

SOUTH TARANAKI
THE MOST
LIVEABLE
DISTRICT



2023/24

Ngā Mahere ā tau
Annual Plan

www.southtaranaki.com/annualplan

Introduction

Mihi

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 to 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

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Te reo maioha ā te Koromatua me te Tumu Whakahaere

Mayor and Chief Executive's Message

Our Council's long-term vision is to build on our many strengths and make South Taranaki the most liveable District. However, the current economic environment presents a challenge and, like households and businesses across the country, Council is facing significant cost increases for the things we buy. In fact, over the last two years Local Government inflation has risen by around 20%, for things like fuel, bitumen and electricity. Contractors' costs have increased, insurance and compliance costs driven by government requirements have increased considerably and interest rate rises have increased the cost of borrowing and financing debt. The challenge for Council is how we continue to deliver services and undertake activities that encourage sustainable, prosperous, and vibrant communities as outlined in our Long-Term Plan, while also minimising the impacts of steep price increases on our ratepayers.

We have undertaken a number of measures to keep the 2023/24 rate increase around the (Consumer Price Index) rate of inflation. These include not increasing funded depreciation, reducing training budgets, accounting for

staff vacancies, increasing user fees and charges (e.g. the kerbside rubbish and recycling collection and dog registration fees), and using reserves where available. Council has also applied to the Department of Internal Affairs to redirect \$1.13 million (m) of the Government's \$4.25m Better Off funding to our Digital Transformation project and District Plan Review.

As a result, we've been able to keep our total rate increase to 7.19%, without cutting any of our service levels. While higher than the 4.72% forecast in our Long-Term Plan, this increase is well below the local government inflation rate and follows seven years of relatively modest annual rate increases (averaging 2.59%), including a zero % increase in 2020/21 when we tried to help businesses and households affected by the COVID lockdowns.

Notable/key projects we are working on in 2023/24 include:

- Ongoing development of the South Taranaki Business Park
- Construction of Te Ramanui o Ruapūtahanga
- Ongoing town centre upgrades for Eltham, Waverley, Manaia, Pātea and Ōpunakē

- Implementation of our Environment and Sustainability Strategy
- New reservoirs for Ōpunakē and Waverley
- Pātea water treatment and water pressure improvements
- Stabilisation of Ōpunakē Lake and Waiaua Stream bank
- Project Tukau – collaboration with Te Korowai o Ngā Ruahine on a new community facility in Manaia
- Progressing the Council's digital transformation programme

Our total operational expenditure across all activities in 2023/24 is \$89.7m and capital expenditure is \$50m. Of this we will spend approximately \$39m (capital and operational) on our roading activity, including around \$741,000 on footpaths.

The recent reset of the government's Three Waters Reform programme will see us becoming part of a Taranaki water entity, rather than being part of an entity made up of 22 councils stretching from Rangitikei to Tauranga. The proposed ten new entities will now be owned by local councils on behalf of the public but will be operationally and financially independent from councils. The changes need the government to amend legislation which it plans to complete

before the October general election. The revised programme will now see the entities taking over the responsibility for water services in a phased manner up to 1 July 2026. Over the next 12 months we will work with New Plymouth and Stratford District Councils to establish how the Taranaki entity will work.

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
South Taranaki
District Council
Chief Executive

Ngā Kaikōwhiri

Elected Members

Ō koutou Kaikaunihera | Your Councillors



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

SOUTH TARANAKI

THE MOST

LIVEABLE

DISTRICT

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

The purpose of local government as outlined in the Local Government Act 2002 is to enable democratic local decision-making on behalf of communities and promote the social, economic, environmental, and cultural

well-being of communities in the present and for the future.

We work towards this purpose through our Vision, Community Outcomes and Community Priorities and use these to guide us when making decisions,

developing policies, strategies or determining priorities regarding the activities and services we provide.

Our outcomes fall under four main headings:

VIBRANT SOUTH TARANAKI

(Cultural well-being)



A vibrant and creative District that celebrates diversity and has strong relationships with Iwi/Hapū.

TOGETHER SOUTH TARANAKI

(Social well-being)



A District with healthy, safe, resilient, informed and connected people.

PROSPEROUS SUSTAINABLE SOUTH TARANAKI

(Economic well-being)

(Environmental Well-being)



A prosperous District with a sustainable economy, innovative businesses and high quality infrastructure.



A sustainable District that manages its resources in a way that preserves the environment for future generations.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

In 2018 and 2019 we undertook an extensive visioning exercise with our communities, asking our residents what they wanted to see for the future of South Taranaki. The feedback we received from this exercise was the basis for developing ten Community Priorities. You told us you wanted us to encourage growth and vibrancy in our towns, take good care of our natural environment, develop our relationship with Māori and ensure our infrastructure continues to meet the needs of the community.

Our ten Community Priorities



Innovative and updated community facilities and services across the District



Community and cultural activities, entertainment and events, particularly for youth



Cycleways and pathways for residents and visitors



Revitalise town centres



Stronger economic growth with more innovation, ideas, training opportunities and jobs



Improve and maintain roads and footpaths



Reliable and safe water supply, wastewater and stormwater



Strong relationships with Iwi and Hapū



Actively engage with the community particularly the youth



Our environment and most valued landscape features are protected

Kaupapa Mātua hei tautoko tō mātou aronga

Key Projects/Priorities to Support Our Vision



VIBRANT SOUTH TARANAKI

Cultural Well-being



Community priorities

- **Te Ramanui o Ruapūtahanga**, South Taranaki's new Library, Culture and Arts Centre
- Continue to provide community events across the District such as **Arts in the Park, Sounds on the Sand, Movies in the Park, Elektra**
- Work with iwi authority Te Korowai o Ngā Ruahine towards a solution for the replacement of the **Manaia War Memorial Hall and Manaia Sports Complex**
- Collaborate with Hāwera Memorial Theatre Trust with a one-third contribution for an **air conditioning system for the Hāwera Memorial Theatre** (total budget estimate \$504,400 – Council contribution \$170,000)
- Start a programme at **Waverley Swimming Pool** that will include a plant upgrade of \$150,000
- **Ōpunakē Lake and Waiaua Stream bank stabilisation** work to commence \$1.04m
- Retaining wall repairs at **Lake Rotokare Boat ramp** \$210,000



TOGETHER SOUTH TARANAKI

Social Well-being



Community priorities

- Continue water treatment enhancement and **water pressure improvements in Pātea** \$1.5m
- Spend an average of \$39m pa on the **road network**
- \$3m on **pavement rehabilitation** of our roads
- Road **sealing and resurfacing** \$2.7m
- **Ōpunakē water reservoir** \$1.1m and **Waverley water reservoir** \$1.5m
- Undertake a **digital transformation programme** - (\$3.2m over five years)

Kaupapa Mātua hei tautoko tō mātou aronga

Key Projects/Priorities to Support Our Vision



PROSPEROUS SOUTH TARANAKI

Economic Well-being



Community priorities

- **South Taranaki Business Park** stormwater \$1m, wastewater \$2.47m, water \$400,000 and roading \$3.47m
- Undertake **town centre upgrades** in Pātea, Waverley, Manaia, Ōpunakē and Eltham
- Subsidise rates on average by \$6.2m using earnings from the **Long Term Investment Fund**
- Use **Long Term Investment Fund fluctuation reserves to pay \$4.96m** for Te Ramanui o Ruapūtahanga and other Town Centre Developments



SUSTAINABLE SOUTH TARANAKI

Environmental Well-being

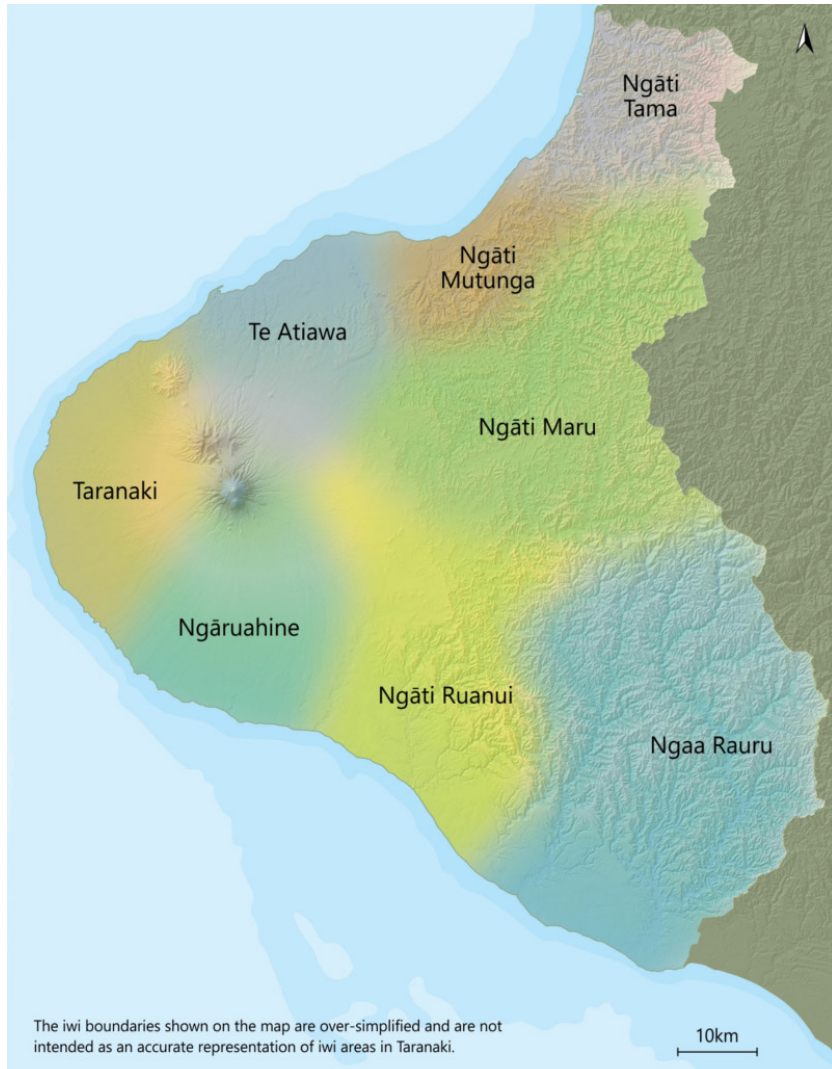


Community priorities

- Stabilise the riverbank bordering the **Ōpunakē Transfer Station** \$1.04m
- Implement our **Environment & Sustainability Strategy**:
 - o Develop an **energy and carbon reduction plan** and climate change risk assessment
 - o Develop a District-wide **climate change adaptation plan** and support climate change research relevant to the District
 - o Reduce waste going to **landfill by 5% by 2023**
 - o Review and renew our **2018 Waste Management and Minimisation Plan**
 - o Progress development of a regional **organic waste facility** or facilities
 - o Undertake **biodiversity restoration and protection work** in Council parks and reserves
 - o Develop a District-wide business and construction **waste improvement programme**
 - o **Reforestation project** – utilising Government's Better off Funding
- **Maintain Pātea Moles**

Working in Partnership with Iwi

Ka mahi ngātahi ki te Iwi



The South Taranaki District Council is committed to upholding the mana of Māori by building strong relationships with Iwi and providing opportunities for Māori to contribute effectively and actively in decision-making processes that will affect the wider community. A key step for us was the introduction of two Māori wards – Te Kūrae and Te Tai Tonga.

