,081,088	$1,077,380	Reforestation (Better Off Funding)
Aquatic Centre	$956,256	$54,496	Aquatic centre decarbonisation
Corporate Property	$1,461,364	$1,447,812	Earthquake prone building remediation; Hāwera Water Tower Structural Assessment & refurb
Coastal Structures	$225,500	$0	Middletons Bay seawall renewal and other rock wall renewals

Te Ihirangi Take Whairawa | Capital Programme 2025/26

Activity	Revised Capital Works Programme 2025/26	LTP Capital Works Programme 2025/26	Comments
Urban Water Supply	$11,623,226	$12,215,358	Urban Water Supply reticulation and treatment renewals, Ōpunakē, Eltham and Waverley reservoirs, Ōpunakē coagulation optimisation, Eltham Water Treatment Plant VSD renewal, Scott St generator
Waimate West/Inaha Water Supply	$3,364,668	$3,364,985	As planned
Stormwater	$1,402,406	$1,402,538	As planned
Solid Waste	$1,556,924	$1,541,180	As planned
Wastewater	$9,891,529	$8,789,675	Wastewater reticulation rehabilitation budget increased by 1M.
Roading	$21,571,085	$18,429,491	STBP increased to 5.9M, Resilience Projects budget increased $3.5M, plus other projects not funded by NZTA
Carry forwards	$18,658,279		
Total Capital	$78,363,002	$54,028,914	

Te Penapena Pūtea Motuhake | Statement of Special Reserves Funds

The following Statement of Special Reserves Funds concerns the created reserves component of the Council's equity. We have an obligation to manage revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community, and to act in the best interest of our ratepayers as a whole and in part.

There are several types of Council created reserves, which are funds set aside for specific purposes, in the following categories:

- Separate Rate Reserves
- Council Created Reserves
- Restricted Reserves and Statutory Reserves
- Capital Replacement Reserves

Separate Rate Reserves

Separate Rate Reserves are maintained for targeted rates charged for a specific purpose. A Separate Rate Reserves is maintained for each targeted rate to ensure that the funds are held and used for the specific purpose intended.

MONI WHAKAHAERE MOTUHAKE / SEPARATE OPERATING RESERVES

Separate Operating Reserves	Opening Balance *($000)*	Income *($,000)*	Expenditure *($,000)*	Other Adj. *($,000)*	Closing Balance *($,000)*
Roading	3,441	28,321	(24,427)	(4,693)	2,643
Regional Road Safety	0	414	(401)	0	14
Water Supply Urban	(478)	11,525	(12,148)	683	(418)
Wastewater	19	9,437	(10,355)	1,000	101
Eltham Drainage	45	9	(8)	0	46
Water Supply Waimate West/Inaha	2,616	6,578	(6,302)	(709)	2,183
Solid Waste Collection	413	3,161	(3,739)	325	161
Hāwera Town Coordinator	9	192	(190)	0	11
Total	**6,066**	**59,637**	**(57,569)**	**(3,393)**	**4,741**

The other adjustments column includes capital expenditure, loan repayments, new loans and depreciation.

Te Penapena Pūtea Motuhake | Statement of Special Reserves Funds

MONI WHAIHUA Ā-KAUNIHERA / COUNCIL CREATED RESERVES

Separate Operating Reserves	Opening Balance ($000)	Income ($,000)	Expenditure ($,000)	Other Adj. ($,000)	Closing Balance ($,000)	Purpose of Funds
Safer Communities	3	0	0	0	3	To manage the balance of funds from Safer Community grants to be used on youth programmes.
Economic Development Fund	0	60	(60)	0	0	To enable the Council to strategically intervene when required by practically supporting new businesses.
Forestry	149	6	0	0	155	To manage income and expenditure relating to the joint venture forestry investment.
Ōkōtuku Domain	37	0	(4)	5	39	To manage revenue from the leasing of Crown land on behalf of the Ōkōtuku Domain Committee.
Long Term Investment Fund	134,179	10,508	0	(7,021)	137,666	To manage funds derived from the sale of the Council's shareholding in Egmont Electricity and to provide a rates subsidy.
LTIF Internally Invested Fund	11,563	0	0	(1,337)	10,225	Debt funding from the LTIF
Tourism Reserves	390	80	0	0	460	To fund tourism related projects.
Tangata Whenua Reserve	11	50	(50)	0	11	A fund for the management of grants to Tangata Whenua
Community Board Funding	13	80	(80)	0	13	To manage Community Board funding.
Painting Reserves	764	93	(44)	(371)	442	To fund painting projects.
Riparian/Indigenous	50	54	(52)	0	52	To fund riparian planting throughout the District.
Insurance Reserve	225	200	0	0	425	To manage deductibles and disaster funding.
Urban Redevelopment	1	80	(80)	0	1	
Nukumaru Domain	307	77	0	0	384	To manage revenue from the leasing of Crown land vested in the Council, for the maintenance and development of the domain.
	147,692	**11,277**	**(370)**	**(8.724)**	**149,876**	