There are four recognised Iwi in South Taranaki – Taranaki, Ngāruahine, Ngāti Ruanui and Ngā Rauru Kīitahi.

The four Iwi and the Council have agreed to develop an Iwi-Council Partnership Strategy and a relationship agreement with each Iwi. We continue to work together with South Taranaki's four Iwi to complete this mahi with the aim of having an Iwi-Council Partnership Strategy ready for the 2024-2034 Long Term Plan.

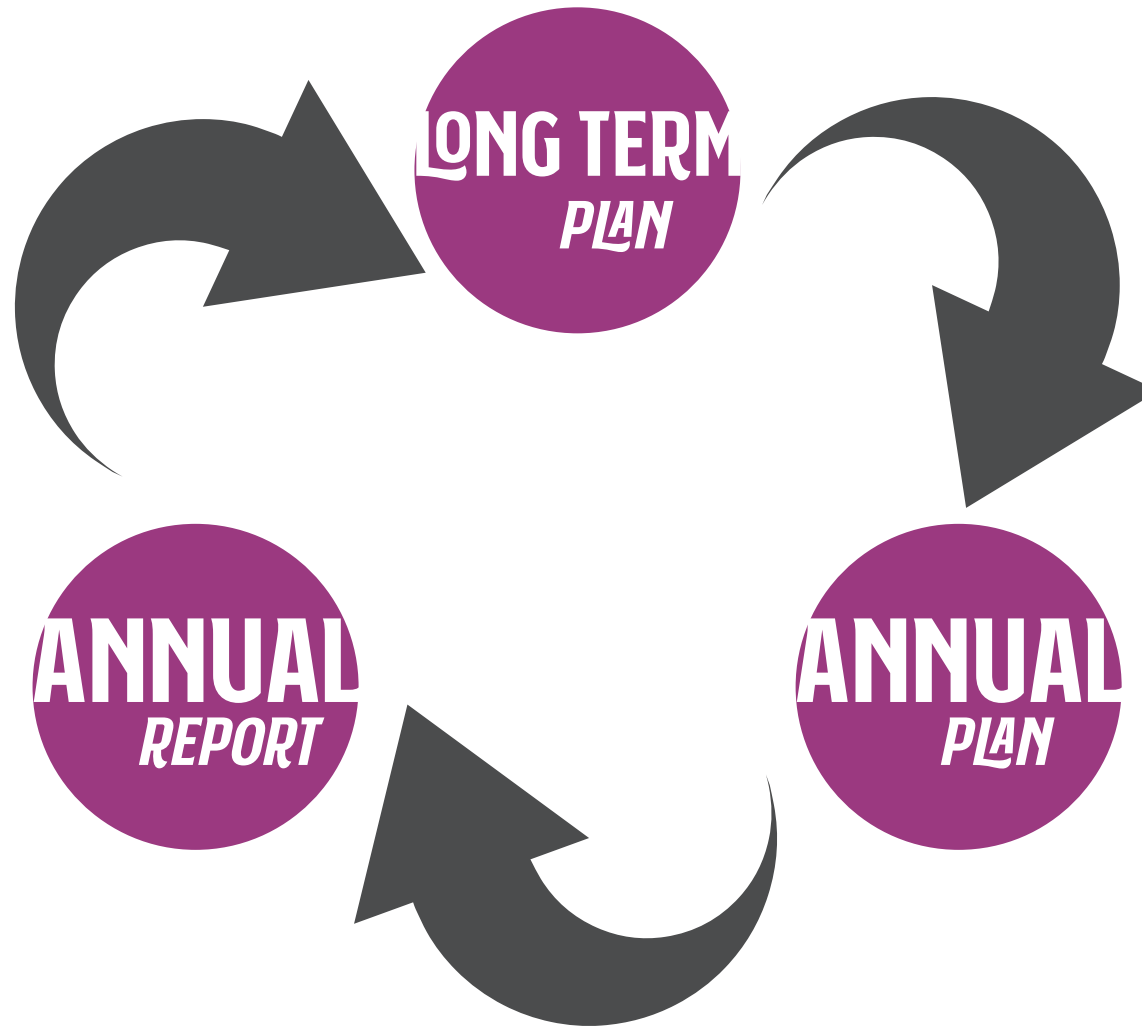
Although the Strategy is not in place we are still working with Taranaki, Ngāruahine, Ngāti Ruanui and Ngā Rauru Kīitahi Iwi to build relationships and identify areas where Māori can contribute to Council's decision-making processes.

Te Hōtaka Anga Whakamua, Te Hōtaka ā-Tau me te Wātaka Pūrongo -Tau

The LTP, Annual Plan and Annual Report Cycle

The **LTP** sets out our strategic direction and work programme for ten years outlining services we will provide, projects we will undertake, costs, how it will be paid for and how we will measure our performance. An LTP is produced every three years.

At the end of each financial year we produce an **Annual Report** setting out how we performed for the year compared to what we said we would do. It lets you know what we delivered and analyses whether we met our budgets and performance targets.



In each of the years between LTPs, we produce an **Annual Plan** to review the budgets and work programme planned for the year, according to the LTP. When a significant or material change from the LTP is proposed, the community will be consulted.

Ā mātou mahi

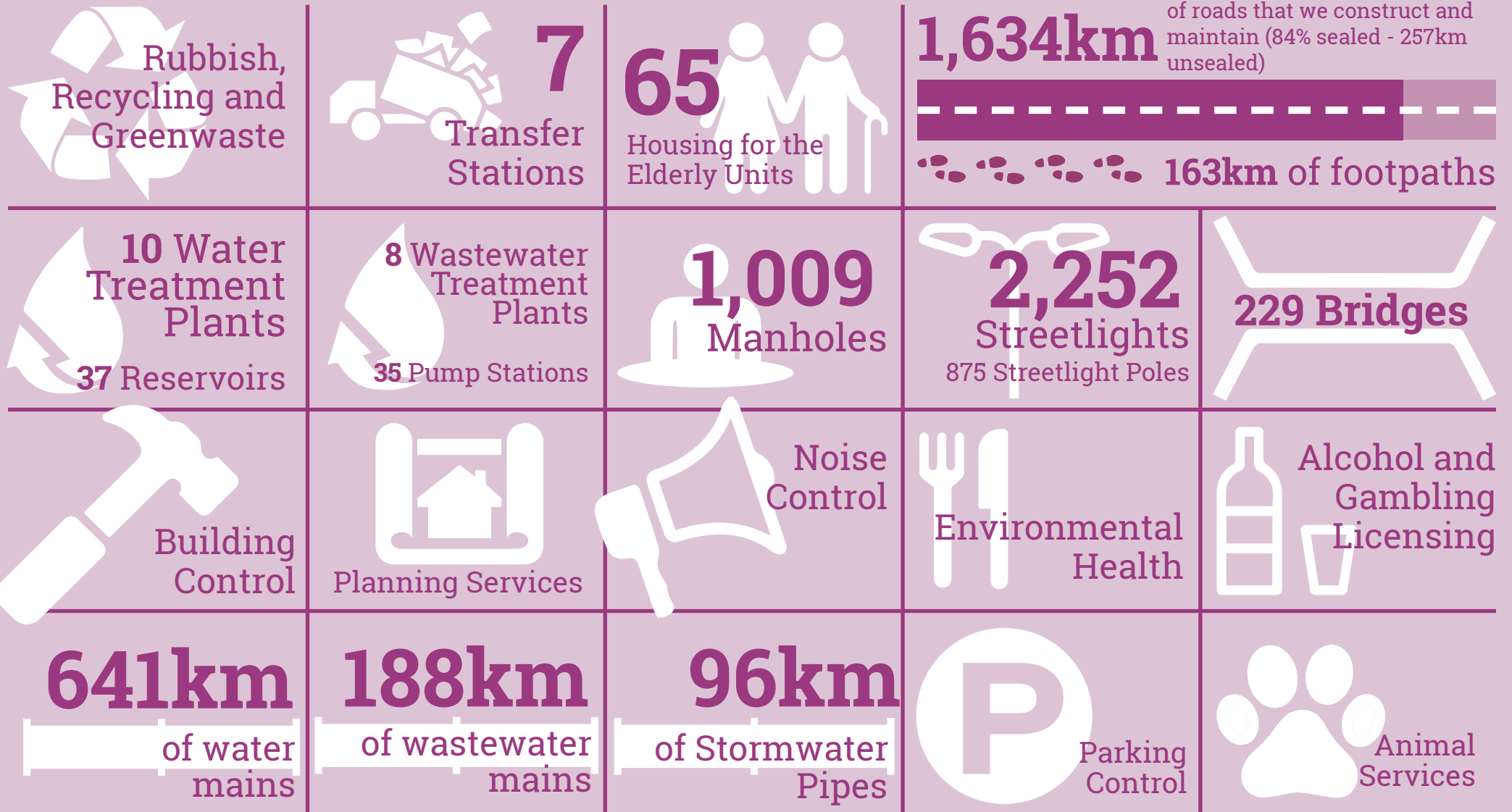
What we do

We do all of this in a District with a population of approximately **29,600** (around 14,800 rateable properties) in **7 small towns** spread over a large geographic area (**362,000 hectares**).

 <p>Community Facilities</p>	<p>7 </p> <p>Campgrounds</p>	<p>7 </p> <p>Swimming Pools and support Ōpunakē Community Baths financially</p>	<p>9 </p> <p>Urban Halls As well as financially support 31 rural halls</p>	<p>TSB Hub and financially support Ōpunakē's Sinclair Electrical and Refrigeration Events Centre</p> 
<p>Financially support Hāwera Cinemas</p> 	<p>15 </p> <p>Sportsgrounds</p>	<p>6 </p> <p>Premier Parks 54 other parks 700 hectares of parks and reserves District-wide</p>	<p>6 </p> <p>Pathways</p>	<p>38 </p> <p>Playgrounds</p>
<p>36 </p> <p>Public Toilets</p>	<p>10 </p> <p>Cemeteries</p>	<p>Arts and Culture</p> 	<p>7 </p> <p>LibraryPlus</p>	<p>Have a partnership with Aotea Utanganui Museum of South Taranaki</p> 
<p>Economic Development</p> 	<p>Tourism</p> 	<p>Events</p> 	<p>South Taranaki i-SITE Visitor Centre</p> 	<p>Civil Defence</p> 

Ā mātou mahi

What we do



Ngā tāke Kaunihera Katoa

All About Rates

How rates work

This section of the annual budget update provides a brief overview of how our rating system works and examples of what your rates might look like for the 2023/24 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 2023/24. 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 here.

Total rates have increased by 7.19%. This is 2.47% more than the 4.72% increase projected in the Long Term Plan (LTP).

Economic uncertainty and inflation

The current global and domestic economic environment presents a challenge and, like households and businesses across the country, Council is facing significant cost increases

for the things we buy. A number of external factors have contributed to increased costs including:

- Increase in the Official Cash Rate (OCR) from 0.25% to 5.50% driving interest rates up.
- Increase in inflation, with the Consumer Price Index (CPI) rising by 7.2% and the Local Government Cost Index (LGCI) by around 20% within the last two years (for things like fuel, bitumen, power).
- Increase in contractors' costs by up to 16%.
- Increased compliance costs from government requirements and changes in legislation; and
- Severe weather events causing disruption to the supply of resources and contractors.

While the CPI rate of inflation is expected to lessen over the year, we expect the above cost increases to continue during the 2023/24 financial year.

Measures we have taken to reduce overall rates increases

Although the total 7.19% rate increase is greater than the 4.72% projected in the LTP, a number of measures have been taken to minimise the flow on impact of steep price increases on ratepayers, without affecting levels of service.

Funded depreciation

Our assets were revalued in 2022 and, similar to property prices across the District, our assets increased considerably in value. The revaluation increased the total worth of the Council's infrastructure assets by \$289m. Councils are required to fund depreciation of their assets; however, to minimise the overall rate increase we decided to fund depreciation at the same level as the 2022/23 financial year and increase funded depreciation as part of the LTP process.

Salary and training budgets

Training and travel budgets have been reduced and the total salary budget limited for the 2023/24 year

by accounting for staff vacancies. In any given year the Council carries a number of vacancies while positions are being advertised and filled. Based on previous years' vacancies, we estimate this to be around 7.5% of the total salary budget and as such we have limited the total salary budget by that amount. Training and travel for staff has also been reduced by 50% however training budgets have been retained for specialised roles where legislative requirements require certification.

Use of reserves

At times we carry reserves for various activities, which can build up overtime. For this Annual Plan, reserves in the three waters activity have been used to fund capital projects. As part of the transition of our three waters infrastructure to a water entity, information on three waters projects and budgets have been provided to the Department of Internal Affairs. This ensures that future water services entities are not disadvantaged.

Reallocation of Better Off funding

As part of the Government's three waters reform the Council was granted \$4.25m of Better Off Funding which was allocated to our reforestation project. The Council has submitted a proposal to the Department of Internal Affairs to use \$1.13m of the Better Off funding for our Digital Transformation Strategy (\$685,000) and District Plan Review (\$440,000).

Increases to user fees and charges

The Council undertook a thorough review of the fees and charges schedule. Most fees increased by the rate of inflation, however some of them had to be increased beyond inflation to meet the higher costs of contractors, services, materials and compliance. The section on fees and charges (page 22) describes these changes in more detail.

Deferred Capital Works Projects

We fund our capital works mostly by taking out loans that are paid back

over a number of years. We take out loans for building 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 have reprioritised and deferred several projects (value \$11.8m) and reduced the number of projects that were going to be carried forward from the 2022/23 financial year by \$5.5m. The main reason for deferring these projects was about being more realistic in our ability to undertake these projects given previous experience and the resource and supply challenges we face.

Examples of Rating Impact

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.

Whakataura Reiti

Rating Examples

Hei Taura Reiti - me te GST / Rating Examples – Including GST



URBAN

	\$380,000	\$600,000	\$900,000	\$1,120,000
General Rates	\$320.32	\$505.77	\$758.65	\$944.10
Roading	\$225.75	\$356.45	\$534.68	\$665.37
UAGC	\$727.10	\$727.10	\$727.10	\$727.10
Water	\$672.75	\$672.75	\$672.75	\$672.75
Wastewater	\$805.00	\$805.00	\$805.00	\$805.00
Kerbside	\$220.00	\$220.00	\$220.00	\$220.00
Total Rates	\$2,970.92	\$3,287.06	\$3,718.17	\$4,034.32
Prior Year	\$2,770.41	\$3,062.17	\$3,460.01	\$3,751.76
Percentage Increase	7.24%	7.34%	7.46%	7.53%
Dollar Increase	\$200.51	\$224.89	\$258.16	\$282.56



**HĀWERA
COMMERCIAL**

	\$850,000
General Rates	\$716.51
Roading	\$504.97
UAGC	\$727.10
Water	\$672.75
Wastewater	\$805.00
Hāwera Business Rate	\$614.16
Total Rates	\$4,040.48
Prior Year	\$3,766.21
Percentage Increase	7.28%
Dollar Increase	\$274.27



RURAL

	\$5,300,000	\$8,000,000
General Rates	\$4,467.62	\$6,743.58
Roading	\$3,148.65	\$4,752.68
UAGC	\$727.10	\$727.10
Total Rates	\$8,343.37	\$12,223.36
Prior Year	\$7,719.56	\$11,300.16
Percentage Increase	8.08%	8.17%
Dollar Increase	\$623.81	\$923.20

Ngā tāke Kaunihera Katoa

All About Rates

Projections for General and Targeted Rates

	For the year ended 30 June	2022/23	2023/24
Rate			
District Rate*		4.26%	7.95%
General Rate - Cents per \$		0.07987	0.08429
Roading Rate - Cents per \$		0.05274	0.05941
UAGC		\$691	\$727
Targeted Rates**			
Water Targeted Rate		\$633	\$673
Wastewater Targeted Rate		\$748	\$805
Kerbside Collection Rate		\$196	\$220
Water meter and only charge ≤ 32mm		\$150	\$150
Water meter and backflow charge ≤ 32mm		\$260	\$260
Water meter and 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)		\$2.75	\$2.94
Urban Water Extra High User		\$2.97	\$3.11
Waimate West (including Inaha)		\$1.10	\$1.13
Total Rates		2.84%	7.19%

*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) with the exception of the water by meter charges which are volumetric (you pay for what you use).

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 services we provide such as building consents, animal control, transfer station fees, utility connections and so on.

A significant amount of the increase in Council's expenses are due to increases in central government compliance and regulation requirements (e.g. waste disposal levies), costs for contractors, services and materials. Increases in contractors' costs and the running of Council facilities have mainly been driven by increases in the price of things like power, bitumen and fuel. Many of Council's activities have been affected such as roading, animal control, maintenance of cemeteries, solid waste disposal etc.

To ensure the increases in costs are not solely met by ratepayers through general rates, fees and charges for user-pay activities have been reviewed and increased. Most fees and charges have been increased at the CPI rate of inflation, however those services and activities where costs have risen more than the rate of inflation (i.e.

those more reliant on contractors, power, bitumen and fuel) have seen a corresponding higher increase.

Some of the main changes include:

Dog registration fee

The Council provides an animal management service to the District and attends nuisance and threats caused by dogs. Outside of Council's operating hours this service is carried out by contractors. The costs for delivering this service have increased, along with more regulations on how animals are to be cared for while in the possession of the Council's care, which has required a significant upgrade to the district's pound facilities. To help cover these costs the urban registration fee has increased by \$20 from \$155 to \$175.

Solid waste charges

Charges for solid waste collection and disposal have increased as a result of contract cost increases (fuel) as well as the increased Emission Trading Scheme Levy and Waste Disposal Levy set by Central Government. For

example: disposal of waste for a 120L wheelie bin at the transfer station has increased from \$9 to \$10 and a single axle trailer has increased from \$49 to \$59. The disposal fee per one tonne of waste has increased from \$186 to \$225.

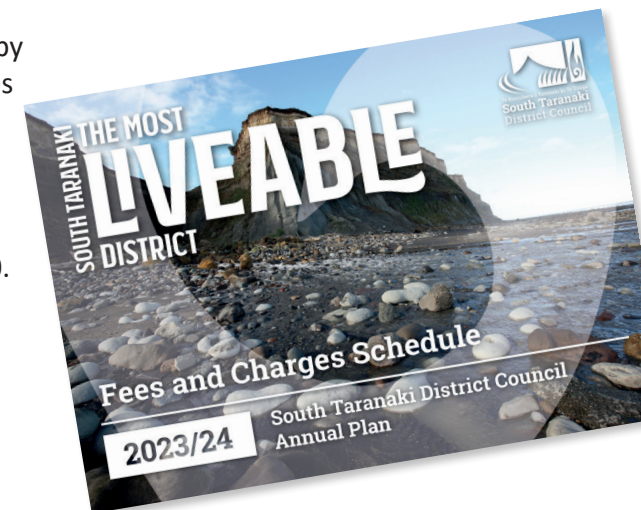
Cemeteries

Contractor costs for the maintenance and services required at cemeteries have increased by over 20%. Rather than increasing the fees and charges by 20% for this annual plan, the increases will be spread over the next three years. For the 2023/24 Annual Plan, the fee to purchase a lawn plot will increase from \$1,766 to \$1,900 and a cremation plot from \$1,246 to \$1,360.