Te Penapena Pūtea Motuhake | Statement of Special Reserves Funds

MONI WHAKAHUA Ā-PŪTEA TUTURU / CAPITAL REPLACEMENT RESERVES

Capital Replacement Reserves	Opening Balance *($000)*	Income *($,000)*	Expenditure *($,000)*	Other Adj. *($,000)*	Closing Balance *($,000)*	Purpose of Funds
General rate activities	**396**	**6,925**	**(16,785)**	**9,807**	**343**	To manage funds derived from funded depreciation for funding of capital expenditure on selected activities.

MONI RĀHUI / RESTRICTED RESERVES

Restricted Reserves	Opening Balance *($,000)*	Income *($,000)*	Expenditure *($,000)*	Other Adj. *($,000)*	Closing Balance *($,000)*	Purpose of Funds
Eltham Property	4	0	0	0	4	To hold funds from property sold in the former Eltham ward, to funding projects in the former Eltham ward area.
Pool Plant	0	0	0	0	0	To provide funds for District pools.
Larcom Bequest - Turuturu Mokai	28	1	0	0	29	To manage a bequest from Samuel Larcom.
Pātea Property	190	8	0	0	198	To hold funds from property sold in the Pātea ward, to fund projects in the Pātea ward.
Wairoa Recreation Reserve	313	12	(8)	54	371	To manage revenue from the leasing of Crown land vested in the Council and fees/charges from the campground for capital works on the Wairoa Recreation Reserve.
Harbour Endowment	747	29	(23)	70	823	To manage lease income from former Pātea Harbour Board land, to be used for (a) maintenance and improvement of endowment properties (b) maintenance and improvement of harbour facilities, including harbour walls, and (c) on recreational and cultural facilities in the Pātea ward.
Centennial Bursary	66	3	(3)	0	66	To provide grants of up to $400 towards tertiary education for eligible applicants. Only interest income from the fund may be used.
Kaūpokonui Beach	41	25	(21)	0	44	To manage lease income from Crown land vested in the Council for capital works requested by the Kaūpokonui Beach Society.
	1,390	**76**	**(54)**	**124**	**1,536**	

Te Penapena Pūtea Motuhake | Statement of Special Reserves Funds

WHENUA RĀHUI Ā-TURE / STATUTORY RESERVES

Statutory Reserves	Opening Balance *($,000)*	Income *($,000)*	Expenditure *($,000)*	Other Adj. *($,000)*	Closing Balance *($,000)*	Purpose of Funds
Eltham Reserve Contributions	91	4	0	0	95	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the former Eltham ward area.
Hāwera Reserve Contributions	610	22	0	0	632	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in Te Hāwera ward.
District Reserve Contributions	477	19	0	0	496	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the District.
Waimate Development Levy	299	13	0	0	312	To hold funds derived from a levy on Kāpuni Petrochemical Development, to fund projects or public assets on Council-owned property or reserves within the boundaries of the former Waimate Plains District Council. The principal fund to remain at no less than $260,000.
Ōpunakē Reserve Contributions	185	19	0	0	205	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Ōpunakē area.
Manaia Reserve Contributions	52	2	0	0	54	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Manaia area.
	1,715	**79**	**0**	**0**	**1,794**	

Te Kaupapa Here o Ngā Tauāki Pūtea | Statement of Accounting Policies

Reporting Entity

The Council is a territorial local authority governed by the Local Government Act 2002. Its primary objective is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, it has designated itself a public benefit entity. The prospective financial statements are for the Council as a separate legal entity. Consolidated prospective statements comprising the Council and its subsidiaries have not been prepared.