Planning and building services

Additional charges have been created for compliance, monitoring and enforcement activities for both the Building Act and Resource Management Act. Although it appears that the certificate of public use, residential vehicle crossing and commercial vehicle crossing fees have increased significantly, the increases

are similar to the changes in other fees and charges. This is because the application and inspection fees have been combined.



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

Financial Commentary

Balanced budget

Under Section 100 of the Local Government Act 2002 (LGA02), a council is required to deliver a balanced budget and explain those 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 2023/24 it is forecast that our equity will grow to \$1,302m. 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 increasing by \$15m (\$636,000 predicted in the LTP) to \$89.7m. Council revalued its operational and infrastructure assets in 2022, resulting in substantial increases in values, causing depreciation to

Projected Expenditure - \$89.7m



Pūrongo Pūtea

Financial Commentary

Projected Income- \$90.4m



increase.

During the 2022/2023 financial year, the official cash rate (OCR) increased from 0.25% per annum to 5.50% per annum, resulting in significant increases in financing costs. The overall inflation and contract prices also resulted in significant increases in costs.

Our total revenue from rates is projected to increase by \$3,175,000, which is higher than the \$2,152,000 predicted in the LTP. The balance of our

income is projected to increase by \$6,548,000, compared to the \$1,161,000 increase predicted in the LTP. This is mainly due to an increase in capital contributions, grants and subsidies.

Debt and Long Term Investment Fund (LTIF)

Our debt is projected to be \$158.2m (including internal borrowings of \$12.9m) by the end of 2023/24, as a result of the anticipated level of spending on capital projects in the coming year. Projected loan repayments of \$6.25m include repayments on internal borrowings of \$1.38m for 2023/24. We believe the forecasted 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, including other investments, is projected to be at \$146.12m including internal borrowings of \$12.9m. The return on the LTIF is projected to be \$11.22m for 2023/24. The LTIF drawdown has been adjusted higher, to \$11.68m including an additional contribution of \$4.96m for Te Ramanui o Ruapūtahanga and town centre developments projects that the Council approved in 2022. 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, looking at the current inflation rate, which is higher than the LGCI, the Council decided to take a cautionary approach by adopting a higher inflation rate for large operational contracts relating to water, wastewater, stormwater, solid waste, cemeteries, parks and reserves, and roading activities.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Democracy and Leadership/Te Poumanukura

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	3,000	3,010	3,240
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	519	506	460
Total operating funding (A)	3,519	3,516	3,700

Applications of operating funding			
Payments to staff and suppliers	1,310	1,191	1,329
Finance costs	2	2	2
Internal Charges and overheads applied	2,191	2,307	2,362
Operating funding applications	0	0	0
Total applications of operating funding (B)	3,503	3,500	3,693
Surplus (deficit) of operation funding (A-B)	16	16	7

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$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	16	16	7
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	16	16	7
Surplus (deficit) of capital funding (C-D)	(16)	(16)	(7)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	16	16	7



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.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Water Supply/Ngā Puna Wai

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	14,508	15,069	15,204
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	97	100	61
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	445	462	480
Total operating funding (A)	15,050	15,631	15,745

Applications of operating funding

Payments to staff and suppliers	3,721	3,676	4,055
Finance costs	1,674	1,741	2,668
Internal Charges and overheads applied	2,804	2,925	2,892
Operating funding applications	0	0	0
Total applications of operating funding (B)	8,199	8,343	9,615
Surplus (deficit) of operation funding (A-B)	6,852	7,289	6,130

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	4	0
Development and financial contributions	1,061	217	590
Increase (decrease) in debt	1,723	1,733	5,583
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	2	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	2,786	1,954	6,173

Applications of capital funding

- To meet additional demand	2,706	372	400
- To improve the level of service	5,788	4,498	6,287
- To replace existing assets	3,027	3,918	4,735
Increase (decrease) in reserves	(1,882)	454	881
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	9,638	9,242	12,303
Surplus (deficit) of capital funding (C-D)	(6,852)	(7,289)	(6,130)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	5,834	6,005	7,246



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.

High quality infrastructure supports the economic wellbeing of the District and provides a healthy and safe place to live.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Stormwater Network/Te wai Āwhiowhio me ōna Rītenga

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	1,241	1,255	1,226
Targeted Rates	9	9	9
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	1	1	1
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	215	211	174
Total operating funding (A)	1,465	1,476	1,410

Applications of operating funding			
Payments to staff and suppliers	219	238	220
Finance costs	156	155	231
Internal Charges and overheads applied	395	409	329
Operating funding applications	0	0	0
Total applications of operating funding (B)	770	802	781
Surplus (deficit) of operation funding (A-B)	695	674	629

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	413	513	689
Increase (decrease) in debt	1,115	243	993
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)	1,528	756	1,622

Applications of capital funding			
- To meet additional demand	1,418	753	1,000
- To improve the level of service	280	394	167
- To replace existing assets	352	282	394
Increase (decrease) in reserves	173	2	690
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2,223	1,430	2,250
Surplus (deficit) of capital funding (C-D)	(695)	(674)	(629)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	739	747	886



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

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

High quality infrastructure supports the economic wellbeing of the District and provides a healthy and safe place to live.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Wastewater/Ngā Parapara

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	5,341	6,347	5,795
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	1,220	1,248	1,657
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	4	4	4
Total operating funding (A)	6,565	7,599	7,452

Applications of operating funding

Payments to staff and suppliers	3,394	3,435	3,725
Finance costs	1,135	1,200	1,754
Internal Charges and overheads applied	1,014	1,189	994
Operating funding applications	0	0	0
Total applications of operating funding (B)	5,543	5,825	6,473
Surplus (deficit) of operation funding (A-B)	1,022	1,774	979

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	275	583	436
Increase (decrease) in debt	2,839	1,813	4,912
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)	3,113	2,395	5,349

Applications of capital funding

- To meet additional demand	870	935	2,561
- To improve the level of service	1,045	1,234	846
- To replace existing assets	3,502	1,892	2,751
Increase (decrease) in reserves	(1,282)	109	169
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	4,135	4,170	6,328
Surplus (deficit) of capital funding (C-D)	(1,022)	(1,774)	(979)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	1,723	1,672	2,860



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

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.

High quality infrastructure supports the economic wellbeing of the District and provides a healthy and safe place to live.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Solid Waste/Para Totoka

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	551	437	496
Targeted Rates	1,454	1,604	1,652
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	1,759	1,835	2,548
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	867	953	1,276
Total operating funding (A)	4,632	4,829	5,972

Applications of operating funding

Payments to staff and suppliers	4,363	4,136	5,830
Finance costs	121	115	197
Internal Charges and overheads applied	469	498	485
Operating funding applications	0	0	0
Total applications of operating funding (B)	4,953	4,749	6,512
Surplus (deficit) of operation funding (A-B)	(321)	80	(541)

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$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	6	(148)	884
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)	6	(148)	884

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	104	37	1,062
- To replace existing assets	112	42	43
Increase (decrease) in reserves	(531)	(147)	(762)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	(315)	(68)	343
Surplus (deficit) of capital funding (C-D)	321	(80)	541
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	112	145	127



Our solid waste services are designed to protect the health and wellbeing of the community and the environment by ensuring the community can dispose of solid waste in a convenient, secure and sustainable manner.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Roothing and Footpaths/Ngā Huarahi Ararau

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	24	35	42
Targeted Rates	6,181	6,704	7,002
Subsidies and grants for operating purposes	5,808	6,231	6,090
Fees and Charges	143	148	151
Internal Charges and Overheads Recovered	840	813	853
Local authorities fuel tax, fines, infringement fees and other receipts	1,816	1,371	1,747
Total operating funding (A)	14,811	15,392	15,885

Applications of operating funding

Payments to staff and suppliers	11,146	11,336	12,745
Finance costs	219	250	569
Internal Charges and overheads applied	369	439	326
Operating funding applications	0	0	0
Total applications of operating funding (B)	11,734	12,025	13,640
Surplus (deficit) of operation funding (A-B)	3,078	3,367	2,245

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	6,179	5,626	5,201
Development and financial contributions	412	461	655
Increase (decrease) in debt	1,126	(50)	2,692
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)	7,716	6,037	8,548

Applications of capital funding

- To meet additional demand	1,688	678	3,468
- To improve the level of service	3,994	2,815	5,395
- To replace existing assets	6,216	6,128	7,232
Increase (decrease) in reserves	(1,104)	(217)	(5,302)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	10,794	9,404	10,793
Surplus (deficit) of capital funding (C-D)	(3,078)	(3,367)	(2,245)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	7,844	7,994	9,452



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. Roothing 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. It is delivered collaboratively by the district councils in the Taranaki Region.

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

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Community Facilities/Ngā Huhua Kaunihera

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	6,076	6,145	6,829
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	7	7	20
Fees and Charges	1,610	1,690	2,102
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2,941	2,916	2,816
Total operating funding (A)	10,635	10,758	11,768

Applications of operating funding			
Payments to staff and suppliers	6,415	6,298	6,879
Finance costs	865	761	1,288
Internal Charges and overheads applied	1,518	1,658	1,703
Operating funding applications	1	1	6
Total applications of operating funding (B)	8,799	8,720	9,876
Surplus (deficit) of operation funding (A-B)	1,836	2,038	1,892

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	200	1	335
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,266	(1,135)	1,012
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	5	0	4
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	1,472	(1,134)	1,351

Applications of capital funding			
- To meet additional demand	0	0	0
- To improve the level of service	826	9	1,963
- To replace existing assets	2,780	993	1,097
Increase (decrease) in reserves	(298)	(389)	183
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	3,308	613	3,243
Surplus (deficit) of capital funding (C-D)	(1,836)	(1,747)	(1,892)
Funding Balance ((A-B) + (C-D))	0	291	0
Excludes Depreciation of:	2,851	2,751	3,363



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, health and cultural well-being of our communities.

The Council has been working in collaboration with the Hāwera Memorial Theatre Trust to improve the facilities available in the Hāwera Memorial Theatre. One of the Trust's projects is to update the air conditioning unit, estimated to cost \$504,400. In this annual plan we are contributing \$170,000 towards the project.

A number of 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 wellbeing of our communities by providing areas to bury, visit and remember those who have passed.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Arts and Culture/Ngā mahi ā-Toi me Rēhia

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	2,854	3,093	3,078
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	32	16	16
Fees and Charges	26	62	38
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	657	617	599
Total operating funding (A)	3,569	3,788	3,731

Applications of operating funding

Payments to staff and suppliers	2,128	2,209	2,238
Finance costs	25	22	36
Internal Charges and overheads applied	1,070	1,214	1,166
Operating funding applications	21	0	25
Total applications of operating funding (B)	3,244	3,445	3,466
Surplus (deficit) of operation funding (A-B)	325	342	265

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$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	(45)	6	(48)
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)	(45)	6	(48)

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	339	326	324
Increase (decrease) in reserves	(59)	23	(107)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	280	348	217
Surplus (deficit) of capital funding (C-D)	(325)	(342)	(265)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	409	333	460



Arts, Culture and Heritage allows us to build vibrant communities and enables 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.

Professional support, coordination and facilitation for creative activities enhance our cultural diversity, while District heritage services increase our communities' sense of identity and encourage the protection of our heritage.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for District Economy/Ōhanga-ā-Rohe

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	1,181	1,316	1,057
Targeted Rates	169	175	182
Subsidies and grants for operating purposes	0	0	76
Fees and Charges	140	104	288
Internal Charges and Overheads Recovered	45	0	40
Local authorities fuel tax, fines, infringement fees and other receipts	1,073	1,103	862
Total operating funding (A)	2,608	2,699	2,505

Applications of operating funding

Payments to staff and suppliers	1,175	1,116	1,346
Finance costs	370	286	379
Internal Charges and overheads applied	347	382	428
Operating funding applications	292	295	302
Total applications of operating funding (B)	2,183	2,079	2,454
Surplus (deficit) of operation funding (A-B)	425	620	51

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	1,800	0	900
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,788	(300)	2,209
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)	3,588	(300)	3,109

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	15,590	2,342	7,642
- To replace existing assets	94	0	0
Increase (decrease) in reserves	(5,327)	319	475
Increase (decrease) in investments	(6,344)	(2,342)	(4,957)
Total applications of capital funding (D)	4,014	320	3,159
Surplus (deficit) of capital funding (C-D)	(425)	(620)	(51)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	515	595	91



District Economy allows us to create a vibrant and prosperous environment for residents and visitors, which is a key community outcome for us. The Economic Development activity supports new and existing businesses to develop and grow.

Tourism promotion attracts visitors to the area who stay in our accommodation, visit our attractions and use other services such as petrol stations, restaurants and retail stores. Visitors also add to the vibrancy and cultural vitality of our District through interaction with residents and the mixing of their cultures into our lives.

Events provide a range of entertainment, cultural and recreational activities that contribute to the vitality and uniqueness of our communities, making them more attractive to current and prospective residents.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Community Development/Whakawhanake Hapori me te Tautoko

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	1,076	1,072	1,188
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	832
Fees and Charges	0	0	0
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	267	270	259
Total operating funding (A)	1,343	1,342	2,278

Applications of operating funding

Payments to staff and suppliers	373	416	1,192
Finance costs	40	35	59
Internal Charges and overheads applied	263	307	351
Operating funding applications	633	550	676
Total applications of operating funding (B)	1,309	1,307	2,279
Surplus (deficit) of operation funding (A-B)	34	35	0

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(28)	(37)	(37)
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)	(28)	(37)	(37)

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	6	(2)	(38)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	6	(2)	(38)
Surplus (deficit) of capital funding (C-D)	(34)	(35)	0
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	1	1	0



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 wellbeing and contribute to our Community Outcomes.

We are committed to delivering a safe, resilient, informed and connected community.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Environmental Management/Tiaki Taiao

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
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Sources of Operating Funding

General Rates, uniform annual general charges, rates penalties	731	761	419
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	863
Fees and Charges	0	0	0
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	127	157	59
Total operating funding (A)	857	918	1,341

Applications of operating funding

Payments to staff and suppliers	626	475	1,114
Finance costs	6	11	8
Internal Charges and overheads applied	158	124	158
Operating funding applications	67	65	65
Total applications of operating funding (B)	857	675	1,345
Surplus (deficit) of operation funding (A-B)	0	243	(4)

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
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Sources of capital funding

Subsidies and grants for capital expenditure	12	12	536
Development and financial contributions	0	0	0
Increase (decrease) in debt	88	205	(8)
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)	100	217	528

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	100	272	606
- To replace existing assets	0	0	0
Increase (decrease) in reserves	0	187	(81)
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	100	459	525
Surplus (deficit) of capital funding (C-D)	0	(242)	4
Funding Balance ((A-B) + (C-D))	0	1	0
Excludes Depreciation of:	0	55	41



To protect the environment and the people that live in it, we administer a broad range of statutory functions.

This activity leads our response to climate change, carbon zero, waste minimisation, maintains the District Plan and coordinates our responsibilities under the Civil Defence Emergency Management Act.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Regulatory Services/Ratonga Whakature

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	1,282	1,306	1,317
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	2,334	2,346	2,527
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	245	233	237
Total operating funding (A)	3,862	3,884	4,080

Applications of operating funding

Payments to staff and suppliers	2,230	2,447	2,365
Finance costs	15	15	26
Internal Charges and overheads applied	1,537	1,336	1,663
Operating funding applications	0	0	0
Total applications of operating funding (B)	3,782	3,798	4,054
Surplus (deficit) of operation funding (A-B)	80	86	27

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$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	(5)	(25)	30
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)	(5)	(25)	30

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	6	0	52
- To replace existing assets	13	6	0
Increase (decrease) in reserves	56	55	5
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	75	62	57
Surplus (deficit) of capital funding (C-D)	(80)	(87)	(27)
Funding Balance ((A-B) + (C-D))	0	(1)	0
Excludes Depreciation of:	77	84	24



The purpose of this activity is to protect the environment and the people that live in it. We mainly do this through the administration of a broad range of statutory functions.

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 maintaining an attractive place for people to live and do business, and an environment where they feel safe.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Coastal Structures/Ngā Momo Hanga ki Tai

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	143	102	212
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	25	17	30
Total operating funding (A)	167	119	242

Applications of operating funding

Payments to staff and suppliers	34	25	91
Finance costs	19	22	31
Internal Charges and overheads applied	44	25	51
Operating funding applications	0	0	0
Total applications of operating funding (B)	97	72	172
Surplus (deficit) of operation funding (A-B)	70	47	70

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$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	16	(19)	25
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)	16	(19)	25

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	0	0	84
- To replace existing assets	418	11	11
Increase (decrease) in reserves	(332)	17	0
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	86	28	95
Surplus (deficit) of capital funding (C-D)	(70)	(47)	(70)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	155	285	764



The South Taranaki District has a beautiful marine and river environment and this activity ensures people can access our beaches and boat users can access the water.

To maintain these facilities we need to protect erosion prone areas close to existing infrastructure and ensure compliance with our resource consents.

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

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Corporate Activities/Ngā Mahinga Topūranga

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of Operating Funding			
General Rates, uniform annual general charges, rates penalties	(55)	334	97
Targeted Rates	300	260	275
Subsidies and grants for operating purposes	12	12	835
Fees and Charges	707	661	655
Internal Charges and Overheads Recovered	17,384	18,158	18,157
Local authorities fuel tax, fines, infringement fees and other receipts	2,940	3,085	6,042
Total operating funding (A)	21,288	22,509	26,061

Applications of operating funding

Payments to staff and suppliers	13,796	13,534	15,149
Finance costs	500	344	485
Internal Charges and overheads applied	3,888	4,336	4,157
Operating funding applications	59	59	65
Total applications of operating funding (B)	18,244	18,273	19,856
Surplus (deficit) of operation funding (A-B)	3,045	4,236	6,205

For the years ended 30th June	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	3	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	204	541	(282)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	1	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	205	543	(282)

Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	1,130	1,747	499
- To replace existing assets	1,666	432	1,321
Increase (decrease) in reserves	453	2,890	4,103
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	3,250	5,070	5,923
Surplus (deficit) of capital funding (C-D)	(3,045)	(4,526)	(6,205)
Funding Balance ((A-B) + (C-D))	0	(291)	0
Excludes Depreciation of:	1,302	1,794	1,328



Corporate Activities are about the 'internal activities' that support the delivery of our projects, plans and programmes, focused on delivering effective and efficient services for the organisation and the community.

Corporate activities help us to bring the community together by keeping people informed and connected.

Te Whakapānga Tauākī Pūtea

Funding Impact Statements

Funding Impact Statement for Whole of Council/ Te Katoa o te Kaunihera

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			

Sources of Operating Funding

General Rates, uniform annual general charges, rates penalties	17,847	18,609	18,906
Targeted Rates	27,461	29,646	29,577
Subsidies and grants for operating purposes	5,860	6,356	8,733
Fees and Charges	8,037	8,195	10,029
Internal Charges and Overheads Recovered	8,665	8,834	11,299
Local authorities fuel tax, fines, infringement fees and other receipts	2,426	2,084	2,488
Total operating funding (A)	70,295	73,724	81,032

Applications of operating funding

Payments to staff and suppliers	47,525	47,472	55,038
Finance costs	4,542	4,435	6,899
Operating funding applications	1,073	970	1,139
Total applications of operating funding (B)	53,139	52,877	63,077
Surplus (deficit) of operation funding (A-B)	17,156	20,847	17,955

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			

Sources of capital funding

Subsidies and grants for capital expenditure	8,191	5,646	6,972
Development and financial contributions	2,160	1,774	2,370
Increase (decrease) in debt	11,430	4,163	19,242
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	8	0	4
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	21,789	11,583	28,588

Applications of capital funding

- To meet additional demand	6,682	2,737	7,429
- To improve the level of service	28,864	13,349	24,601
- To replace existing assets	18,519	14,030	17,908
Increase (decrease) in reserves	(8,775)	4,655	1,561
Increase (decrease) in investments	(6,344)	(2,342)	(4,957)
Total applications of capital funding (D)	38,946	32,429	46,542
Surplus (deficit) of capital funding (C-D)	(17,156)	(20,847)	(17,955)
Funding Balance ((A-B) + (C-D))	0	0	0
Excludes Depreciation of:	21,578	22,477	26,648

Ngā Paearu Tāke Kaunihera

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 District-wide revaluation was carried out as at 1 September 2021 and is effective for the 2022/23, 2023/24 and 2024/25 rating years, except where subsequent maintenance valuations are required under valuation rules or the Council's rating policies.