Basis of Preparation

The Council adopted the prospective financial statements in the 2025/26 Annual Plan on 26 May 2025. It is authorised to do so and believes the underlying assumptions are appropriate. The Councillors and Management accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the underlying assumptions and all other required disclosures. No actual financial results have been incorporated within the prospective financial statements. The financial information contained in this LTP may not be appropriate for purposes other than those described.

Statement of Compliance and Basis of Preparation

The prospective financial statements have been prepared in accordance with the requirements of Section 95 of the Local Government Act 2002 and Financial Reporting Standards 42 (PBE FRS 42). The Council is a public benefit entity (PBE) and complies with the Accounting Standards Tier 1 issued by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 24(1)(a) of the Financial Reporting Act 1993.

There are no pending updates to standards, amendments or interpretations to be adopted by the Council for the purpose of this Annual Plan.

Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain infrastructure assets, investment property, biological assets and certain financial instruments (including derivative instruments). These financial statements are rounded to the nearest thousand dollars ($000) and as a result some rounding errors may occur. The financial statements are presented in New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies other than noted here.

Significant Accounting Policies

1. **Subsidiary Entity**
   The Council has a subsidiary company, Novus Contracting Limited (100% owned). The company is inactive and the impact of any transactions with this entity on the Council's financial position is minimal. For the purposes of this Annual Plan, only the operations of the parent entity, the Council, have been presented in these financial forecasts.

2. **Revenue**
   Revenue comprises rates, revenue from operating activities (fees and charges), investment revenue, grants and subsidies, capital contributions, gains, bequests and other revenue and is measured at the fair value of consideration received or receivable. Revenue may be derived from exchange and non-exchange transactions.

   Exchange Transactions
   An exchange transaction occurs when the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

   Non-Exchange Transactions
   A non-exchange transaction occurs when the Council receives value from another party without giving approximately equal value in exchange.

Te Kaupapa Here o Ngā Tauāki Pūtea | *Statement of Accounting Policies*

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

a. Rates
Rates are set annually by a Council resolution and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates revenue collected on behalf of the Taranaki Regional Council is not recognised in the financial statements, apart from the statement of cash flows, as the South Taranaki District Council is an agent for the Regional Council.

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 rates remission policy.

b. Government Grants and Subsidies
Government grants and subsidies are recognised upon entitlement at their fair value, which is when conditions pertaining to eligible expenditure have been fulfilled. We receive Government grants from Waka Kotahi New Zealand Transport Agency, which subsidises part of the costs of maintaining our local roading infrastructure. Grants and subsidies are classified as non-exchange revenue.

c. Fees and Charges and Sale of Goods
Revenue from fees and charges is recognised from the rendering of services (for example, building consent fees) where the transaction is based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided. Within rendering of services most activities are partially funded by rates and therefore classified as non-exchange revenue.

Sale of goods is recognised when goods are delivered and is classified as exchange revenue.

d. Investment Income
Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable. Interest income is classified as exchange revenue.

Dividends are recognised when the shareholders' rights to receive payment have been established and are recognised, net of imputation credits. Dividends are classified as exchange revenue.

e. Other Grants, Bequests and Vested Assets
Other grants, bequests and assets vested in the Council are recognised when control over the asset is obtained. Vested assets are recognised as revenue at the fair value of the assets at the time of vesting. This revenue is classified as non-exchange revenue.

f. Capital Contributions
Capital contributions for assets are recognised as revenue when received and are classified as non-exchange revenue.

g. Gains
Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities. Gains are classified as exchange revenue.

h. Foreign Currency - Exchange Differences
Foreign currency transactions have been converted into New Zealand dollars at the rate of exchange at the date of the transaction. Gains or losses on exchange have been recognised in the Surplus/Deficit. Gains on foreign currency exchange are classified as exchange revenue.