Objective:

- To provide the Council with adequate income to carry out its mission and objectives.
- To support the Council's achievement of its strategic objectives.
- To be simply administered, easily

understood, allow for consistent application and generate minimal compliance costs.

- To 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.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

The rates set out in the Funding Impact Statements apply for each year of the LTP.

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 Council preferred this system for setting general rates over land value and more targeted rates because of the capital value system's greater tendency to match the "ability to pay". The general rate is not set on a differential basis. The amount per dollar of capital value for 2023/24 (including GST) is 0.08429 cents.

2023/24	0.08429 cents
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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 2023/24 (including GST) is \$727.10.

2023/24	\$727.10
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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 2023/24 (including GST) is 0.05941 cents.

2023/24	0.05941 cents
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Ngā Paearu Tāke Kaunihera

Rating Mechanisms

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. We have 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 (including GST) are in the table below.

2023/24	
Connected	\$672.75
Serviceable	\$336.38

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 amount per cubic metre (including GST) is in the table below.

2023/24	
Urban - Town (including High User)	\$2.94
Urban - Extra High User	\$3.11
Waimate West Rural	\$1.13

The amount per connection (including GST) is set in the table below.

Water meter charge	2023/24
≤ 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.

Wastewater differentials

The differential categories for the wastewater disposal rate are:

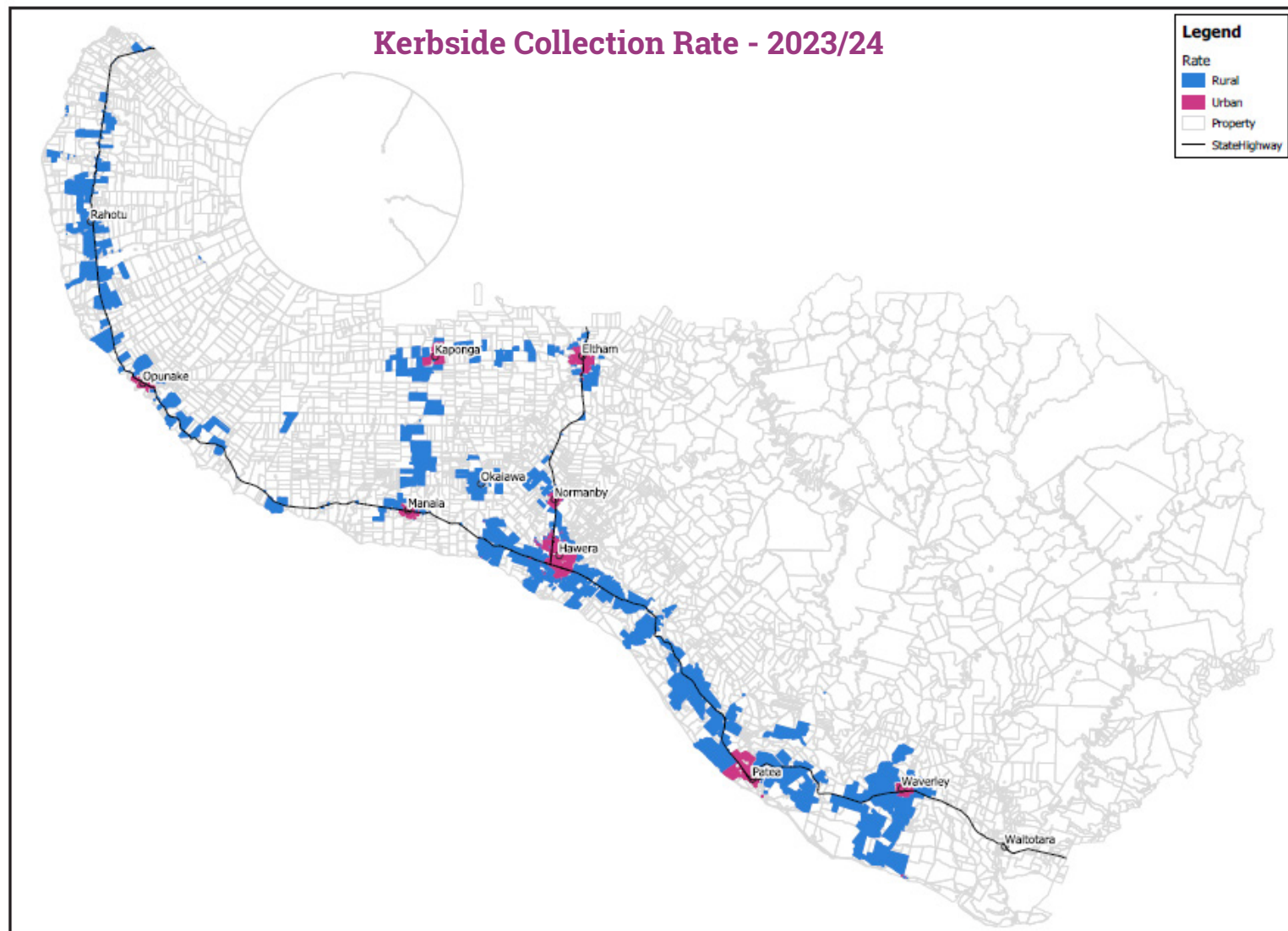
- Connected – any SUIP connected to a public wastewater drain; and
- Serviceable – any SUIP not connected to a public wastewater drain but within 30 metres of such a drain. A half charge of the connected wastewater is assessed for serviceable rating units.

The amount per SUIP (including GST) is set in the table below.

2023/24	
Connected	\$805.00
Serviceable	\$402.50

Ngā Paearu Tāke Kaunihera

Rating Mechanisms



Kerbside Collection Services

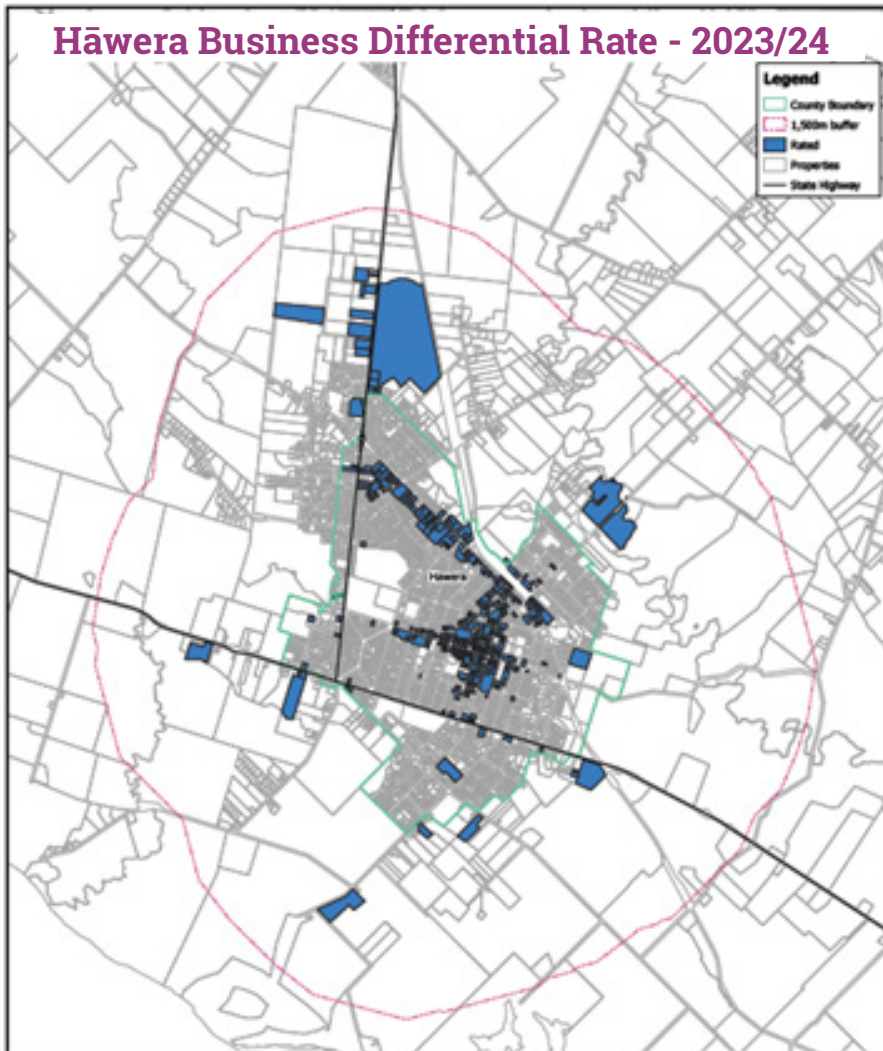
The kerbside collection targeted rate is charged for the number of sets of bins each rating unit uses. For example, a property that has two sets of bins for refuse and recycling will be charged two targeted kerbside collection rates. This is set under Section 16 of the Local Government (Rating) Act 2002.

The targeted rates for kerbside collection are:

- Urban - \$220.00 for each set of refuse and recycling bins for every rating unit situated within the urban areas of Pungarehu, Rāhotu, Ōpunakē, Kaponga, Eltham, Manāia, Ōhawe, Hāwera, Normanby, Pātea, Waverley and Waverley Beach where the service is available.
- Rural - \$220.00 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.

Ngā Paearu Tāke Kaunihera

Rating Mechanisms



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 2023/24 (including GST) is 0.07225 cents.