3. Expenses

Specific accounting policies for major categories of expenditures are outlined below:

a. Grants and Sponsorships

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources to another party in return for compliance with certain conditions relating to the operating activities of that party. It includes any expenditure arising from a funding arrangement with another party that has been entered into to achieve the Council's objectives. Grants and sponsorships are distinct from donations, which are discretionary or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, it is recognised when the specific criteria have been fulfilled.

b. Finance Expenses – Interest

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress, which represents a departure from the treatment required under PBE IPSAS 5: Borrowing Costs.

c. Depreciation and Amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

4. Taxation

a. Goods and Services Tax (GST)

GST has been excluded from all items in the financial statements except accounts receivable and accounts payable. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

b. Income Tax

Income tax expense includes components relating to current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year and any adjustments in respect of prior years.

c. Deferred tax

Deferred taxation is the amount of taxes payable (or receivable) in future years in respect of temporary differences (that is, where the accounting treatment differs from the Inland Revenue Department's requirements). Deferred taxation is determined using the full provision method. Deferred tax assets are only recognised when recovery is probable.

5. Financial Instruments

We undertake financial instrument arrangements as part of normal operations. These include cash and bank balances, investments, receivables, payables and borrowings. All financial instruments are recognised in the Statement of Financial Position and all related revenues and expenses are recognised in the Surplus/Deficit. Interest rate swaps are entered into to hedge against and manage our exposure to risk on debt.

a. Financial Assets

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss, in which case the transaction costs are recognised in the Surplus/Deficit.

Purchases and sales of investments are recognised on trade date, the date on which there is a commitment to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the transfer of substantial risks and rewards is completed.

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

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

Other Financial Assets
Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); or
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the carrying value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in the Surplus/Deficit. The classification of a financial asset depends on its cash flow characteristic and the Council and subsidiary entity's management model for managing them.

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

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

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and subsidiary entity may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except that expected credit losses (ECL) and foreign exchange gains and losses are recognised in the Surplus/Deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to the Surplus/Deficit. The Council and subsidiary entity do not hold any debt instruments in this category.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and subsidiary entity designate into this category all equity investments that are not included in their investment fund portfolio, and if they are intended to be held for the medium to long-term.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in the Surplus/ Deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Instruments in this category include the Council and subsidiary entity's investment fund portfolio (comprising listed shares, bonds and units in investment funds) and LGFA borrower notes.

Expected credit loss allowance (ECL)

The Council and subsidiary entity recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Council and subsidiary entity in accordance with the contract and the cash flows they expect to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. They are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and subsidiary entity consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and subsidiary entity consider a financial asset to be in default when it is more than 90 days past due. The Council and subsidiary entity may determine a default occurs prior to this if internal or external information indicates the debtor entity is unlikely to pay its credit obligations in full.

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities (creditors, income in advance, loans, bonds and deposits) are initially recognised at fair value. Short-term payables are recorded at the amounts payable. Financial liabilities with duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities of less than 12 months' duration are recognised at their nominal value. On disposal, any gains or losses are recognised in the Surplus/Deficit.

a. Impairment of Financial Assets

At each balance date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Surplus/ Deficit.

b. Derivative Financial Instruments and Hedging Activities

The Council uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, we do not hold or issue derivative financial instruments for trading purposes, but derivatives are accounted for as trading instruments. Derivative financial instruments are recognised initially at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Surplus/Deficit. The fair value of interest rate swaps is the estimated amount that would be received or that we would pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

c. Financial Guarantee Contracts

A financial guarantee contract requires the Council or group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a financial guarantee cannot be reliably determined, a liability is recognised at the amount of the loss allowance determined in accordance with the ECL model described in section 5 under the "Other Financial Assets".

Financial guarantees are subsequently measured at the higher of:

- The amount determined in accordance with the ECL model as described in Note 5; and
- The amount initially recognised less, when appropriate, cumulative as revenue.

7. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. They include all funds held for day-to-day management and do not include funds set aside for specific purposes (for example, Reserve Funds).

8. Accounts Receivable

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

We apply the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Rates are "written-off":

- When remitted in accordance with the Council's rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written off when there is no reasonable expectation of recovery.

9. Inventories

Inventories are valued at the lower of cost (determined on a first-in, first-out basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

10. Investments

Investments in bank deposits are recognised at cost plus accrued interest. This is considered fair value. Long term receivables and advances are recognised at cost plus accrued interest. Investments in associates are recognised at cost.

Investments and other shares are valued at fair value. Where there is an active market, fair value is determined by reference to published prices. Otherwise, fair value is determined by using a variety of valuation techniques. Movements in fair value will be taken through equity.

11. Property, Plant and Equipment

Property, plant and equipment consist of operational assets, restricted assets and infrastructure assets.

All assets are recorded at cost/ valuation less accumulated depreciation (with the exception of land, which is not depreciated).

For assets that are re-valued, the change in valuation is credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed and then credited to the revaluation reserve for that class of asset. Additions made after revaluations are recorded at cost.

Disposals

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Surplus/ Deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Operational Assets

These include land, buildings, motor vehicles, plant and equipment and library books. Land and buildings are valued at fair value, as determined from market-based evidence, by AON New Zealand, Registered Valuers, as at 31 March 2022. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise. Motor vehicles, library books and plant and equipment are valued at cost less accumulated depreciation.

Restricted Assets

These are Council assets that cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community. Land and buildings are valued at fair value, as determined from market-based evidence, by AON New Zealand, Registered Valuers, as at 31 March 2022. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise.

Parks and Recreation Assets were valued at fair value by AON New Zealand, as at 31 March 2022. Valuations are carried out on a three-yearly cycle.

Heritage and Cultural Assets were valued at fair value by Ian Burgess, Registered Valuer, Quotable Value New Zealand Limited, as at 1 July 2001. This is considered deemed cost.

Te Kaupapa Here o Ngā Tauāki Pūtea | Statement of Accounting Policies

Infrastructural Assets

These are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function. Infrastructural assets (excluding land) have all been valued at optimised depreciated replacement cost by Beca Projects NZ Limited as at 30 June 2022. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise.

Roading assets (excluding land under road) have all been valued at optimised depreciated replacement cost by WSP Limited as at 30 June 2022.

Land under roads was valued based on fair value provided by previous valuations in 2017. The valuation was carried out by Beca Projects NZ Limited. The Council has elected to use fair value of land under roads as at 30 June 2017 as the deemed cost. Land under roads is no longer revalued.

Vested infrastructural assets values have been based on the actual quantities of infrastructural components vested and current “in the ground” cost of providing identical services.

All other assets are valued at historical cost less accumulated depreciation.

12. Depreciation

Depreciation rates for fixed assets are as follows:

Operational Assets

Operational assets are depreciated on a straight-line basis.

Infrastructural Assets

Roading infrastructural assets are valued using the depreciated replacement cost method. Several estimates and assumptions are exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset, derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions such as weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, the Council could be over-or-underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural assets’ useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of asset management planning activities, to provide further assurance for useful life estimates.
- Infrastructural assets (excluding land and roading assets) have all been valued at optimised depreciated replacement cost by Beca Projects NZ Limited, Registered Valuers as at 30 June 2022 and Roading assets (excluding land under roads) have all been valued at optimised depreciated cost by WSP Limited, Registered Valuers as at 30 June 2022. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise. Infrastructural land under roads is no longer revalued.
- Certain infrastructural assets and land have been vested in the Council as part of

the subdivisional consent process. The vested asset has been valued at the latest appropriately certified government valuation or at a mutually agreed market value or at a value determined through arbitration. Vested infrastructural assets have been based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services. All other assets are valued at historical cost less accumulated depreciation.

Depreciation

Depreciation rates for fixed assets are as follows:

Operational assets

Depreciation rates for operational assets are based on a straight-line basis.

Buildings	1.37% - 33.33%
Motor vehicles	4.00% - 15.60%
Plant and equipment	3.33% - 33.33%
Information systems equipment	10.00% - 50.00%
Library books	10.00% - 20.00%
Furniture and fittings	5.00% - 20.00%
Office equipment	4.00% - 20.00%

Infrastructure assets

Roading

Provision has been made for depreciation of significant components of the roading asset, based on their remaining lives. These rates are:

Provision has been made for depreciation of those significant components of the roading asset, based on their remaining lives.

The significant component depreciation rates are as follows:

Traffic facilities, signs and markings	10-50 years	2.00 - 10.00%
Bridges	50-100 years	1.00% - 2.00%
Footpaths	25-60 years	1.67% - 4.00%
Pavement surfacing	2-16 years	6.25% - 50.00%
Drainage and culverts	60-80 years	1.25% - 1.67%
Roading base-course	40-100 years	1.00% - 2.50%
Berms, markings, shoudler and formation	Not depreciated	

Water, Sewerage and Stormwater Reticulation Systems

Provision has been made for depreciation of components of the assets based on their remaining life.