2023/24	0.07225 cents
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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 amount per dollar of land value (including GST) is:

	2023/24
Class A Land	0.01107 cents
Class B Land	0.00720 cents
Class C Land	0.00386 cents

Ngā Paearu Tāke Kaunihera

Rating Mechanisms

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 (2023/24) is 5.4%

First year rated*	% paid this year
2015/16	14.30
2016/17	14.20
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

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

Due dates and penalties

The Council's rates (except for water by meter and water meter services) for the 2023/24 year (1 July 2023 to 30 June 2024) will be payable in four instalments, due on or by:

Due Dates for Payment of Rates

1 st Instalment	30 August 2023
2 nd Instalment	29 November 2023
3 rd Instalment	28 February 2024
4 th Instalment	29 May 2024

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

Dates when Penalties will be applied

1 st Instalment	31 August 2023
2 nd Instalment	30 November 2023
3 rd Instalment	29 February 2024

4 th Instalment	30 May 2024
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Water by Meter (and Water Meter Servicing) Rate Due Dates

Invoice Month	Due Dates
July 2023	21 August 2023
August 2023	20 September 2023
September 2023	20 October 2023
October 2023	20 November 2023
November 2023	20 December 2023
December 2023	22 January 2024
January 2024	20 February 2024
February 2024	20 March 2024
March 2024	22 April 2024
April 2024	20 May 2024
May 2024	20 June 2024
June 2024	22 July 2024

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).

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 30th August 2023.

Rating Base Information

2023/24	
Projected number of rating units	14,395
Projected capital value of rating units (\$m)	\$13,553
Projected total land value of rating units (\$m)	\$9,089

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.

Ngā Paearu Tāke Kaunihera

Rating Mechanisms

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.

Prospective Financial Statements

Prospective Statement of Financial Performance

<i>For the years ended 30th June</i>	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Revenue			
Revenue from exchange transactions			
- Water by meter rate	9,841	10,139	10,187
- LTIF Income	8,590	8,774	11,234
- Interest Income	61	60	65
Revenue from non-exchange transactions			
- Rates	35,467	38,115	38,296
- Fees and charges	8,037	8,195	10,029
- Sundry Revenue	2,440	2,084	2,488
- Operational grants and subsidies	5,860	6,356	8,733
- Capital contributions, grants and subsidies	10,359	7,420	9,346
Total Revenue	80,655	81,144	90,378

Expenditure			
Community Development	1,310	1,308	2,276
Arts and Culture	3,640	3,766	3,911
Democracy and Leadership	3,519	3,516	3,700
District Economy	2,641	2,660	2,489
Environmental Management	857	730	1,386
Regulatory Services	3,859	3,882	4,077
Community Facilities	11,261	11,032	12,826
Roading and Footpaths	18,654	19,129	22,121

<i>For the years ended 30th June</i>	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Solid Waste	5,023	4,858	6,592
Stormwater	1,412	1,455	1,553
Wastewater	6,941	7,192	8,929
Water Supply Services	13,261	13,581	16,016
Coastal Structures	253	357	937
Corporate Activities	2,085	1,887	2,911
Total Expenditure	74,718	75,354	89,726
Net costs of services - Surplus/(Deficit)	5,936	5,790	652
Taxation	0	0	0
Surplus/(Deficit) after taxation*	5,936	5,790	652

Disclosures

Total expenditure includes:			
Direct Costs	48,598	48,443	56,179
Interest	4,542	4,435	6,899
Amortisation and Depreciation	21,578	22,476	26,648

*The surplus represents the capital contributions, grants, roading subsidies and LTIF income and contributions towards loans and to pay for capital expenditure. All other expenditure includes a management fee on the LTIF and is funded by income from the LTIF.

Prospective Financial Statements

Prospective Statement of Comprehensive Revenue and Expenditure

<i>For the years ended 30th June</i>	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Revenue			
Revenue from exchange transactions			
- Water by meter rate	9,841	10,139	10,187
- LTIF Income	8,590	8,774	11,234
- Interest Income	61	60	65
Revenue from non-exchange transactions			
- Rates	35,467	38,115	38,296
- Fees and charges	8,037	8,195	10,029
- Sundry Revenue	2,440	2,084	2,488
- Operational grants and subsidies	5,860	6,356	8,733
- Capital contributions, grants and subsidies	10,359	7,420	9,346
Total Revenue	80,655	81,144	90,378

Expenditure

Other costs	48,598	48,443	56,179
Interests	4,542	4,435	6,899
Depreciation	21,578	22,476	26,648
Total Expenditure	74,718	75,354	89,726
Net costs of services - Surplus/(Deficit)	5,936	5,790	652
Gains on asset revaluations	-	-	-
Total comprehensive income for the year	5,936	5,790	652

Prospective Statement of Changes in Equity

<i>For the years ended 30th June</i>	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Equity at the start of the year	995,470	984,809	1,301,390
Gain on asset revaluations	0	0	0
Surplus/(Deficit) for the year	5,936	5,790	652
Equity at the end of the year	1,001,406	990,600	1,302,042

Prospective Financial Statements

Prospective Statement of Financial Position

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			
Current Assets			
Cash and cash equivalents	3,268	1,717	4,986
Accounts Receivable	7,467	11,664	12,878
Stocks	82	126	81
Prepayments	689	506	616
Derivatives	0	0	2,222
Long Term Investment Fund & Other Investments	108,331	114,189	96,275
Total Current Assets	119,834	128,203	117,058

Non Current Assets

Long Term Investment Fund and other investments	38,063	28,547	36,942
Intangible Assets	1,342	611	2,020
Property, Plant and Equipment	993,270	998,831	1,307,225
Other Assets	0	3,426	0
Total Non Current Assets	1,032,675	1,031,415	1,346,187
Total Assets	1,152,512	1,159,618	1,463,245

Current Liabilities

Other current liabilities	1,365	990	981
Accounts Payable	12,932	9,567	13,538
Income Received in Advance	1,191	439	1,014

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			
Current Portion of term liabilities	10,000	12,112	13,000
Total Current Liabilities	25,488	23,108	28,533

Non-Current Liabilities

Term Liabilities	120,665	128,362	132,323
Landfill Aftercare Provision and Other Liabilities	4,953	17,548	347
Total Non-Current Liabilities	125,618	145,910	132,670

Total Liabilities

Total Liabilities	151,106	169,018	161,203
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Net Assets

Net Assets	1,001,406	990,600	1,302,042
Represented by:			
Accumulated Balances	473,359	496,600	491,792
Restricted and Statutory Reserves	2,753	2,318	4,103
Investment Revaluation Reserves	6	0	0
Separate Operating Reserves	3,736	2,194	2,824
Capital Replacement Reserves	360	912	1,321
Council Created Reserves	158,726	156,147	147,327
Asset Revaluation Reserves	362,466	332,429	654,675
Total Equity	1,001,406	900,600	1,302,042

Prospective Financial Statements

Prospective Statement of Cash Flows

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			

Cash Flow from operating activities

Cash will be provided from:			
Rates	46,041	47,973	48,010
Dividends	0	0	0
Interest on Investments	2,012	1,989	2,533
Other Revenue	27,367	24,055	30,596
Regional Council Rates	3,200	2,300	3,878
	78,620	76,318	85,016

Cash will be applied to:			
Payments to Suppliers and Employees	48,881	47,763	55,933
Agency Rates paid over	3,200	2,300	3,878
Provision for Landfill Aftercare	0	45	0
Interest paid on loans	4,542	4,435	6,899
	56,623	54,543	66,710
Net Cash from Operating Activities	21,997	21,775	18,306

Cash will be provided from:			
Net cash inflow from Investments	8,994	5,053	7,516
Total Investing cash provided	8,994	5,053	7,516

	Annual Plan 2022/23 (\$000)	LTP Year 3 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
<i>For the years ended 30th June</i>			

Cash will be applied to:

Purchase and Development of Fixed Assets	54,064	30,116	49,939
Purchase of Investments	0	0	0
Total Investing Cash Applied	54,064	30,116	49,939
Net Cash from Investing Activities	(45,070)	(25,064)	(42,423)

Cash Flows from Investing Activities

Cash will be provided from:			
Loans Raised	15,443	8,910	24,150
Loans Raised - Current Portion	10,000	0	13,000
Total Financing Cash Provided	25,443	8,910	37,150

Cash will be applied to:			
Repayment of Loans	4,013	4,747	4,909
Repayment of Loans - Current Portion	10,000	0	13,000
Total Financing Cash Applied	14,013	4,747	17,909
Net Cash from Financing Activities	11,430	4,163	19,242
Net Increase/(Decrease) in Cash Held	(11,642)	874	(4,875)
Total Cash Resources at 1 July	14,910	843	9,861
Total Cash Resources at 30 June	3,268	1,717	4,986

Financial 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 – \$48.26m	\$48.48m	No
	Rate Increase – 4.75%	7.19%	No
Debt Affordability - Net Debt	150%	8%	Yes
Debt Affordability - Net Interest Expense	15% of Annual Income	8%	Yes
Debt Affordability - Net Interest Expense	25% of Annual Rates Income	14%	Yes
Debt Affordability - Net Debt per capita	\$2,000	\$250	Yes
Balance 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	177%	Yes
Debt Servicing	10% of Revenue	7.63%	Yes

Te Ihirangi Take Whairawa

Capital Projects Programme

Activity	Revised Capital Works Programme 2023/24	LTP Capital Works Programme 2023/24	Comments
Economic Development	\$7,641,620	\$2,342,475	Delayed project from 2022/23 – Te Ramanui o Ruapūtahanga. Re-phasing of Town Masterplans projects.
Housing for the Elderly	\$226,645	\$101,265	Delayed project from 2022/23 – Housing acquisition/demolition.
Support Services	\$701,917	\$2,079,452	Digital Transformation project costs moved to opex.
Animal Services	\$51,750	\$0	Additional costs related to Pound upgrade.
Parking	\$0	\$6,462	Project deferred to be reconsidered as part of LTP24-34 – Electronic ticketing equipment.
Campgrounds	\$243,665	\$15,530	Deferred project from 2022/23 – Waverley Beach amenities upgrade.
Cemeteries	\$8,384	\$8,688	As planned.
Library Plus	\$323,548	\$325,681	As planned.
Halls	\$644,318	\$0	Deferred projects from 2022/23 - Memorial Theatre air-conditioning; Kaponga Hall accessible toilet; Manaia Hall refurbishment.
Parks and Reserves	\$1,412,661	279,211	Additional projects – Ōpunakē Lake riverbank stabilisation; Lake Rotokare boat ramp. Projects deferred to be reconsidered as part of LTP24-34 – King Edward Park gates; chipper/shredder replacement.
Rural Pools	\$298,826	\$293,329	As planned
TSB Hub	\$141,270	\$130,320	As planed
Public Toilets	\$31,440	\$108,600	Project deferred to be reconsidered as part of LTP24-34 – Ōhawe Beach toilets.
Environment & Sustainability	\$605,759	\$272,492	Additional project – Reforestation (Better Off funding). Project deferred to be reconsidered as part of LTP24-34 – SNA Mapping.
Aquatic Centre	\$52,400	\$65,160	As planned.