Water reticulation	8-170 years	0.59% - 12.5%
Water treatment plants	5-100 years	1.00% - 20.00%
Water point	15-123 years	0.81% - 6.67%
Sewerage reticulation	50-200 years	0.50% - 2.00%
Sewerage treatment plants	14-130 years	0.77% - 7.14%
Wastewater point	10-124 years	0.81% - 10.00%
Wastewater station	10-100 years	1.00% - 10.00%
Stormwater pipes	40-150 years	0.67%- 2.50%
Stormwater point	20-110 years	0.91%- 5.00%

Restricted Assets

Heritage and Cultural Assets

Provision has been made for depreciation of components of the assets based on their remaining life.

23 - 250 years	0.40% - 4.35%

Parks and recreation assets

Provision has been made for depreciation of components of the assets based on their remaining life.

6 - 15 years	6.67% - 16.67%

Assets under Construction

Assets under construction are not depreciated. All costs are initially capitalised as work in progress. On completion, the cost is transferred to the relevant asset class and then depreciated.

13. Intangible Assets

Software licences are recognised at cost and amortised on a straight-line basis over the life of the licence (three to ten years). A range from 10.00% to 33.33% per year is applied.

14. Impairment of Assets

At each balance date the Council assesses whether there is any objective evidence that any asset has been impaired. Any impairment losses are recognised in the Surplus/Deficit.

15. Employee Entitlements

Provision is made for employee benefits accumulating as a result of services rendered. This includes the Council's liability for annual leave and sick leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while other provisions have been calculated on an actuarial basis at current rates of pay.

16. Landfill Post-Closure Costs

As operator of the District landfills, the Council has a legal obligation to provide on-going maintenance and monitoring services at landfill sites after closure. Post-closure costs are recognised as a liability when the obligation for post-closure arises. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements, known improvements in technology and all other costs associated with landfills post-closure.

Amounts provided for landfill post-disclosure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The time needed for post-closure care is as per the resource consents issued by the TRC.

The discount rate used reflects current market assessments of the time value of money and the risks specific to the Council.

17. Community Loans

The Council has acted as guarantor for a number of sports clubs. These are valued in our financial statements at fair value, taking into account the likelihood of the Council being required to make payment on these loans.

18. Public Equity

Public equity is the community's interest in the Council, as measured by the value of total assets less total liabilities. Equity is dis-aggregated and classified to enable a clearer identification of the various components. Accumulated balances comprise accumulated surpluses over the years.

Restricted and Statutory Reserves are funds subject to external restrictions accepted as binding by the Council, which may not be revised by the Council without reference to the courts or a third party. Investment Revaluation Reserves comprise accumulated valuation increments.

19. Leases

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

Leases that effectively transfer to the lessee substantially all of the risks and benefits incidental to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over the period the Council expects to benefit from their use.

20. Statement of Cash Flows

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

Operating activities include cash received from all income sources and record payments made for the supply of goods and services. Agency transactions (for example, the collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council's main bank account.

Investing activities relate to the acquisition and disposal of non-current assets, while financing activities change the Council's equity and debt capital structure.

21. Allocation of Overheads

All support centre costs are passed onto activity centres as overheads. The basis of recovery is usage based on the step method.

22. Critical accounting estimates and assumptions

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

Infrastructural assets

- A number of assumptions and estimates are used when performing the depreciated replacement cost valuation. These include:
- The physical deterioration and condition of an asset. This is mainly for the assets that are not visible (for example, underground utilities). There are on-going physical inspections and condition modelling assessments to improve information on these assets.
- Estimating any obsolescence or surplus capacity of any asset. Estimates are made of the remaining useful lives over which the assets will be depreciated. Published guidelines, component design lives and local conditions have been used to assist with the estimation of the remaining useful lives.

Critical judgements in applying accounting policies

Management has consistently applied the Council's accounting policies for the period ended 30 June 2025 and has not been required to exercise critical judgement in implementing these policies beyond what would be expected on a normal day to day basis.

23. Borrowing Costs

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

Te Kaunihera ō Taranaki ki Te Tonga
South Taranaki
District Council

www.southtaranaki.com