Capital Projects Programme

Activity	Revised Capital Works Programme 2023/24	LTP Capital Works Programme 2023/24	Comments
Corporate Property	\$1,117,775	\$100,015	Projects deferred from 2022/23 – Earthquake prone building remediation; Cinema 2 roof replacement.
Coastal Structures	\$95,337	\$11,260	Additional project – Pātea Beach boat ramp.
Urban Water Supply	\$9,236,844	\$6,290,341	Project partially bought forward from 2024/25 – Waverley reservoir. Deferred projects from 2022/23 – Pātea WTP enhancement & pressure issues, Ōpunakē coag optimisation.
Waimate West/Inaha Water Supply	\$2,184,940	\$2,498,031	Projects deferred to be reconsidered as part of LTP24-34 – Taikatu Rd & Auroa Rd watermain renewals. Deferred project from 2022/23 with additional costs – Inaha reservoir floor rehab.
Stormwater	\$1,560,888	\$1,428,205	As planned
Solid Waste	\$1,105,253	\$78,595	Additional project – Ōpunakē Transfer Station riverbank stabilisation.
Wastewater	\$6,158,522	\$4,060,365	Rephasing of Waverley tertiary WWTP project. Deferred projects from 2022/23 including Anaerobic Lagoon desludging. Additional costs for South Taranaki Business Park infrastructure.
Roading	\$16,094,936	\$9,620,697	Additional costs for South Taranaki Business Park infrastructure. Projects deferred from 2022/23 – Pathways; Bridge replacement.
Total Capital	\$49,938,698	\$30,116,163	

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

Separate Operating Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000
Roading	2,278	20,293	(21,644)	(927)	0
Regional Road Safety	28	596	(596)	0	28
Water Supply Urban	216	10,534	(10,874)	516	393
Wastewater	0	7,888	(9,332)	1,950	505
Eltham Drainage	36	9	(8)	0	37
Water Supply Waimate West/Inaha	1,498	5,801	(5,777)	183	1,705
Solid Waste Collection	918	1,973	(2,735)	0	156
Hāwera Town Co-ordinator	0	182	(182)	0	0
	4,974	47,276	(51,148)	1,722	2,824

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

Statement of Special Reserves Funds

Council Created 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	20	1	0	0	21	To enable the Council to strategically intervene when required by practically supporting new businesses.
Forestry	175	0	0	0	175	To manage income and expenditure relating to the joint venture forestry investment.
Ōkōtuku Domain	31	5	0	0	36	To manage revenue from the leasing of Crown land on behalf of the Ōkōtuku Domain Committee.
Centennial Close 1% Contribution	7	0	(5)	0	2	To manage the 1% contribution for the first 15 years from the deposit held for Centennial Close flats for the purpose of upgrading the units when they are vacated.
Long Term Investment Fund	131,503	12,053	0	(10,338)	133,218	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	14,237	0	0	(1,337)	12,899	Debt funding from the LTIF
Tourism Reserves	287	31	(31)	0	287	To fund tourism related projects.
Tangata Whenua Reserve	56	50	(80)	0	26	A fund for the management of grants to Tangata Whenua
Community Board Funding	1	79	(80)	0	0	To manage Community Board funding.
Painting Reserves	530	0	(290)	0	240	To fund painting projects.
Riparian/Indigenous	88	0	0	0	88	To fund riparian planting throughout the District.
Disaster Recovery	60	90	(50)	0	100	To manage deductibles and disaster funding.
Nukumarū Domain	154	77	0	0	230	To manage revenue from the leasing of Crown land which has been vested in the Council, for the maintenance and development of the domain.
	147,152	12,385	(535)	(11,675)	147,327	

Capital Replacement Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000	Purpose of Funds
Capital Replacement Reserves	822	4,175	(6,934)	3,258	1,321	To manage funds derived from funded depreciation for funding of capital expenditure on selected activities.

Statement of Special Reserves Funds

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 Eltham ward, to funding projects in the Eltham ward.
Larcom Bequest Turuturu Mokai	21	1	0	0	22	To manage a bequest from Samuel Larcom.
Pātea Property	172	7	0	0	179	To hold funds from property sold in the Pātea ward, to fund projects in the Pātea ward.
Wairoa Recreation Reserve	775	83	(100)	0	758	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	585	135	(28)	(4)	688	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 within 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	57	22	(15)	0	64	To manage lease income from Crown land vested in the Council for capital works requested by the Kaūpokonui Beach Society.
	1,680	251	(146)	(4)	1,781	

Statutory Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000	Purpose of Funds
Eltham Reserve Contributions	48	2	0	0	50	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Eltham ward.
Hāwera Reserve Contributions	1,066	243	0	0	1,309	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in Te Hāwera ward.
District Reserve Contributions	432	17	0	0	450	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the District.
Waimate Development Levy	308	12	0	0	320	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	139	6	0	0	145	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Ōpunakē area.
Manaia Reserve Contributions	47	2	0	0	49	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Manaia area.
	2,040	282	0	0	2,322	

Statement of Accounting Policies

Reporting Entity

The South Taranaki District 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, the Council 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.

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.

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 in this Annual Plan may not be suitable for purposes other than those prescribed.

Measurement Base

The prospective 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 prospective financial statements are presented in New

Zealand dollars.

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.

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

Statement of Accounting Policies

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 acts as an agent for the Regional Council.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rate revenue is classified as non-exchange except for metered water rates which are classed as exchange revenue.

b. Government Grants and Subsidies

Government grants and subsidies are recognised upon entitlement at their fair value, which is when conditions relating to eligible expenditure have been fulfilled. The Council receives government grants from Waka Kotahi New Zealand Transport Agency, which subsidises part of the costs of

maintaining the 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. Personnel Costs

Salaries and wages are recognised as an expense as employees

Statement of Accounting Policies

provide services.

b. 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.

c. 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.

d. 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

current 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 (ie 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

Statement of Accounting Policies

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. A variety of 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.

b. Other Financial Assets

Other financial states (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 Group'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 objectives are achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria are to be measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading is 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.

c. 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 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 surplus and deficit. The Council and group 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

Statement of Accounting Policies

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 group designate into this category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

d. 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 group's investment fund portfolio

(comprising listed shares, bonds, and units in investment funds) and LGFA borrower notes.

e. Expected credit loss allowance (ECL)

The Council and group 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 Council and group in accordance with the contract and the cash flows it expects 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 a financial asset's credit risk has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes 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 group consider a financial asset to be in default when it is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

6. 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 the Surplus/Deficit. Financial liabilities with duration of less than 12 months 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

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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. However, 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 subsequently at fair value at each balance date. 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 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 5 under the "Other 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. It includes all funds held

for day-to-day management and does 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). The Council applies 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":

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- 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 in 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 subsequent to 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 NZ, Registered Valuers, as at 31 March 2022. Valuations are usually 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

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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 usually 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 J Burgess, Registered Valuer, Quotable Value New Zealand Limited, as at 1 July 2001. This is considered deemed cost.

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 (three waters assets) and WSP New Zealand (roading assets), as at 30 June 2022. Valuations are usually carried out on a three-yearly cycle unless market conditions require otherwise.

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

Vested infrastructural asset 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

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%

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.

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. A number of estimates and assumptions are exercised when valuing infrastructural assets using this method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is 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, for example, 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 under-

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estimating 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, which provides further assurance over useful life estimates.

Infrastructural assets (excluding land) have all been valued at optimised depreciated replacement cost by Beca Projects NZ Limited, and WSP New Zealand, Registered Valuers as at 30 June 2022. Valuations are usually 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 subdivision consent process. The vested asset has been valued at the latest appropriately certified government valuation or at a mutually agreed market value or a value determined through arbitration. Vested infrastructural asset values have been based on the actual quantities of components vested and current "in the ground" cost of providing identical services. All other assets are valued at historical cost less accumulated depreciation.

Roading

Provision has been made for depreciation of 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 Pavement	25 - 60 years	1.67% - 4.00%
Surfacing	2 - 16 years	6.25% - 50.00%
Drainage and Culverts	60 - 80 years	1.25% - 1.67%
Roading Base-course	40 - 100 years	1.25% - 1.67%
Berms, Markings, Shoulder and Formation	Not depreciated	

Water, Wastewater 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% - 12.50%
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.

Heritage and Cultural Assets	23 - 250 years	0.40% - 4.35%
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Parks and recreation assets
Provision has been made for depreciation of components of the assets based on their remaining

Statement of Accounting Policies

life.

Parks and Recreation Assets	6 - 15 years	6.67% - 16.67%
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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 of 10.00% to 33.33% per annum.

14. Impairment of Assets

At each balance date the Council assesses whether there is any objective evidence that an 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.

Provision is made in respect of 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 the landfill sites after closure. Post-closure costs are recognised as a liability when the obligation for post-closure work 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 landfill post-closure.

Amounts provided for landfill post-closure 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 Taranaki Regional Council.

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 is guarantor for a number of sports clubs’ loans. 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 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 the risks and benefits of ownership of the leased items are classified

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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 of 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 the 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.

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

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 prospective financial statements, the Council's estimates and assumptions

concerning the future 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

There are a number of assumptions and estimates used when performing the depreciated replacement cost valuation. These include:
The physical deterioration and condition of an asset, mainly 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 an asset. Estimates are made determining 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 2024 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 o Taranaki ki Te Tonga
South Taranaki
District Council

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